

**NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS
38TH CONSTITUTION REGULAR SESSION, 2017**



Republic of the Marshall Islands
Jepilpilin Ke Ejukaan

**ASSOCIATIONS LAW (AMENDMENT)
MODERNIZATION AND IMPROVEMENT ACT, 2017**

Index

Section	Page
§101. Short title.....	3
§102. Amendments to the Business Corporations Act.....	3
§103. Amendment to the Revised Partnership Act.....	40
§104. Amendments to the Limited Partnership Act.....	56
§105. Amendments to the Limited Liability Company Act.....	73
§106. Effective Date	94

**NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS
38TH CONSTITUTION REGULAR SESSION, 2017**



Republic of the Marshall Islands
Jepilpilin Ke Ejukaan

**ASSOCIATIONS LAW (AMENDMENT)
MODERNIZATION AND IMPROVEMENT ACT, 2017**

AN ACT to amend Title 52 of the Republic of the Marshall Islands Revised Code to modernize and improve the Associations Law in line with the laws of the State of Delaware and to further develop the ownership and identity recordkeeping requirements of the Business Corporations Act, Revised Partnership Act, Limited Partnership Act, and Limited Liability Company Act in order to ensure the availability of ownership information for bearer ownership information in line with OECD and FATF requirements.

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) Modernization and Improvement Act, 2017.

§102. Amendments to the Business Corporations Act

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

§2. Definitions.

As used in this Act, unless the context otherwise requires, the term:

(a) "articles of incorporation" includes:

(i) the original articles of incorporation or any other instrument filed or issued under any statute to form a domestic or foreign corporation, amended,

- supplemented, corrected or restated by articles of amendment, merger, or consolidation or other instruments filed or issued under any statute; or
- (ii) a special act or charter creating a domestic or foreign corporation, as amended, supplemented or restated;
 - (b) “board” means board of directors;
 - (c) “corporation” or “domestic corporation” means a corporation for profit formed under this Act, or existing on its effective date and theretofore formed under any other general statute or by any special act of the Republic or which has transferred to the Republic pursuant to Division 14 of this Act;
 - (d) “electronic transmission” means any form of communication, not directly involving the physical transmission of paper, including the use of, or participation in, one (1) or more electronic networks or databases (including one (1) or more distributed electronic networks or databases), that creates a record that may be retained, retrieved and reviewed by a recipient thereof, and that may be directly reproduced in paper form by such a recipient through an automated process;
 - (e) “foreign corporation” means a corporation for profit formed under laws of a foreign jurisdiction. “Authorized” when used with respect to a foreign corporation means having authority under Division 12 of this Act to do business in the Republic;
 - (f) “foreign maritime entity” means a foreign entity registered pursuant to the provisions of Division 13 of this Act;
 - (g) “government” means the Government of the Republic;
 - (h) “insolvent” means being unable to pay debts as they become due in the usual course of the debtor’s business;
 - (i) “legislature” means the Nitijela of the Republic;
 - (j) “non-resident corporation, partnership, trust, unincorporated association or other entity” means either a domestic corporation or a foreign corporation, partnership, trust, unincorporated association or other entity not doing business in the Republic;
 - (k) “publicly-traded company” means a company with equity securities that are listed (i) on a securities exchange, (ii) on an

automated quotation system or (iii) otherwise on a regulated securities or commodities market that is subject to disclosure requirements consistent with international standards which ensure adequate transparency of ownership information, or that is formed in contemplation of becoming so publicly traded or listed and shall be so publicly traded or listed within 364 days of the company's formation, and shall include all direct and indirect subsidiaries thereof. An entity is a subsidiary of another entity if (i) the parent holds, directly or indirectly, a beneficial interest in a majority or more of the shares, or a majority or more of the voting rights, in the subsidiary or (ii) such entity is consolidated in the financial statements of the parent that are publicly available or will be made publicly available within 364 days;

- (l) "resident domestic corporation" means a domestic corporation doing business in the Republic;
- (m) "Registrar of Corporations" or "Registrars of Corporations" means the person or persons appointed by or pursuant to this Act with respect to the type of filing designated herein or their deputy or deputies;
- (n) "Republic" means the Republic of the Marshall Islands;
- (o) "treasury shares" means shares which have been issued, have been subsequently acquired, and are retained uncanceled by the corporation;
- (p) "Trust Company" means The Trust Company of the Marshall Islands, Inc.;
- (q) Solely for the purposes of this Act, "doing business in the Republic" means the corporation, partnership, trust, unincorporated association or other entity is carrying on business or conducting transactions in the Republic. A non-resident corporation, partnership, trust, unincorporated association or other entity shall not be deemed to be doing business in the Republic merely because it engages in one (1) or more or all of the following activities:
 - (i) maintains an administrative, management, executive, billing or statutory office in the Republic;

- (ii) has officers or directors who are residents or citizens of the Republic; provided, however, that any income derived therefrom and received by such resident officers or directors shall be deemed domestic income;
- (iii) maintains bank accounts or deposits, or borrows from licensed financial institutions carrying on business within the Republic;
- (iv) makes or maintains professional contact with or uses the services of attorneys, accountants, bookkeepers, trust companies, administration companies, investment advisors, or other similar persons carrying on business within the Republic;
- (v) prepares or maintains books and records of accounts, minutes, and share registries within the Republic;
- (vi) holds meetings of its directors, shareholders, partnership or members within the Republic;
- (vii) holds a lease or rental of property in the Republic, solely for the conduct of any activity specified in this subsection;
- (viii) maintains an office in the Republic, solely for the conduct of any activities allowed in this subsection;
- (ix) holds or owns shares, debt obligations or other securities in a corporation, partnership, trust, unincorporated association or other entity incorporated or organized in the Republic;
- (x) maintains a registered business agent as required by any applicable provision of the laws of the Republic; and
- (xi) secures and maintains registry in the Republic of any vessel, or conducts other activities in the Republic, solely related to the operation, chartering or disposition of any vessel outside of the Republic.

Notwithstanding the foregoing, nothing herein shall be deemed to exempt any entity described in this Act from the jurisdiction of the High Court of the Republic in respect to activities or transactions within the Republic. A non-resident

domestic or foreign corporation, partnership, trust, unincorporated association or other entity shall not engage in:

- (i) retailing, wholesaling, trading or importing goods or services for or with residents of the Republic; or
- (ii) any extractive industry in the Republic; or
- (iii) any regulated professional service activity in the Republic; or
- (iv) the export of any commodity or goods manufactured, processed, mined or made in the Republic; or
- (v) the ownership of real property located in the Republic.

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

§5. Form of instruments; filing.

- (1) General requirement. Whenever any provision of this Act requires any instrument to be filed, such instrument shall be filed with the appropriate Registrar of Corporations and shall comply with the provision of this section unless otherwise expressly provided by the statute.
- (2) Language. Every instrument shall be in the English language and may be accompanied by a translation, however, the governing language shall be English.
- (3) Execution. All instruments shall be signed by an officer or director of the corporation or by a person authorized to sign on behalf of the corporation. Such signature shall be over the printed name and title of the signatory. Any signature on any instrument authorized to be filed with a Registrar of Corporations under this Act may be a facsimile or an electronically transmitted signature.
- (4) Acknowledgements. Whenever any provision of this Act requires an instrument to be acknowledged such requirement is satisfied by either:
 - (a) The formal acknowledgement by the person or one (1) of the persons signing the instrument that it is his act and deed or the act and deed of the corporation, and that the facts stated therein are true. Such acknowledgment shall be made before a person who is authorized by the law of the Republic or the law

- of the place of execution to take acknowledgments. If such person has a seal of office he shall affix it to the instrument.
- (b) The signature over the typed or printed name and title of the signatory, without more, of the person or persons signing the instrument, in which case such signature or signatures shall constitute the affirmation or acknowledgement of the signatory, under penalties of perjury, that the instrument is his act and deed or the act and deed of the corporation, and that the facts stated therein are true.
- (5) Filing. Whenever any provision of this Act requires any instrument to be filed with a Registrar of Corporations, such requirement means that:
- (a) The original instrument, and a duplicate copy, which may be either a signed copy or a photographic copy if such copy clearly shows the signatures on the instruments, shall be delivered to a Registrar or Deputy Registrar of Corporations accompanied by a receipt showing payment to the appropriate Registrar of Corporations of all fees required to be paid in connection with the filing of the instrument.
- (b) Upon delivery of the original signed instrument with the required receipt and the duplicate copy, a Registrar or Deputy Registrar of Corporations shall certify that the instrument has been filed in his office by endorsing the word "Filed" and the date of filing on the original.
- (c) A Registrar or Deputy Registrar of Corporations shall compare the duplicate copy with the original signed instrument, and if he finds that the text is identical, shall affix on the duplicate copy the same endorsement of filing as he affixed on the original. The said duplicate copy, as endorsed, shall be returned to the corporation. The endorsement constitutes the certificate of the Registrar that the document is a true copy of the instrument filed in his office and that it was filed as of the date stated in the endorsement.
- (d) Any instrument filed in accordance with subsection (b) of this section shall be effective as of the filing date stated thereon.
- (6) Correction of filed instruments. Any instrument relating to a domestic or foreign corporation and filed with a Registrar or Deputy

Registrar of Corporations under this Act may be corrected with respect to any error apparent on the face or defect in the execution thereof by filing with a Registrar or Deputy Registrar of Corporations a certificate of correction, executed and acknowledged in the manner required for the original instrument. The certificate of correction shall specify the error or defect to be corrected and shall set forth the portion of the instrument in correct form. The corrected instrument when filed shall be effective as of the date the original instrument was filed.

- (7) Facsimile signature.
- (a) Any signature of a Registrar or Deputy Registrar of Corporations on any instrument or certificate filed or issued under this Act or the authority granted by this Act may be a facsimile.
- (b) Any signature on any instrument authorized to be filed with a Registrar or Deputy Registrar of Corporations under this Act may be a facsimile.
- (3) Section 10 of the Republic of the Marshall Islands Business Corporations Act is hereby amended to read as follows:

§10. Waiver of notice.

Whenever notice is required to be given under any provision of this Act or the articles of incorporation or bylaws, a written waiver, signed by the person entitled to notice, or a waiver by electronic transmission by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the shareholders, directors or members of a committee of directors need be specified in any written waiver of notice or any waiver by electronic transmission unless so required by the articles of incorporation or the bylaws.

- (4) Section 12 of the Republic of the Marshall Islands Business Corporations Act is hereby amended to read as follows:

§12. Exemptions for non-resident entities.

