

NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS
39TH CONSTITUTION REGULAR SESSION, 2018



Republic of the Marshall Islands
Jepilpilin Ke Ejukaan

ASSOCIATIONS LAW (AMENDMENT) ACT, 2018

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ASSOCIATIONS LAW (AMENDMENT) ACT, 2018

AN ACT to amend Title 52 of the Republic of the Marshall Islands Revised Code in furtherance of the Republic of the Marshall Islands' international commitments and to clarify certain provisions and legal obligations of non-resident domestic entities.

BE IT ENACTED BY THE NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS

§101. Short title.

This Act may be cited as the Associations Law (Amendment) Act, 2018.

§102. Amendments to the Business Corporations Act.

(1) Section 3 of the Republic of the Marshall Islands Business Corporations Act is hereby amended to add a new subsection (6) reading as follows:

§3. Application of Business Corporations Act.

(6) Regulation by foreign authorities. Every non-resident domestic corporation that carries out activities without the Republic which would be regulated under the *Banking Act 1987* (17 MIRC, Chapter 1) or the regulations promulgated thereunder if carried out within the Republic shall be regulated by the relevant authorities in the jurisdiction(s) in which the corporation carries out these activities and shall comply with the laws, regulations, and licensing requirements of such jurisdiction(s).

(2) Section 52(d) of the Republic of the Marshall Islands Business Corporations Act is hereby amended to read as follows:

§52. Classes of directors.

(d) If the articles of incorporation provide that one (1) or more directors shall have more or less than one (1) vote per director on any matter, every reference in this Act to a majority or other proportion of the directors shall refer to a majority or other proportion of the votes of the directors.

(3) Section 74(8) of the Republic of the Marshall Islands Business Corporations Act is hereby amended to read as follows:

§74. Qualification of voters.

(8) Limitations on right to vote. The articles of incorporation may provide, except as limited by section 35 of this Act, either absolutely or conditionally, that the holder of any designated class or series of shares shall not be entitled to vote, or it may otherwise limit or define the respective voting powers of the several classes or series of shares, and, except as otherwise provided in this Act, such provisions of such articles shall prevail, according to their tenor, in all elections and in all proceedings, over the provisions of this Act which authorize any action by the shareholders. If the articles of incorporation provide for more or less than one (1) vote for any share, on any matter, every reference in this Act to a majority or other proportion of such stock or shares shall refer to such majority or other proportion of the votes of stock or shares.

(4) Section 88(1) of the Republic of the Marshall Islands Business Corporations Act is hereby amended to read as follows:

§88. Procedure for amendment.

(1) General method of amending. Amendment of the articles of incorporation may be authorized by vote of the holders of a majority of all outstanding shares entitled to vote thereon.

(5) Section 129.5 of the Republic of the Marshall Islands Business Corporations Act is hereby amended to read as follows:

§129.5 Power to prescribe new rules.

- (1) The Registrar of Corporations, with the approval of the Attorney General and the Cabinet, shall have the power to prescribe rules and regulations as are deemed advisable to carry into effect the provisions of this Act. Such rules and regulations shall have the force and effect of law.
- (2) The power granted to the Registrar of Corporations responsible for non-resident domestic entities under subsection (1) of this section shall include, but not be limited to, the power to prescribe rules and regulations implementing economic substance requirements for non-resident domestic corporations, partnerships, limited partnerships, and limited liability companies and providing for reporting requirements and other enforcement mechanisms related thereto.

§103. Amendments to the Revised Partnership Act.

- (1) The Republic of the Marshall Islands Revised Partnership Act is hereby amended to add a new §77 reading as follows:

§77. Nature of business permitted; powers; regulation by foreign authorities.

- (1) A non-resident domestic partnership may carry on any lawful business, purpose or activity with the exception of the business of granting policies of insurance or assuming insurance risks, trust services or banking.
- (2) Every non-resident domestic partnership that carries out activities without the Republic which would be regulated under the *Banking Act 1987* (17 MIRC, Chapter 1) or the regulations promulgated thereunder if carried out within the Republic shall be regulated by the relevant authorities in the jurisdiction(s) in which the partnership carries out these activities and shall comply with the laws, regulations, and licensing requirements of such jurisdiction(s).