Notwithstanding any provision of the Income Tax Act of 1989 (II MIRC, Chapter 1A), or any other law or regulation imposing taxes or fees now in effect or hereinafter enacted, a non-resident domestic or foreign corporation, partnership, trust, unincorporated association or limited liability company; and (solely for purposes of this section) the Administrator and Trust Company duly appointed by the Cabinet to act in the capacity of the Registrar of Corporations for non-resident entities pursuant to this Act and as the Maritime Administrator created pursuant to the *Marshall Islands Maritime Act 1990* (34 MIRC, Chapter 3A), shall be exempt from any corporate tax, net income tax on unincorporated businesses, corporate profit tax, income tax, withholding tax on revenues of the entity, asset tax, tax reporting requirement on revenues of the entity, stamp duty, exchange controls or other fees or taxes other than those imposed by sections 8 and 9 of this division.

Interest, dividends, royalties, rents, payments (including payments to creditors), compensation or other distributions of income paid by a non-resident corporation, partnership, trust, unincorporated association or limited liability company to another non-resident corporation, partnership, trust, unincorporated association or limited liability company or to individuals or entities which are not citizens or residents of the Republic are exempt from any tax or withholding provisions of the laws of the Marshall Islands.

(5) Section 15 of the Republic of the Marshall Islands Business Corporations Act is hereby amended to read as follows:

§15. General Powers.

Every corporation, subject to any limitations provided in this Act or any other statute of the Republic or its articles of incorporation, shall have power in furtherance of its corporate purposes irrespective of corporate benefit to:

- (a) have perpetual duration;
- (b) sue and be sued in all courts of competent jurisdiction in the Republic and to participate in actions and proceedings, whether judicial, administrative, arbitral or otherwise, in like cases as natural persons;
- (c) have a corporate seal, and to alter such a seal at pleasure, and to use it by causing it or a facsimile to be affixed or impressed or reproduced in any other manner;

- (d) purchase, receive, take by grant, gift, devise, bequest, or otherwise, lease or otherwise acquire, own, hold, improve, employ, use and otherwise deal in and with real or personal property, or any interest therein, wherever situated;
- (e) sell, convey, lease, exchange, transfer or otherwise dispose of, or mortgage or pledge, or create a security interest in all, or any of its property, or any interest therein, wherever situated;
- (f) purchase, take, receive, subscribe for, or otherwise acquire, own, hold, vote, employ, sell, lend, lease, exchange, transfer, or otherwise dispose of, mortgage, and pledge, bonds and other obligations, shares, or other securities or interests issued by others, whether engaged in similar or different business, governmental, or other activities;
- (g) make contracts, give guarantees and incur liabilities, borrow money at such rates of interest as the corporation may determine, issue its notes, bonds, and other obligations, and secure any of its obligations by mortgage or pledge of all or any of its property or any interest therein, wherever situated;
- (h) lend money, invest and reinvest its funds, and have offices and exercise the powers granted by this division in any jurisdiction within or without the Republic;
- (i) elect or appoint officers, employees and other agents of the corporation, define their duties, fix their compensation, and the compensation of directors, and to indemnify corporate personnel;
- (j) adopt, amend or repeal bylaws relating to the business of the corporation, the conduct of its affairs, its rights or powers or the rights or powers of its shareholders, directors or officers;
- (k) make donations for the public welfare or for charitable, educational, scientific, civic or similar purposes;
- (l) pay pensions and establish pension plans, pension trusts, profit sharing plans, stock bonus plans, stock option plans and other incentive plans for any or all of its directors, officers, and employees;
- (m) purchase, receive, take or otherwise acquire, own, hold, sell, lend, exchange, transfer or otherwise dispose of, pledge, use and otherwise deal in and with its own shares;

- (n) be a promoter, incorporator, partner, member, associate, or manager of any partnership, corporation, joint venture, trust or other enterprise;
 - (o) renounce, in its articles of incorporation or by action of its board of directors, any interest or expectancy of the corporation in, or in being offered an opportunity to participate in, specified business opportunities or specified classes or categories of business opportunities that are presented to the corporation or one (1) or more of its officers, directors or shareholders;
 - (p) domicile, redomicile, domesticate, file or Register itself, or move or transfer its place or situs of initial or subsequent registration, domicile, siege social or sitz or any other equivalent thereto from or to any place and to continue as a corporation of any place; and
 - (q) have and exercise all powers necessary or convenient to effect any or all of the purposes for which the corporation is formed.
- (6) Section 28 of the Republic of the Marshall Islands Business Corporations Act is hereby amended to read as follows:

§28. Contents of articles of incorporation.

The articles of incorporation shall set forth:

- (a) the name of the corporation;
- (b) the duration of the corporation if other than perpetual;
- (c) the purpose or purposes for which the corporation is organized. It shall be sufficient to state, either alone or with other businesses or purposes, that the purpose of the corporation is to engage in any lawful act or activity for which corporations may be organized under this Act, and by such statement all lawful acts and activities shall be within the purposes of the corporation, except for express limitations, if any;
- (d) the registered address of the corporation in the Republic and the name and address of its registered agent;
- (e) the aggregate number of shares which the corporation shall have authority to issue; if such shares are to consist of one (1) class only, the par value of each of such shares, or a statement

- that all of such shares are without par value; or if such shares are to be divided into classes, the number of shares of each class, and a statement of the par value of the shares of each class or that such shares are to be without par value;
- (f) if the shares are to be divided into classes, the designation of each class and a statement of the preferences, limitations and relative rights in respect of the shares of each class;
 - (g) subject to the provisions of section 42 of this Act, the number of shares to be issued as registered shares and as bearer shares and whether registered shares may be exchanged for bearer shares and bearer shares for registered shares;
 - (h) if bearer shares are authorized to be issued as provided in section 42 of this Act, the manner in which any required notice shall be given to shareholders of bearer shares;
 - (i) if the corporation is to issue the shares of any preferred or special class in series, then the designation of each series and a statement of the variations in the relative rights and preferences as between series insofar as the same are to be fixed in the articles of incorporation, and a statement of any authority to be vested in the board of directors to establish series and fix and determine the variations in the relative rights and preferences as between series;
 - (j) if the initial directors are to be named in the articles of incorporation, the names and addresses of the persons who are to serve as directors until the first annual meeting of the shareholders or until their successors shall be elected and qualified;
 - (k) the name and address of each incorporator;
 - (l) a statement affirming that “the corporation will comply with all applicable provisions of the Republic of the Marshall Islands Business Corporations Act, including retention, maintenance, and production of accounting, shareholder, beneficial owner, and director and officer records in accordance with Division 8 of the Republic of the Marshall Islands Business Corporations Act”; this statement shall, by force of law, be deemed to be included in the articles of

incorporation of all corporations, including those incorporated prior to the effective date of this law;

- (m) any provision, not inconsistent with law, which the incorporators elect to set forth in the articles of incorporation for the regulation of the affairs of the corporation, including the designation of initial directors, subscription of stock by the incorporators, and any provision restricting the transfer of shares or providing for greater quorum or voting requirements with respect to shareholders or directors that are otherwise prescribed in this Act, and any provision which under this Act is required or permitted to be set forth in the bylaws. It is not necessary to enumerate in the articles of incorporation the general corporate powers stated in section 15 of this Act;
- (n) in addition to the matters required to be set forth in the articles of incorporation by this section, the articles of incorporation may also contain a provision for elimination or limitation of personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, provided that such provision shall not eliminate or limit the liability of a director:
 - (i) for any breach of the director's duty of loyalty to the corporation or its stockholders;
 - (ii) for acts or omissions not undertaken in good faith or which involve intentional misconduct or a knowing violation of law; or
 - (iii) for any transaction from which the director derived an improper personal benefit. No such provision shall eliminate or limit the liability of a director for any act or omission occurring prior to the date when such provision becomes effective.

(7) Section 38 of the Republic of the Marshall Islands Business Corporations Act is hereby amended to read as follows:

§38. Consideration for shares.

- (1) Quality of consideration. Consideration for subscriptions to, or the purchase of, shares to be issued by a corporation shall be paid in such form and in such manner as the board of directors shall determine. The board of directors may authorize shares to be issued for

consideration consisting of cash, any tangible or intangible property or any benefit to the corporation, or any combination thereof. The resolution authorizing the issuance of shares may provide that any shares to be issued pursuant to such resolution may be issued in one (1) or more transactions in such numbers and at such times as are set forth in or determined by or in the manner set forth in the resolution, which may include a determination or action by any person or body, including the corporation, provided the resolution fixes a maximum number of shares that may be issued pursuant to such resolution, a time period during which such shares may be issued and a minimum amount of consideration for which such shares may be issued. The board of directors may determine the amount of consideration for which shares may be issued by setting a minimum amount of consideration or approving a formula by which the amount or minimum amount of consideration is determined. The formula may include or be made dependent upon facts ascertainable outside the formula, provided the manner in which such facts shall operate upon the formula is clearly and expressly set forth in the formula or in the resolution approving the formula. In the absence of actual fraud in the transaction, the judgment of the directors as to the value of such consideration shall be conclusive. The shares so issued shall be deemed to be fully paid and nonassessable shares upon receipt by the corporation of such consideration; provided, however, nothing contained herein shall prevent the board of directors from issuing partly paid shares under section 39 of this Act.

- (2) Amount of consideration for shares with par value. Shares with par value may be issued for such consideration, having a value not less than the par value thereof, as determined from time to time by the board of directors, or by the shareholders if the articles of incorporation so provide.
- (3) Amount of consideration for shares without par value. Shares without par value may be issued for such consideration as is determined from time to time by the board of directors, or by the shareholders if the articles of incorporation so provide.
- (4) Determination by shareholders. If the articles of incorporation reserves to the shareholders the right to determine the consideration for the issue of any shares, the shareholders shall, unless the articles

of incorporation require a greater vote, do so by a vote of a majority of the outstanding shares entitled to vote thereon.

- (5) Disposition of treasury shares. Treasury shares may be disposed of by a corporation on such terms and conditions as are fixed from time to time by the board.
- (6) Consideration for share dividends. That part of the surplus of a corporation which is transferred to stated capital upon the issuance of shares as a share dividend shall be deemed to be the consideration for the issuance of such shares.
- (8) Section 39 of the Republic of the Marshall Islands Business Corporations Act is hereby amended to read as follows:

§39. Payment for shares.

- (1) Partly paid shares. Any corporation may issue the whole or any part of its shares as partly paid and subject to call for the remainder of the consideration to be paid therefor. Upon the face or back of each stock certificate issued to represent any such partly paid shares, or upon the books and records of the corporation in the case of uncertificated partly paid shares, the total amount of consideration to be paid therefor and the amount paid thereon shall be stated.
- (2) Rights of subscriber on full payment. When the consideration for shares has been paid in full and, in the case of bearer shares, the subscriber and each beneficial owner have provided to the corporation their names, addresses, nationalities, and, in the case of natural persons, dates of birth, and these have been recorded in accordance with section 80 of this Act, the subscriber shall be entitled to all rights and privileges of a holder of such shares and to a certificate representing his shares, and such shares shall be deemed fully paid and non-assessable.
- (9) Section 42 of the Republic of the Marshall Islands Business Corporations Act is hereby amended to read as follows:

§42. **Form and content of certificates.**

- (1) Signature and seal. The shares of a corporation shall be represented by certificates or shall be uncertificated shares. Certificates shall be signed by an officer(s) and/or a director, however designated, of the corporation, and may be sealed with the seal of the corporation, if any, or a facsimile thereof. The signatures upon a certificate may be

facsimiles if the certificate is countersigned by a transfer agent other than the corporation itself or its employees. In case any person who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer or director before such certificate is issued, it may be issued by the corporation with the same effect as if he/she were such officer or director at the date of issue. For the purposes of this section, "uncertificated shares" are shares of a corporation which:

- (a) are not represented by an instrument;
 - (b) the transfer of which is registered upon books maintained for that purpose by or on behalf of the corporation issuing the shares; and
 - (c) are of a type commonly dealt in upon securities exchanges or markets.
- (2) Registered or bearer shares. Shares may be issued either in registered form or in bearer form provided that all records of shareholders and beneficial owners are provided to the corporation by the shareholder and/or beneficial owner and maintained in accordance with section 80 of this Act and the articles of incorporation prescribe the manner in which any required notice is to be given to shareholders of bearer shares in conformity with section 11 of this Act; provided, however, that resident domestic corporations shall not be allowed to issue shares in bearer form. The transfer of bearer shares shall be by delivery of the certificates and valid upon recordation of such transfer in accordance with section 80 of this Act. The validity of bearer shares, including any and all rights and privileges of a holder of such shares and the exercise thereof, is conditional upon all records of shareholders and beneficial owners being provided to the corporation by the shareholder and/or beneficial owner and recorded and maintained in accordance with section 80 of this Act upon issuance or any subsequent transfer. The articles of incorporation may provide that on request of a shareholder his bearer shares shall be exchanged for registered shares or his registered shares exchanged for bearer shares.
- (3) Statement regarding class and series. Each certificate representing shares issued by a corporation which is authorized to issue shares of more than one (1) class shall set forth upon the face or back of the certificate, or shall state that the corporation will furnish to any

shareholder upon request and without charge, a full statement of the designation, relative rights, preferences and limitations of the shares of each class authorized to be issued and, if the corporation is authorized to issue any class of preferred shares in series, the designation, relative rights, preferences and limitations of each such series so far as the same have been fixed and the authority of the board to designate and fix the relative rights, preferences and limitations of other series.

- (4) Other statements on certificate. Each certificate representing shares shall when issued state upon the face thereof:
 - (a) that the corporation is formed under the laws of the Republic;
 - (b) the name of the person or persons to whom issued if a registered share;
 - (c) the number and class of shares, and the designation of the series, if any, which such certificate represents;
 - (d) the par value of each share represented by such certificate, or a statement that the shares are without par value; and
 - (e) if the share does not entitle the holder to vote, that it is nonvoting, or if the right to vote exists only under certain circumstances, that the right to vote is limited.
- (5) Unless otherwise provided by the articles of incorporation or bylaws, the board of directors of a corporation may provide by resolution that some or all of any or all classes and series shall be uncertificated shares, provided that such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the corporation or transfer agent. Within a reasonable time after the issuance or transfer of uncertificated shares, the corporation or transfer agent shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on the certificates pursuant to subsections (3) and (4) of this section. Except as otherwise expressly provided by law, the rights and obligations of the holders of uncertificated shares and the rights and obligations of the holders of certificates representing shares of the same class and series shall be identical; provided however, that bearer shares may not be uncertificated.
- (6) The board of directors may, by resolution, provide that some or all classes and series of uncertificated shares shall be represented by

certificates, provided that such resolution shall not become effective until the share certificates are issued.

- (7) Lost, stolen or destroyed stock certificates; issuance of new certificate or uncertificated shares. A corporation may issue a new certificate of stock or uncertificated shares in place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the corporation may require the owner of the lost, stolen or destroyed certificate, or such owner's legal representative to give the corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.
- (10) Section 52 of the Republic of the Marshall Islands Business Corporations Act is hereby amended to read as follows:

§52. Classes of directors.

- (a) The articles of incorporation may provide that the directors be divided into two (2) or more classes and that each class of directors serve for such term as specified in the articles of incorporation.
- (b) The articles of incorporation may confer upon the holders of any class or series of shares the right to elect one (1) or more directors who shall serve for such term, and have such voting powers as shall be stated in the articles of incorporation. The terms of office and voting powers of the directors elected in the manner so provided in the articles of incorporation may be greater than or less than those of any other director or class of directors.
- (c) In addition, the articles of incorporation may confer upon one (1) or more directors, whether or not elected separately by the holders of any class or series of stock, voting powers greater than or less than those of other 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 such directors shall refer to a majority or other proportion of the votes of such directors.

- (11) Section 55 of the Republic of the Marshall Islands Business Corporations Act is hereby amended to read as follows:

§55. Quorum; action by the board.

- (1) Quorum defined. Unless a greater proportion is required by the articles of incorporation, a majority of the entire board, present in person or by proxy at a meeting duly assembled, shall constitute a quorum for the transaction of business or of any specified item of business, except that the articles of incorporation or the bylaws may fix the quorum at less than a majority of the entire board but not less than one-third thereof.
- (2) Vote at meeting as action by board. The vote of the majority of the directors present in person or by proxy at a meeting at which a quorum is present shall be the act of the board unless the articles of incorporation require the vote of a greater number.
- (3) Proxy. Unless otherwise provided in the articles of incorporation or the bylaws, any director may be represented and vote at a meeting or unanimously consent to action without a meeting by a proxy or proxies given to another director appointed by instrument in writing or by electronic transmission. The articles of incorporation or the bylaws may contain restrictions, prohibitions or limitations upon the grant or use of proxies by directors.
- (4) Action without meeting. Unless restricted by the articles of incorporation or bylaws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting if all members of the board or committee, as the case may be, consent thereto in writing or by electronic transmission and the consent or consents are filed with the minutes of the proceedings of the board or committee.
- (5) Participation by communication equipment. Unless restricted by the articles of incorporation or bylaws, members of the board or any committee thereof may participate in a meeting of such board or committee by means of communications equipment which permits the persons participating in the meeting to communicate with each other, and participation in a meeting pursuant to this paragraph shall constitute presence in person at such meeting.

- (6) Greater requirement as to quorum and vote of directors. The articles of incorporation may contain provisions specifying either or both of the following:
 - (a) that the portion of directors that shall constitute a quorum for the transaction of business or of any specified item of business shall be greater than the proportion prescribed by subsection (1) of this section in the absence of such provision;
 - (b) that the proportion of votes of directors that shall be necessary for the transaction of business or of any specified item of business shall be greater than the proportion prescribed by subsection (2) of this section in the absence of such provision.
- (7) Amendment of articles with regard to quorum or votes of directors. An amendment of the articles of incorporation which adds a provision permitted by subsection (6) of this section or which changes or strikes out such a provision, shall be authorized at a meeting of shareholders by a vote of the holders of two-thirds of all outstanding shares entitled to vote thereon, or of such greater proportion of shares, or class or series of shares, as may be provided specifically in the articles of incorporation for adding, changing, or striking out a provision permitted by subsection (6) of this section.
- (12) Section 56 of the Republic of the Marshall Islands Business Corporations Act is hereby amended to read as follows:

§56. Meetings of the board.

- (1) Time and place. Meetings of the board, regular or special, may be held at any place within or without the Republic, unless otherwise provided by the articles of incorporation or the bylaws. The time and place for holding meetings of the board may be fixed by or under the bylaws, or if not so fixed, by the board.
- (2) Notice of meetings. Unless otherwise provided by the bylaws, regular meetings of the board may be held without notice if the time and place of such meetings are fixed by the bylaws or the board. Special meetings of the board may be called in the manner provided in the bylaws and shall be held upon notice to the directors. The bylaws may prescribe what shall constitute notice of meeting of the board. A notice or waiver of notice need not specify the purpose of any regular or special meeting of the board, unless required by the bylaws.

- (3) Waiver of notice. Notice of a meeting need not be given to any director who has waived notice in accordance with section 10 of this Act.
- (13) Section 64 of the Republic of the Marshall Islands Business Corporations Act is hereby amended to read as follows:

§64. Meetings of shareholders.

- (1) Place of meeting. Meetings of shareholders may be held at such place, either within or without the Republic, as may be designated in the bylaws.
- (2) Time of meeting; business. An annual meeting of shareholders shall be held for the election of directors on a date and at a time designated by or in the manner provided in the bylaws. Any other proper business may be transacted at the annual meeting.
- (3) Failure to hold meeting. A failure to hold the annual meeting at the designated time or to elect a sufficient number of directors to conduct the business of the corporation shall not affect otherwise valid corporate acts or cause a dissolution of the corporation except as may be otherwise specifically provided in this Act. If the annual meeting for election of directors is not held on the date designated therefor, the directors shall cause the meeting to be held as soon thereafter as convenient. If there is a failure to hold the annual meeting for a period of ninety (90) days after the date designated therefor, or if no date has been designated for a period of thirteen (13) months after the organization of the corporation or after its last annual meeting, holders of not less than ten percent (10%) of the shares entitled to vote in an election of directors may, in writing, demand the call of a special meeting specifying the time thereof, which shall not be less than two (2) nor more than three (3) months from the date of such call. The secretary of the corporation upon receiving the written demand shall promptly give notice of such meeting, or if he fails to do so within five (5) business days thereafter, any shareholder signing such demand may give such notice. The shares of stock represented at such meeting, either in person or by proxy, and entitled to vote thereat, shall constitute a quorum, notwithstanding any provision of the articles of incorporation or bylaws to the contrary.

An electronic transmission demanding the call of a special meeting transmitted by a shareholder pursuant to this subsection shall be deemed to be written for the purposes of this subsection, provided that any such electronic transmission sets forth or is delivered with information from which the corporation can determine (a) that the electronic transmission was transmitted by the shareholder and (b) the date on which such shareholder transmitted such electronic transmission.

- (4) Special meetings. Special meetings of the shareholders may be called by the board of directors or by such person or persons as may be authorized by the articles of incorporation or the bylaws. At any such special meeting, only such business may be transacted which is related to the purpose or purposes set forth in the notice required by section 65.
- (5) Ballots. The articles of incorporation or the bylaws may provide that elections of directors shall be by written ballot; if authorized by the board of directors, such requirement of a written ballot shall be satisfied by a ballot submitted by electronic transmission, provided that any such electronic transmission must either set forth or be submitted with information from which it can be determined that the electronic transmission was authorized by the shareholder or proxy holder.
- (14) Section 65 of the Republic of the Marshall Islands Business Corporations Act is hereby amended to read as follows:

§65. Notice of meetings of shareholders.