§104. Amendments to the Limited Partnership Act.

- (1) Section 5 of the Republic of the Marshall Islands Limited Partnership Act is hereby amended to read as follows:

§5. Nature of business permitted; powers; regulation by foreign authorities.

- (1) A limited partnership may carry on any lawful business, purpose or activity with the exception of the business of granting policies of insurance or assuming insurance risks, trust services or banking.

- (2) A limited partnership shall possess and may exercise all the powers and privileges granted by this Act or by any other law or by its partnership agreement, together with any powers incidental thereto, including such powers and privileges as are necessary or convenient to the conduct, promotion or attainment of the business, purposes or activities of the limited partnership.
- (3) Notwithstanding any provision of this Act to the contrary, without limiting the general powers enumerated in subsection (2) of this section, a limited partnership shall, subject to such standards and restrictions, if any, as are set forth in its partnership agreement, have the power and authority to make contracts of guaranty and suretyship and enter into interest rate, basis, currency, hedge or other swap agreements or cap, floor, put, call, option, exchange or collar agreements, derivative agreements or other agreements similar to any of the foregoing.
- (4) Every non-resident domestic limited partnership that carries out activities without the Republic which would be regulated under the *Banking Act 1987* (17 MIRC, Chapter 1) or the regulations promulgated thereunder if carried out within the Republic shall be regulated by the relevant authorities in the jurisdiction(s) in which the limited partnership carries out these activities and shall comply with the laws, regulations, and licensing requirements of such jurisdiction(s).

§105. Amendments to the Limited Liability Company Act.

- (1) Section 6 of the Republic of the Marshall Islands Limited Liability Company Act is hereby amended to read as follows:
 - §6. Nature of business permitted; powers; regulation by foreign authorities.
- (1) A limited liability company may carry on any lawful business, purpose or activity with the exception of the business of granting policies of insurance or assuming insurance risks, trust services or banking.
- (2) A limited liability company shall possess and may exercise all the powers and privileges granted by this Act or by any other law or by its limited liability company agreement, together with any powers incidental thereto, so far as such powers and privileges are necessary or convenient to the conduct, promotion or attainment of the business, purposes or activities of the limited liability company.

- (3) Every non-resident domestic limited liability company that carries out activities without the Republic which would be regulated under the *Banking Act 1987* (17 MIRC, Chapter 1) or the regulations promulgated thereunder if carried out within the Republic shall be regulated by the relevant authorities in the jurisdiction(s) in which the limited liability company carries out these activities and shall comply with the laws, regulations, and licensing requirements of such jurisdiction(s).

§106. Effective Date.

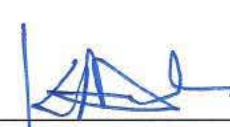
This Bill, and all Acts contained herein, shall take effect in accordance with the Constitution and the Rules of Procedures of the Nitijela.

CERTIFICATE

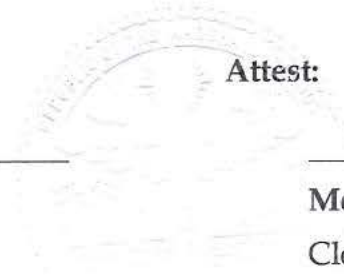
I hereby certify:

- 1. That Nitijela Bill No: 152 was passed by the Nitijela of the Republic of the Marshall Islands on the 2nd day of November 2018; and
- 2. That I am satisfied that Nitijela Bill No: 152 was passed in accordance with the relevant provisions of the Constitution of the Republic of the Marshall Islands and the Rules of Procedures of the Nitijela.


I hereby place my signature before the Clerk this 22nd day of November 2018.



Hon. Kenneth A. Kedi
 Speaker
 Nitijela of the Marshall Islands



Attest:



Morean S. Watak
 Clerk
 Nitijela of the Marshall Islands