- (1) Requirement. Whenever under the provisions of this Act shareholders are required or permitted to take any action at a meeting, written notice shall state the place, date and hour of the meeting and, unless it is the annual meeting, indicate that it is being issued by or at the direction of the person or persons calling the meeting. Notice of a special meeting shall also state the purpose for which the meeting is called.
- (2) Manner of giving notice to registered shareholders. A copy of the notice of any meeting shall be given personally or sent by mail or by electronic transmission, not less than fifteen (15) nor more than sixty (60) days before the date of the meeting, to each registered shareholder entitled to vote at such meeting. If mailed, such notice is given when deposited in the mail, directed to the shareholder at his

address as it appears on the record of shareholders, or, if he shall have filed with the secretary of the corporation a written request that notices to him be mailed to some other address, then directed to him at such other address. If sent by electronic transmission, notice given pursuant to this section shall be deemed given when directed to a number or electronic mail address at which the shareholder has consented to receive notice.

- (3) Manner of giving notice to bearer shareholders. Notice of any meeting shall be given to shareholders of bearer shares, subject to the provisions of section 42 of this Act, in accordance with the provisions of section 11 of this Act. The notice shall include a statement of the conditions under which shareholders may attend the meeting and exercise the right to vote.
- (4) Adjournments. When a meeting is adjourned to another time or place, it shall not be necessary, unless the meeting was adjourned for lack of a quorum or unless the bylaws require otherwise, to give any notice of the adjourned meeting if the time and place to which the meeting is adjourned are announced at the meeting at which the adjournment is taken, and at the adjourned meeting any business may be transacted that might have been transacted on the original date of the meeting. However, if after the adjournment the board fixes a new record date for the adjourned meeting, a notice of the adjourned meeting shall be given to each shareholder of record on the new record date entitled to notice under subsection (1) of this section.
- (15) Section 66 of the Republic of the Marshall Islands Business Corporations Act is hereby amended to read as follows:

§66. Waiver of notice.

Notice of a meeting need not be given to any shareholder who has waived notice in accordance with section 10 of this Act.

- (16) Section 67 of the Republic of the Marshall Islands Business Corporations Act is hereby amended to read as follows:

§67. Action by shareholders without a meeting.

- (1) Action without a meeting. Unless otherwise provided in the articles of incorporation, any action required by this Act to be taken at a

meeting of shareholders of a corporation, or any action which may be taken at a meeting of the shareholders, may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

- (2) Electronic transmission. An electronic transmission consenting to an action to be taken and transmitted by a shareholder or proxyholder, or by a person or persons authorized to act for a shareholder or proxyholder, shall be deemed to be written and signed for the purposes of this section, provided that any such electronic transmission sets forth or is delivered with information from which the corporation can determine (a) that the electronic transmission was transmitted by the shareholder or proxyholder or by a person or persons authorized to act for the shareholder or proxyholder and (b) the date on which such shareholder or proxyholder or authorized person or persons transmitted such electronic transmission.
- (17) Section 69 of the Republic of the Marshall Islands Business Corporations Act is hereby amended to read as follows:

§69. Proxies.

- (1) Voting by proxy authorized. Every shareholder entitled to vote at a meeting of shareholders or to express consent or dissent without a meeting may authorize another person to act for him by proxy.
- (a) Without limiting the manner in which a shareholder may authorize another person or persons to act for such shareholder as proxy pursuant to subsection (1) of this section, the following shall constitute a valid means by which a shareholder may grant such authority:
- (i) A shareholder may execute a writing authorizing another person or persons to act for such shareholder as proxy. Execution may be accomplished by the shareholder or such shareholder's authorized officer, director, employee or agent signing such writing or causing such person's signature to be affixed to such

- writing by any reasonable means including, but not limited to, by facsimile signature.
- (ii) A shareholder may authorize another person or persons to act for such shareholder as proxy by transmitting or authorizing the transmission of a telegram, cablegram, or other means of electronic transmission to the person who will be the holder of the proxy or to a proxy solicitation firm, proxy support service organization or like agent duly authorized by the person who will be the holder of the proxy to receive such transmission, provided that any such telegram, cablegram or other means of electronic transmission must either set forth or be submitted with information from which it can be determined that the telegram, cablegram or other electronic transmission was authorized by the shareholder. If it is determined that such telegrams, cablegrams or other electronic transmissions are valid, the inspectors or, if there are no inspectors, such other persons making that determination shall specify the information upon which they relied.
- (b) Any copy, facsimile telecommunication or other reliable reproduction of the writing or transmission created pursuant to subsection (1)(a) of this section may be substituted or used in lieu of the original writing or transmission for any and all purposes for which the original writing or transmission could be used, provided that such copy, facsimile telecommunication or other reproduction shall be a complete reproduction of the entire original writing or transmission.
- (c) A duly executed proxy shall be irrevocable if it states that it is irrevocable and if, and only as long as, it is coupled with an interest sufficient in law to support an irrevocable power. A proxy may be made irrevocable regardless of whether the interest with which it is coupled is an interest in the stock itself or an interest in the corporation generally.
- (2) Period of validity; revocability. No proxy shall be valid after the expiration of eleven (11) months from the date thereof unless otherwise provided in the proxy. Every proxy shall be revocable at

the pleasure of the shareholder executing it, except as otherwise provided in this section.

- (3) Revocation by death or incompetence of shareholder. The authority of the holder of a proxy to act shall not be revoked by the incompetence or death of the shareholder who executed the proxy unless, before the authority is exercised, written notice of an adjudication of such incompetence or of such death is received by the corporate officer responsible for maintaining the list of shareholders.
- (4) Issue of proxy by record holder. Except when other provisions shall have been made by written agreement between the parties, the record holder of shares which are held by a pledgee as security or which belong to another, upon demand therefor and payment of necessary expenses thereof, shall issue to the pledgee or to such owner of such shares a proxy to vote or take other action thereon.
- (5) Sale of vote forbidden. A shareholder shall not sell his vote, or issue a proxy to vote to any person for any sum of money or anything of value, except as authorized in this section, section 75 and section 76 of this division.
- (6) When proxy is irrevocable. A proxy which is entitled "irrevocable proxy" and which states that it is irrevocable, is irrevocable if and as long as it is coupled with an interest sufficient to support an irrevocable power, including when it is held by any of the following or a nominee of any of the following:
 - (a) a pledgee;
 - (b) a person who has purchased or agreed to purchase the shares;
 - (c) a creditor of the corporation who extends or continues credit to the corporation in consideration of the proxy if the proxy states that it was given in consideration of such extension or continuation of credit, the amount thereof, and the name of the person extending or continuing credit;
 - (d) a person who has contracted to perform services as an officer of the corporation, if a proxy is required by the contract of employment, if the proxy states that it was given in consideration of such contract of employment, the name of the employee and the period of employment contracted for; or

- (e) a person designated by or under an agreement under section 76 of this division.
- (7) When proxy stated to be irrevocable becomes revocable. Notwithstanding a provision in a proxy stating that it is irrevocable, the proxy becomes revocable after the pledge is redeemed, or the debt of the corporation is paid, or the period of employment provided for in the contract of employment has terminated or the agreement under section 76 has been terminated, and become revocable, in a case provided for in subsection (6)(c) and (d) of this section, at the end of the period, if any, specified therein as the period during which it is irrevocable, or three (3) years after the date of the proxy, whichever period is less, unless the period of irrevocability is renewed from time to time by the execution of a new irrevocable proxy as provided in this section. This paragraph does not affect the duration of a proxy under subsection (2) of this section.
- (8) Purchaser without knowledge of irrevocable proxy. A proxy may be revoked notwithstanding a provision making it irrevocable, by a purchaser of shares without knowledge of the existence of the provision unless the existence of the proxy and its irrevocability is noted conspicuously on the face or back of the certificate representing such shares.
- (18) Section 74 of the Republic of the Marshall Islands Business Corporations Act is hereby amended to read as follows:

§74. Qualification of voters.

- (1) Right of shareholder. Every registered shareholder as of the record date and every holder of bearer shares who, as of the record date, has qualified for voting, shall be entitled at every meeting of shareholders to one (1) vote for every share standing in his name, unless otherwise provided in the articles of incorporation.
- (2) Treasury shares. Treasury shares are not shares entitled to vote or to be counted in determining the total number of outstanding shares.
- (3) Shares held by subsidiary corporation. Shares of a parent corporation held by a subsidiary corporation are not shares entitled to vote or to be counted in determining the total number of outstanding shares.
- (4) Shares held by fiduciary. Shares held by an administrator, executor, guardian, conservator, committee, or other fiduciary, except a trustee,

may be voted by him, either in person or by proxy, without transfer of such shares into his name. Shares held by a trustee may be voted by him, either in person or by proxy, only after the shares have been transferred into his name as trustee or into the name of his nominee.

- (5) Shares held by receiver. Shares held by or under the control of a receiver may be voted by him without the transfer thereof into his name if authority to do so is contained in an order of the court by which such receiver was appointed.
- (6) Pledged shares. Persons whose stock is pledged shall be entitled to vote, unless in the transfer by the pledgor on the books of the corporation he has expressly empowered the pledgee to vote thereon, in which case only the pledgee, or his proxy, may represent such stock and vote thereon. This section shall not be deemed to invalidate any irrevocable proxy which is not otherwise illegal.
- (7) Shares in name of another corporation. Shares standing in the name of another domestic or foreign corporation or any type or kind may be voted by such officer, agent or proxy as the bylaws of such corporation may provide, or, in the absence of such provision, as the board of such corporation may determine.
- (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 or the resolution providing for the issuance of such shares provide that one (1) or more classes or series of shares shall have more or less voting power per share on any matter, every reference in this Act to a majority or other proportion of such shares shall refer to a majority or other proportion of the voting power of such shares.
- (19) Section 80 of the Republic of the Marshall Islands Business Corporations Act is hereby amended to read as follows:

§80. Requirement for keeping accounting records, minutes, and records of shareholders and beneficial owners.

- (1) Accounting records. Every domestic corporation shall keep reliable and complete accounting records, to include correct and complete books and records of account. Accounting records must be sufficient to correctly explain all transactions, enable the financial position of the corporation to be determined with reasonable accuracy at any time, and allow financial statements to be prepared. Additionally, every domestic corporation shall keep underlying documentation for accounting records maintained pursuant to this subsection, such as, but not limited to, invoices and contracts, which shall reflect all sums of money received and expended and the matters in respect of which the receipt and expenditure takes place; all sales, purchases, and other transactions; and the assets and liabilities of the corporation. A resident domestic corporation shall keep all accounting records and underlying documentation as described in this subsection in the Republic. Upon demand of the registered agent for non-resident domestic entities in connection with the performance of its audit functions or pursuant to a valid governmental request made to the registered agent for non-resident domestic entities, every non-resident domestic corporation shall produce all accounting records and underlying documentation required to be maintained pursuant to this subsection to the registered agent for non-resident domestic entities in the Republic. The Minister of Finance or any person designated by him or her under or pursuant to the Tax Information Exchange Agreement (Implementation) Act of 1989 (41 MIRC, Chapter 4) or the Tax Information Exchange Agreement (Execution and Implementation) Act, 2010 (48 MIRC, Chapter 4) may require the registered agent for non-resident domestic entities to demand production of all accounting records and underlying documentation required to be maintained pursuant to this subsection. Additionally, upon formation, or in the case of a corporation existing prior to the effective date of this law, within 360 days of such date, and annually thereafter, an attestation, in a form prescribed by the Registrar for non-resident domestic corporations, will be made by every non-resident domestic corporation, excluding publicly-traded companies, to the Registrar for non-resident domestic corporations that accounting records and underlying documentation required to be maintained pursuant to this subsection are being maintained in accordance with this section or, if applicable, that such records are not being maintained (wholly or partially).

- (2) Minutes. Every domestic corporation shall keep minutes of all meetings of shareholders, of actions taken on consent by shareholders, of all meetings of the board of directors, of actions taken on consent by directors and of meetings of the executive committee, if any. A resident domestic corporation shall keep such minutes in the Republic.
- (3) Records of shareholders and beneficial owners.
 - (a) Every domestic corporation shall keep an up-to-date record containing the names and addresses of all registered shareholders, the number and class of shares held by each and the dates when they respectively became the owners of record thereof. In addition, every domestic corporation which issues bearer shares subject to the provisions of section 42 of this Act shall maintain a record of all certificates issued in bearer form, including the number, class, and dates of issuance of such certificates. A resident domestic corporation shall keep the records required to be maintained by this subsection in the Republic.
 - (b) Every domestic corporation, excluding publicly-traded companies, incorporated after the effective date of this law shall, in addition to the shareholder records required under paragraph (a) of this subsection, use all reasonable efforts to obtain and maintain an up-to-date record of the names and addresses of all beneficial owners of the corporation. Every domestic corporation, excluding publicly-traded companies, incorporated on or before such date shall comply with the requirements of this paragraph (b) within 360 days of such date.
 - (c) Every domestic corporation which issues bearer shares after the effective date of this law shall, in addition to the shareholder records required under paragraph (a) of this subsection, use all reasonable efforts to obtain and maintain an up-to-date record of the names, addresses, nationalities, and, in the case of natural persons, dates of birth of all holders and beneficial owners of such bearer shares and a record of any subsequent transfer, including the date of transfer and the names, addresses, nationalities, and, in the case of natural persons, dates of birth of all new holders and beneficial

owners of the transferred bearer shares. In order to maintain the validity of any such bearer shares, including any and all rights and privileges of a holder of such shares, the records required under paragraph (a) and this paragraph (c) for the issuance and any subsequent transfer of such bearer shares must be recorded with the registered agent for non-resident domestic entities. For all bearer shares issued on or before the effective date of this law, every domestic corporation shall comply with the requirements of this paragraph (c) within 360 days of such date.

- (d) For the purposes of complying with paragraphs (b) and (c) of this subsection, every domestic corporation shall use all reasonable efforts to notify its shareholders and beneficial owners of their obligation to provide the information required to be kept by the corporation under the aforementioned paragraphs, and shall use all reasonable efforts to obtain such information. The requirement to use all reasonable efforts shall be satisfied by at least annually requesting by written notice the information required to be maintained by the corporation under the aforementioned paragraphs. Any written notice provided pursuant to this paragraph shall be given in accordance with section 65 of this Act. In respect of shareholders of bearer shares, any written notice shall be in accordance with section 11 of this Act and shall include a statement of the conditions under which shareholders may exercise any and all rights and privileges. For the purpose of identifying beneficial owners, a corporation is entitled to rely, without further inquiry, on the response of a person to a written notice sent in good faith by the corporation, unless the corporation has reason to believe that the response is misleading or false.
- (e) For the purpose of this Division, a shareholder or beneficial owner of a domestic corporation has an obligation to provide the information requested by such corporation in accordance with this subsection.
- (f) For the purpose of this Division, "beneficial owner" means the natural person(s) who ultimately owns or controls, or has ultimate effective control of, a legal entity or arrangement,

whether directly or indirectly, or on whose behalf such interest in such legal entity or arrangement is held. For a domestic corporation other than a publicly-traded company, the natural person(s) who exercises control over such corporation through direct or indirect ownership of more than 25% of the shares or voting rights in such corporation shall be regarded as the beneficial owner(s); if no natural person exerts control through such an ownership interest, the natural person(s) who exercises control over such corporation through management of the corporation or other means shall be regarded as the beneficial owner(s).

- (g) Upon demand of the registered agent for non-resident domestic entities in connection with the performance of its audit functions or pursuant to a valid governmental request made to the registered agent for non-resident domestic entities, every non-resident domestic corporation shall produce all records of shareholders and beneficial owners required to be maintained pursuant to this subsection to the registered agent for non-resident domestic entities in the Republic. The Minister of Finance or any person designated by him or her under or pursuant to the Tax Information Exchange Agreement (Implementation) Act of 1989 (41 MIRC, Chapter 4) or the Tax Information Exchange Agreement (Execution and Implementation) Act, 2010 (48 MIRC, Chapter 4) may require the registered agent for non-resident domestic entities to demand production of all records of shareholders and beneficial owners required to be maintained pursuant to this subsection. Additionally, upon formation, or in the case of a corporation existing prior to the effective date of this law, within 360 days of such date, and annually thereafter, an attestation, in a form prescribed by the Registrar for non-resident domestic corporations, will be made by every non-resident domestic corporation, excluding publicly-traded companies, to the Registrar for non-resident domestic corporations that records of shareholders and beneficial owners required to be maintained pursuant to this subsection are being maintained in accordance with this section or, if applicable, that such records are not being maintained (wholly or partially).

- (h) To the extent that records of shareholders and beneficial owners are not being maintained in accordance with this subsection by a non-resident domestic corporation in respect of bearer shares, the corporation shall cancel the share certificates relating to those shareholders and beneficial owners for which such records are not being maintained:
- (i) in the case of bearer shares issued on or before the effective date of this law, within 180 days of the date on which such records are required to be maintained in accordance with paragraph (c) of this subsection; and
 - (ii) in any other case, within 180 days of the attestation that such records are not being maintained.
- (4) Forms of records. Any records maintained by a corporation in the regular course of its business, including its stock ledger, books of account, and minute books, may be kept on, or be in the form of, punch cards, magnetic tape, photographs, microphotographs or any other information storage device, provided that the records so kept can be converted into clearly legible written form within a reasonable time. Any corporation shall so convert any records so kept upon the request of any person entitled to inspect the same. When records are kept in such manner, a clearly legible written form produced from the cards, tapes, photographs, microphotographs or other information storage device shall be admissible in evidence, and accepted for all other purposes, to the same extent as an original written record of the same information would have been, provided the written form accurately portrays the record.
- (5) Retention Period. All records required to be kept, retained, or maintained under this section shall be kept, retained, or maintained for a minimum of five (5) years.
- (6) Failure to maintain or produce records or to make attestations. Any person who knowingly or recklessly fails to keep, retain, or maintain records as required under this section, or who fails to produce records within sixty (60) days upon demand or to make attestations as required under this section, or who willfully keeps, retains, maintains, or produces false or misleading records or makes false or misleading attestations, shall be liable to a fine not exceeding \$50,000, revocation of the corporation's articles of incorporation and

dissolution, or both. Persons shall not be liable under this section for any failure to keep, retain or maintain the beneficial ownership information required to be maintained and produced under this section if all reasonable efforts in compliance with the requirements of this section have been made to obtain and maintain such information.

- (20) Section 83 of the Republic of the Marshall Islands Business Corporations Act is hereby amended to read as follows:

§83. List of directors and officers.

- (1) List of directors and officers. If a shareholder or creditor of a resident domestic corporation, in person or by his attorney or agent, or a representative of either of the Registrars of Corporations or other government official makes a written demand on such corporation to inspect a current list of its directors and officers and their residence addresses, the corporation shall, within two (2) business days after receipt of the demand and for a period of one (1) week thereafter, make the list available for such inspection at its office during usual business hours. Upon demand of the registered agent for non-resident domestic entities in connection with the performance of its audit functions or pursuant to a valid governmental request made to the registered agent for non-resident domestic entities, every non-resident domestic corporation shall produce a current list of its directors and executive officers and their business or residence addresses to the registered agent for non-resident domestic entities in the Republic. The Minister of Finance or any person designated by him or her under or pursuant to the Tax Information Exchange Agreement (Implementation) Act of 1989 (41 MIRC, Chapter 4) or the Tax Information Exchange Agreement (Execution and Implementation) Act, 2010 (48 MIRC, Chapter 4) may require the registered agent for non-resident domestic entities to demand production of such a list. Additionally, upon formation, or in the case of a corporation existing prior to the effective date of this law, within 360 days of such date, and annually thereafter, an attestation, in a form prescribed by the Registrar for non-resident domestic corporations, will be made by every non-resident domestic corporation, excluding publicly-traded companies, to the Registrar for non-resident domestic corporations that a list of current directors and executive officers is being maintained in accordance with this

section or, if applicable, that such records are not being maintained (wholly or partially).

- (2) Failure to maintain or produce records or to make attestations. Any person who knowingly or recklessly fails to keep, retain, or maintain records as required under this section, or who fails to produce records within sixty (60) days upon demand or to make attestations as required under this section, or who willfully keeps, retains, maintains, or produces false or misleading records or makes false or misleading attestations, shall be liable to a fine not exceeding \$50,000, revocation of the corporation’s articles of incorporation and dissolution, or both.
- (21) Section 92 of the Republic of the Marshall Islands Business Corporations Act is hereby amended to read as follows:

§92. Right of dissenting shareholders to payment.

A holder of any adversely affected shares who does not vote in favor of or consent in writing to an amendment in the articles of incorporation shall, subject to and by complying with the provisions of section 101 of this Act, have the right to dissent and to receive payment for such shares, if the articles of amendment:

- (a) alter or abolish any preferential right of any outstanding shares having preferences; or
- (b) create, alter, or abolish any provision or right in respect of the redemption of any outstanding shares; or
- (c) alter or abolish any preemptive right of such holder to acquire shares or other securities; or
- (d) exclude or limit the right of such holder to vote on any matter, except as such right may be limited by the voting rights given to new shares then being authorized of any existing or new class.

- (22) Section 100 of the Republic of the Marshall Islands Business Corporations Act is hereby amended to read as follows:

§100. Right of dissenting shareholder to receive payment for shares.

Any shareholder of a corporation shall have the right to dissent from any of the following corporate actions and receive payment of the fair value of his shares:

- (a) any plan of merger or consolidation to which the corporation is a party; or
 - (b) any sale or exchange of all or substantially all of the property and assets of the corporation not made in the usual and regular course of its business, including a sale in dissolution, but not including a sale pursuant to an order of a court having jurisdiction in the premises or a sale for cash on terms requiring that all or substantially all the net proceeds of sales be distributed to the shareholders in accordance with their respective interests within one (1) year after the date of sale; provided however,
 - (c) that the right of a dissenting shareholder to receive payment of the fair value of his shares shall not be available under this section for the shares of any class or series of stock, which shares or depository receipts in respect thereof, at the record date fixed to determine the shareholders entitled to receive notice of and to vote at the meeting of shareholders to act upon the agreement of merger or consolidation or any sale or exchange of all or substantially all of the property and assets of the corporation not made in the usual course of its business, were either (i) listed on a securities exchange or admitted for trading on an interdealer quotation system or (ii) held of record by more than 2,000 holders. The right of a dissenting shareholder to receive payment of the fair value of his or her shares shall not be available under this section for any shares of stock of the constituent corporation surviving a merger if the merger did not require for its approval the vote of the shareholders of the surviving corporation as provided in Sections 96 and 98(4) of this Division.
- (23) Section 107 of the Republic of the Marshall Islands Business Corporations Act is hereby amended to read as follows:

§107. Authorization of foreign entities.

- (1) Authorization required. A foreign corporation, partnership, trust, unincorporated association or other entity (each of which is hereinafter sometimes referred to as a foreign "entity" and all of which are hereinafter sometimes referred to as "foreign entities") shall not do business in the Republic until it has been authorized to

do so as provided in this division. A foreign entity may be authorized to do in the Republic any business which it is authorized to do in the jurisdiction of its creation, and which may be done in the Republic by a domestic entity.

- (2) Activities which do not constitute doing business. Without excluding other activities which may not constitute doing business in the Republic, a foreign entity shall not be considered to be doing business in the Republic, for the purposes of this Act, by reason of carrying on in the Republic any one (1) or more of the following activities:
- (a) maintaining or defending any action or proceeding, or effecting settlement thereof or the settlement of claims or disputes;
 - (b) holding meetings of its directors or shareholders;
 - (c) maintaining bank accounts;
 - (d) for purposes outside of the Republic, maintaining facilities or agencies only for the transfer, exchange and registration of its securities, or appointing and maintaining trustees or depositaries with relation to its securities;
 - (e) for a foreign maritime entity to maintain a registered agent and registered address or carry on activities authorized by section 120 of this Act; or
 - (f) engaging in any activity which may be conducted by a non-resident domestic corporation as set forth in section 2(q) of this Act.
- (24) Section 119 of the Republic of the Marshall Islands Business Corporations Act is hereby amended to read as follows:

§119. Method of registration.

- (1) Eligibility. A foreign entity whose indenture or instrument of trust, charter or articles of incorporation, agreement of partnership or other document recognized by the foreign State of its creation as the basis of its existence, which document directly or by force of law of the State of creation comprehends the power to own or operate vessels, and which confers or recognizes the capacity under the law of the State of creation to sue and be sued in the name of the entity or its lawful fiduciary or legal representative, may apply to the appropriate Registrar or Deputy Registrar of Corporations to be registered as a

foreign maritime entity. The burden of establishing the capacity to sue and be sued shall be upon the applicant for such registration.

- (2) Form of Application. The application shall be executed by an authorized signatory of the entity or an attorney-in-fact. The application shall be dated and shall state the following:
 - (a) the name of the entity;
 - (b) the legal character or nature of the entity;
 - (c) the jurisdiction and date of its creation;
 - (d) whether the entity has the power to own or operate a vessel;
 - (e) whether the entity has the capacity to sue and be sued in its own name or, if not, in the name of its lawful fiduciary or legal representative;
 - (f) the address of the principal place of business of the entity and, if such place is not in the jurisdiction of the creation of the entity, either the address of its place of business or the name and address of its lawful fiduciary or legal representative within the jurisdiction of the creation of the entity;
 - (g) the full names and addresses of the persons vested under law with management of the entity at the time of application;
 - (h) the name and address within the Republic of the registered agent designated in accordance with the requirement of section 20(1) of this Act and a statement that the registered agent is to be its agent upon whom process against it may be served; and
 - (i) the title(s), or if other than an officer of the entity, the basis of the authority of the person(s) executing the document.
- (3) Filing. Each application and any other document required or permitted to be filed pursuant to this division shall be filed in accordance with the provisions of section 5 of this Act
- (25) Section 121 of the Republic of the Marshall Islands Business Corporations Act is hereby amended to read as follows:

§121. Subsequent change of business address or address of lawful fiduciary or legal representative; amendment of document upon which existence is based.

- (1) Change of Address. Whenever a change occurs in the address(es) stated under section 119(2)(f) of this Act, written notice of such change, stating the new information, shall be mailed to the registered agent named under section 119(2)(h) of this Act.
- (2) Amendment of document. The appropriate Registrar of Corporations shall be notified whenever there is an amendment in the document upon which the existence of the entity is based which changes any of the following:
 - (a) name of the entity;
 - (b) legal nature of the entity;
 - (c) jurisdiction of creation;
 - (d) loss or restriction in the power of the entity to own or operate a vessel; and
 - (e) ability of the entity to sue or be sued.

Notice shall consist of filing with the Registrar or Deputy Registrar of Corporations, in accordance with section 5 of this Act, a certified copy of the document filed with the jurisdiction of creation. If such amendment is in a foreign language, a translation thereof into English certified by a translator shall be attached.

§103. Amendment to the Revised Partnership Act

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

§1. Definitions.

As used in this Act, unless the context otherwise requires, the term:

- (1) "business" includes every trade, occupation and profession, the holding or ownership of property and any other activity for profit.
- (2) "certificate" means a certificate of partnership existence under section 29 of this Act, a certificate of dissociation under section 53 of this Act, a certificate of dissolution under section 59 of this Act, an amendment or cancellation of any of the foregoing under section 5 of this division, a certificate of correction and a corrected certificate under section 15 of this division, a certificate of conversion to partnership under section 62 of this Act, a certificate of merger or consolidation under section 63 of this Act, a certificate of partnership domestication under

section 65 of this Act, a certificate of transfer under section 66 of this Act, and a certificate of termination of a certificate with a future effective date and a certificate of amendment of a certificate with a future effective date under section 5(8) of this division.

- (3) “distribution” means a transfer of money or other property from a partnership to a partner in the partner’s capacity as a partner or to a transferee of all or a part of a partner’s economic interest.
- (4) “economic interest” means a partner’s share of the profits and losses of a partnership and the partner’s right to receive distributions.
- (5) “High Court” means the High Court of the Republic of the Marshall Islands.
- (6) “liquidating trustee” means a person, other than a partner, carrying out the winding up of a partnership.
- (7) “non-resident partnership” means a domestic partnership not doing business in the Republic of the Marshall Islands. “Not doing business in the Marshall Islands” will have the same meaning as found in the Marshall Islands Business Corporations Act (BCA), 18 MIRC 1.
- (8) “partner” means a person who has been admitted to a partnership as a partner of the partnership.
- (9) “partnership” or “domestic partnership” means an association of two (2) or more persons formed under section 21 of this Act, to carry on any business, purpose or activity.
- (10) “partnership agreement” means the agreement, whether written, oral or implied, among the partners concerning the partnership, including amendments to the partnership agreement. A partnership is not required to execute its partnership agreement. A partnership is bound by its partnership agreement whether or not the partnership executes the partnership agreement.
- (11) “partnership at will” means a partnership that is not a partnership for a definite term or particular undertaking.
- (12) “partnership for a definite term or particular undertaking” means a partnership in which the partners have agreed to remain partners until the expiration of a definite term or the completion of a particular undertaking.

- (13) “partnership interest” or “partner’s interest in the partnership” means all of a partner’s interests in the partnership, including the partner’s economic interest and all management and other rights.
- (14) “person” means a natural person, partnership, limited partnership, trust, estate, limited liability company, association, corporation, custodian, nominee or any other individual or entity in its own or any representative capacity, in each case, whether domestic or foreign.
- (15) “property” means all property, real, personal or mixed, tangible or intangible, or any interest therein.
- (16) “publicly-traded company” means a company with equity securities that are listed (i) on a securities exchange, (ii) on an automated quotation system or (iii) otherwise on a regulated securities or commodities market that is subject to disclosure requirements consistent with international standards which ensure adequate transparency of ownership information, or that is formed in contemplation of becoming so publicly traded or listed and shall be so publicly traded or listed within 364 days of the company’s formation, and shall include all direct and indirect subsidiaries thereof. An entity is a subsidiary of another entity if (i) the parent holds, directly or indirectly, a beneficial interest in a majority or more of the shares, or a majority or more of the voting rights, in the subsidiary or (ii) such entity is consolidated in the financial statements of the parent that are publicly available or will be made publicly available within 364 days;
- (17) “Registrar of Corporations” means the Registrar of domestic partnerships. The Registrar for resident partnerships is the Registrar of Corporations responsible for resident domestic and authorized foreign corporations. The Registrar for non-resident partnerships is The Trust Company of the Marshall Islands, Inc.
- (18) “resident domestic partnership” means a domestic partnership doing business in the Republic of the Marshall Islands.
- (19) “transfer” includes an assignment, conveyance, lease, mortgage, deed, and encumbrance.
- (2) Section 5 of the Republic of the Marshall Islands Revised Partnership Act is hereby amended to read as follows:

§5. Execution, filing and recording of statements and certificates.

- (1) A certificate may be filed with the Registrar of Corporations by delivery to the Registrar of Corporations of the signed copy of the certificate.
- (2) A certificate filed by a partnership must be executed by at least one (1) partner or by one (1) or more authorized persons. The execution of a certificate by an individual as, or on behalf of, a partner or other person named as a partner in a certificate constitutes an oath or affirmation, under the penalties of perjury, that, to the best of the individual's knowledge and belief, the facts stated therein are true. A person who executes a certificate as an agent or fiduciary need not exhibit evidence of his/her authority as a prerequisite to filing. Any signature on any certificate authorized to be filed with the Registrar of Corporations under any provision of this Act may be a facsimile, or an electronically transmitted signature. Upon delivery of any certificate, the Registrar of Corporations shall record the date of its delivery. Unless the Registrar of Corporations finds that any statement or certificate does not conform to law, upon receipt of all filing fees required by law the Registrar of Corporations shall:
 - (a) certify that the certificate has been filed with the Registrar of Corporations by endorsing upon the original certificate the word "Filed", and the date of the filing. This endorsement is conclusive of the date of its filing in the absence of actual fraud;
 - (b) file and index the endorsed certificate;
 - (c) prepare and return to the person who filed it or the person's representative, a copy of the signed certificate similarly endorsed, and shall certify such copy as a true copy of the signed certificate; and
 - (d) cause to be entered such information from the certificate as the Registrar of Corporations deems appropriate into the Registrar, and such information and a copy of such certificate shall be permanently maintained as a public record on a suitable medium.
- (3) A person authorized by this Act to file a certificate may amend or cancel the certificate by filing an amendment or cancellation that names the partnership, identifies the certificate, and states the

substance of the amendment or cancellation. A person authorized by this Act to file a certificate who becomes aware that such certificate was false when made, or that any matter described in the certificate has changed, making the certificate false in any material respect, shall promptly amend the certificate. Upon the filing of a certificate amending or correcting a certificate (or judicial decree of amendment) with the Registrar of Corporations, or upon the future effective date of a certificate amending or correcting a certificate (or judicial decree thereof), as provided for therein, the certificate being corrected or amended shall be corrected or amended as set forth therein. Upon the filing of a certificate of cancellation (or judicial decree thereof), or a certificate of merger or consolidation which acts as a certificate of cancellation, or a certificate of transfer, or upon the future effective date of a certificate of cancellation (or a judicial decree thereof) or of a certificate of merger or consolidation which acts as a certificate of cancellation, or a certificate of transfer, as provided for therein, or as specified in section 10(3) of this division, the certificate of partnership existence is cancelled. A certificate of partnership existence shall be cancelled upon the dissolution and the completion of winding up of the partnership, or as provided in section 10(3) of this division, or upon the filing of a certificate of merger or consolidation if the domestic partnership is not the surviving or resulting entity in a merger or consolidation, or upon the filing of a certificate of transfer. A certificate of cancellation shall be filed with the Registrar of Corporations to accomplish the cancellation of a certificate of partnership existence upon the dissolution and the completion of winding up of a domestic partnership and shall set forth:

- (a) the name of the partnership;
- (b) the date of filing of its certificate of partnership existence; and
- (c) any other information the person filing the certificate of cancellation determines.

Upon the filing of a certificate of partnership domestication, or upon the future effective date of a certificate of partnership domestication, the entity filing the certificate of partnership domestication is domesticated as a partnership with the effect provided in section 65 of this Act. Upon the filing of a certificate of conversion to partnership, or upon the future effective date of a certificate of

conversion to partnership, the entity filing the certificate of conversion to partnership is converted to a partnership with the effect provided in section 62 of this Act.

- (4) A person who files a certificate pursuant to this section shall promptly send a copy of the certificate to every nonfiling partner and to any other person named as a partner in the certificate. Failure to send a copy of a certificate to a partner or other person does not limit the effectiveness of the certificate as to a person not a partner.
- (5) The filing of a certificate of partnership existence under section 29 of this Act with the Registrar of Corporations shall make it unnecessary to file any other document.
- (6) A certificate filed with the Registrar of Corporations shall be effective if there has been substantial compliance with the requirements of this Act.
- (7) A certificate shall be effective at the time of its filing with the Registrar of Corporations or at any later date specified in the certificate.
- (8) If any certificate filed in accordance with this Act provides for a future effective date and if, prior to such future effective date set forth in such certificate, the transaction is terminated or its terms are amended to change the future effective date or any other matter described in such certificate so as to make such certificate false or inaccurate in any respect, such certificate shall, prior to the future effective date set forth in such certificate, be terminated or amended by the filing of a certificate of termination or certificate of amendment of such certificate, executed in the same manner as the certificate being terminated or amended is required to be executed in accordance with this section, which shall identify the certificate which has been terminated or amended and shall state that the certificate has been terminated or the manner in which it has been amended. Upon the filing of a certificate of amendment of a certificate with a future effective date, the certificate identified in such certificate of amendment is amended. Upon the filing of a certificate of termination of a certificate with a future effective date, the certificate identified in such certificate of termination is terminated.
- (9) A fee as determined by the Registrar shall be paid at the time of the filing of a certificate.

- (3) Section 29 of the Republic of the Marshall Islands Revised Partnership Act is hereby amended to read as follows:

§29. Certificate of partnership existence.

- (1) A partnership must file a certificate of partnership existence, which:
- (a) must include:
 - (i) the name of the partnership;
 - (ii) the name and address of the registered agent for service of process required to be maintained by section 10 of this Act; and
 - (iii) a statement affirming that “the partnership will comply with all applicable provisions of the Republic of the Marshall Islands Revised Partnership Act, including retention, maintenance, and production of accounting, partner, and beneficial owner records in accordance with section 37 of the Republic of the Marshall Islands Revised Partnership Act”; this statement shall, by force of law, be deemed to be included in the certificate of partnership existence of all partnerships, including those formed prior to the effective date of this law; and
 - (b) may state:
 - (i) the names of the partners authorized to execute an instrument transferring real property held in the name of the partnership;
 - (ii) the authority, or limitations on the authority, of some or all of the partners to enter into other transactions on behalf of the partnership; and
 - (iii) any other matter.
- (2) A certificate of partnership existence supplements the authority of a partner to enter into transactions on behalf of the partnership as follows:
- (a) except for transfers of real property, a grant of authority contained in a certificate of partnership existence is conclusive in favor of a person who gives value without knowledge to the contrary, so long as and to the extent that a limitation on that authority is not then contained in another certificate. A filed

cancellation of a limitation on authority revives the previous grant of authority; or

- (b) a grant of authority to transfer real property held in the name of the partnership contained in a certified copy of a certificate of partnership existence recorded in the office for recording transfers of that real property is conclusive in favor of a person who gives value without knowledge to the contrary, so long as and to the extent that a certified copy of a statement containing a limitation on that authority is not then of record in the office for recording transfers of that real property. The recording in the office for recording transfers of that real property of a certified copy of a cancellation of a limitation on authority revives the previous grant of authority.
- (3) A person not a partner is deemed to know of a limitation on the authority of a partner to transfer real property held in the name of the partnership if a certified copy of the certificate containing the limitation on authority is of record in the office for recording transfers of that real property.
- (4) Except as otherwise provided in subsections (2) and (3) of this section and sections 53 and 59 of this Act, a person not a partner is not deemed to know of a limitation on the authority of a partner merely because the limitation is contained in a certificate.
- (4) Section 37 of the Republic of the Marshall Islands Revised Partnership Act is hereby amended to read as follows:

§37. Requirement for keeping accounting records, minutes, and records of partners and beneficial owners; partner's rights and duties with respect to information.

- (1) Requirement for keeping accounting records, minutes, and records of partners and beneficial owners.
 - (a) Accounting records. Every domestic partnership shall keep reliable and complete accounting records, to include correct and complete books and records of account. Accounting records must be sufficient to correctly explain all transactions, enable the financial position of the partnership to be determined with reasonable accuracy at any time, and allow financial statements to be prepared. Additionally, every domestic partnership shall keep underlying documentation for

accounting records maintained pursuant to this subsection, such as, but not limited to, invoices and contracts, which shall reflect all sums of money received and expended and the matters in respect of which the receipt and expenditure takes place; all sales, purchases, and other transactions; and the assets and liabilities of the partnership. A resident domestic partnership shall keep all accounting records and underlying documentation as described in this subsection in the Republic. Upon demand of the registered agent for non-resident domestic entities in connection with the performance of its audit functions or pursuant to a valid governmental request made to the registered agent for non-resident domestic entities, every non-resident domestic partnership shall produce all accounting records and underlying documentation required to be maintained pursuant to this subsection to the registered agent for non-resident domestic entities in the Republic. The Minister of Finance or any person designated by him or her under or pursuant to the Tax Information Exchange Agreement (Implementation) Act of 1989 (41 MIRC, Chapter 4) or the Tax Information Exchange Agreement (Execution and Implementation) Act, 2010 (48 MIRC, Chapter 4) may require the registered agent for non-resident domestic entities to demand production of all accounting records and underlying documentation required to be maintained pursuant to this subsection. Additionally, upon formation, or in the case of a partnership existing prior to the effective date of this law, within 360 days of such date, and annually thereafter, an attestation, in a form prescribed by the Registrar for non-resident domestic partnerships, will be made by every non-resident domestic partnership, excluding publicly-traded companies, to the Registrar for non-resident domestic partnerships that accounting records and underlying documentation required to be maintained pursuant to this subsection are being maintained in accordance with this section or, if applicable, that such records are not being maintained (wholly or partially).

- (b) Minutes. Every domestic partnership shall keep minutes of all meetings of partners and of actions taken on consent by

partners. A resident domestic partnership shall keep such minutes in the Republic.

- (c) Records of partners and beneficial owners.
- (i) Every domestic partnership shall keep an up-to-date record containing the names and addresses of all partners. A resident domestic partnership shall keep the records required to be maintained by this subsection in the Republic.
 - (ii) Every domestic partnership, excluding publicly-traded companies, formed after the effective date of this law shall, in addition to the records of partners required under subparagraph (i) of this paragraph, use all reasonable efforts to obtain and maintain an up-to-date record of the names and addresses of all beneficial owners of the partnership. Every domestic partnership, excluding publicly-traded companies, formed on or before such date shall comply with the requirements of this subparagraph (ii) within 360 days of such date.
 - (iii) For the purposes of complying with subparagraph (ii) of this paragraph, every domestic partnership shall use all reasonable efforts to notify its partners and beneficial owners of their obligation to provide the information required to be kept by the partnership under the aforementioned subparagraph. The requirement to use all reasonable efforts shall be satisfied by at least annually requesting by written notice to the partners the information required to be maintained by the partnership under the aforementioned subparagraph. For the purpose of identifying beneficial owners, a partnership is entitled to rely, without further inquiry, on the response of a person to a written notice sent in good faith by the partnership, unless the partnership has reason to believe that the response is misleading or false.
 - (iv) For the purpose of this Division, a partner or beneficial owner of a domestic partnership has an obligation to provide the information requested by such partnership in accordance with this paragraph.

- (v) For the purpose of this Division, “beneficial owner” means the natural person(s) who ultimately owns or controls, or has ultimate effective control of, a legal entity or arrangement, whether directly or indirectly, or on whose behalf such interest in such legal entity or arrangement is held. For a domestic partnership other than a publicly-traded company, the natural person(s) who exercises control over such partnership through direct or indirect ownership of more than 25% of the partnership interests or voting rights in such partnership shall be regarded as the beneficial owner(s); if no natural person exerts control through such an ownership interest, the natural person(s) who exercises control over such partnership through management of the partnership or other means shall be regarded as the beneficial owner(s).
- (vi) Upon demand of the registered agent for non-resident domestic entities in connection with the performance of its audit functions or pursuant to a valid governmental request made to the registered agent for non-resident domestic entities, every non-resident domestic partnership shall produce all records of partners and beneficial owners required to be maintained pursuant to this subsection to the registered agent for non-resident domestic entities in the Republic. The Minister of Finance or any person designated by him or her under or pursuant to the Tax Information Exchange Agreement (Implementation) Act of 1989 (41 MIRC, Chapter 4) or the Tax Information Exchange Agreement (Execution and Implementation) Act, 2010 (48 MIRC, Chapter 4) may require the registered agent for non-resident domestic entities to demand production of all records of partners and beneficial owners required to be maintained pursuant to this subsection. Additionally, upon formation, or in the case of a partnership existing prior to the effective date of this law, within 360 days of such date, and annually thereafter, an attestation, in a form prescribed by the Registrar for non-resident domestic partnerships, will be made by every non-

resident domestic partnership, excluding publicly-traded companies, to the Registrar for non-resident domestic partnerships that records of partners and beneficial owners required to be maintained pursuant to this subsection are being maintained in accordance with this section or, if applicable, that such records are not being maintained (wholly or partially).

- (d) Form of records. Any records maintained by a domestic partnership in the regular course of its business, including its record of partners, books of account, and minute books, may be kept on, or be in the form of, punch cards, magnetic tape, photographs, microphotographs, or any other information storage device, provided that the records so kept can be converted into clearly legible written form within a reasonable time. Any domestic partnership shall convert any records so kept upon the request of any person entitled to inspect such records. When records are kept in such manner, a clearly legible written form produced from the cards, tapes, photographs, microphotographs, or other information storage device shall be admissible in evidence, and accepted for all other purposes, to the same extent as an original written record of the same information would have been, provided the written form accurately portrays the record.
- (e) Retention period. All records required to be kept, retained, or maintained under this section shall be kept, retained, or maintained for a minimum of five (5) years.
- (f) Failure to maintain or produce records or to make attestations. Any person who knowingly or recklessly fails to keep, retain, or maintain records as required under this subsection, or who fails to produce records within sixty (60) days upon demand or to make attestations as required under this subsection, or who willfully keeps, retains, maintains, or produces false or misleading records or makes false or misleading attestations, shall be liable to a fine not exceeding \$50,000, cancellation of the partnership's certificate of partnership existence, or both. Persons shall not be liable under this subsection for any failure to keep, retain or maintain the beneficial ownership information required to be maintained and produced under

this subsection if all reasonable efforts in compliance with the requirements of this subsection have been made to obtain and maintain such information.

- (2) Partner's rights and duties with respect to information.
 - (a) Each partner and the partnership shall provide partners, former partners and the legal representative of a deceased partner or partner under a legal disability and their agents and attorneys, access to the books and records of the partnership and other information concerning the partnership's business and affairs (in the case of former partners, only with respect to the period during which they were partners) upon reasonable demand, for any purpose reasonably related to the partner's interest as a partner in the partnership. The right of access shall include access to:
 - (i) true and full information regarding the status of the business and financial condition of the partnership;
 - (ii) promptly after becoming available, a copy of the partnership's financial statements or tax filings, if applicable, for each year;
 - (iii) a current list of the name and last known business, residence or mailing address of each partner;
 - (iv) a copy of any certificate and written partnership agreement and all amendments thereto, together with executed copies of any written powers of attorney pursuant to which the certificate or the partnership agreement and any amendments thereto have been executed;
 - (v) true and full information regarding the amount of cash and a description and statement of the agreed value of any other property or services contributed by each partner and which each partner has agreed to contribute in the future, and the date on which each partner became a partner; and
 - (vi) other information regarding the affairs of the partnership as is just and reasonable. The right of access includes the right to examine and make extracts from books and records and other information concerning

the partnership's business and affairs. The partnership agreement may provide for, and in the absence of such provision in the partnership agreement, the partnership or the partner from whom access is sought may impose, reasonable standards (including standards governing what information and documents are to be furnished at what time and location and at whose expense) with respect to exercise of the right of access.

- (b) A partnership agreement may provide that the partnership shall have the right to keep confidential from partners for such period of time as the partnership deems reasonable, any information which the partnership reasonably believes to be in the nature of trade secrets or other information the disclosure of which the partnership in good faith believes is not in the best interest of the partnership or could damage the partnership or its business or affairs or which the partnership is required by law or by agreement with a third party to keep confidential.
- (c) A partnership and its partners may maintain the books and records and other information concerning the partnership in other than a written form if such form is capable of conversion into written form within a reasonable time.
- (d) Any demand by a partner under this section shall be in writing and shall state the purpose of such demand.
- (e) Any action to enforce any right arising under this section may be brought in the High Court. If the partnership or a partner refuses to permit access as described in subsection (2)(a) of this section or does not reply to a demand that has been made within five (5) business days after the demand has been made, the demanding partner, former partner, or legal representative of a deceased partner or partner under a legal disability may apply to the High Court for an order to compel such disclosure. The High Court is hereby vested with jurisdiction to determine whether or not the person making the demand is entitled to the books and records or other information concerning the partnership's business and affairs sought. The High Court may summarily order the partnership or partner to permit the demanding partner, former partner or legal

representative of a deceased partner or partner under a legal disability and their agents and attorneys to provide access to the information described in subsection (2)(a) of this section and to make copies or extracts therefrom; or the High Court may summarily order the partnership or partner to furnish to the demanding partner, former partner or legal representative of a deceased partner or partner under a legal disability and their agents and attorneys the information described in subsection (2)(a) of this section on the condition that the partner, former partner or legal representative of a deceased partner or partner under a legal disability first pay to the partnership or to the partner from whom access is sought the reasonable cost of obtaining and furnishing such information and on such other conditions as the High Court deems appropriate. When a demanding partner, former partner or legal representative of a deceased partner or partner under a legal disability seeks to obtain access to information described in subsection (2)(a) of this section, the demanding partner, former partner or legal representative of a deceased partner or partner under a legal disability shall first establish (a) that the demanding partner, former partner or legal representative of a deceased partner or partner under a legal disability has complied with the provisions of this section respecting the form and manner of making demand for obtaining access to such information and (b) that the information the demanding partner, former partner or legal representative of a deceased partner or partner under a legal disability seeks is reasonably related to the partner's interest as a partner in the partnership. The High Court may, in its discretion, prescribe any limitations or conditions with reference to the access to information, or award such other or further relief as the High Court may deem just and proper.

- (f) The rights of a partner to obtain information as provided in this section may be restricted in an original partnership agreement or in any subsequent amendment approved or adopted by all of the partners and in compliance with any applicable requirements of the partnership agreement.

- (5) Section 41 of the Republic of the Marshall Islands Revised Partnership Act is hereby amended to read as follows:

§41. Classes and voting.

- (1) A partnership agreement may provide for classes or groups of partners having such relative rights, powers and duties as the partnership agreement may provide, and may make provision for the future creation in the manner provided in the partnership agreement of additional classes or groups of partners having such relative rights, powers and duties as may from time to time be established, including rights, powers and duties senior to existing classes and groups of partners. A partnership agreement may provide for the taking of an action, including the amendment of the partnership agreement, without the vote or approval of any partner or class or group of partners, including an action to create under the provisions of the partnership agreement a class or group of partnership interests that was not previously outstanding. A partnership agreement may provide that any partner or class or group of partners shall have no voting rights.
- (2) The partnership agreement may grant to all or certain identified partners or a specified class or group of the partners the right to vote separately or with all or any class or group of the partners on any matter. Voting by partners may be on a per capita, number, financial interest, class, group or any other basis.
- (3) A partnership agreement may set forth provisions relating to notice of the time, place or purpose of any meeting at which any matter is to be voted on by any partners, waiver of any such notice, action by consent without a meeting, the establishment of a record date, quorum requirements, voting in person or by proxy, or any other matter with respect to the exercise of any such right to vote.
- (4) Unless otherwise provided in a partnership agreement, meetings of partners may be held by means of communications equipment which permits the persons participating in the meeting to communicate with each other, and participation in a meeting pursuant to this subsection shall constitute presence in person at the meeting. On any matter that is to be voted on, consented to or approved by partners, the partners may take such action without a meeting, without prior notice and without a vote if consented to or approved, in writing, by

electronic transmission or by any other means permitted by law, by partners having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all partners entitled to vote thereon were present and voted. On any matter that is to be voted on by partners, the partners may vote in person or by proxy, and such proxy may be granted in writing, by means of electronic transmission or as otherwise permitted by applicable law. Unless otherwise provided in a partnership agreement, a consent transmitted by electronic transmission by a partner or by a person or persons authorized to act for a partner shall be deemed to be written and signed for purposes of this subsection. For purposes of this subsection, the term "electronic transmission" means any form of communication not directly involving the physical transmission of paper that creates a record that may be retained, retrieved and reviewed by a recipient thereof and that may be directly reproduced in paper form by such a recipient through an automated process.

- (5) If a partnership agreement provides for the manner in which it may be amended, it may be amended in that manner or with the approval of all the partners or as otherwise permitted by law. If a partnership agreement does not provide for the manner in which it may be amended, the partnership agreement may be amended with the approval of all the partners or as otherwise permitted by law.

§104. Amendments to the Limited Partnership Act

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

§1. Definitions.

As used in this Act unless the context otherwise requires, the term:

- (1) "certificate of limited partnership" means the certificate referred to in section 10 of this Act, and the certificate as amended.
- (2) "contribution" means any cash, property, services rendered or a promissory note or other obligation to contribute cash or property or to perform services, which a partner contributes to a limited partnership in the capacity as a partner.

- (3) “event of withdrawal of a general partner” means an event that causes a person to cease to be a general partner as provided in section 35 of this Act.
- (4) “general partner” means a person who has been admitted to a limited partnership as a general partner in accordance with the partnership agreement and so named in the certificate of limited partnership or similar instrument under which the limited partnership is organized if so required.
- (5) “High Court” means the High Court of the Republic of the Marshall Islands.
- (6) “knowledge” means a person’s actual knowledge of a fact, rather than the person’s constructive knowledge of the fact.
- (7) “limited partner” means a person who has been admitted to a limited partnership as a limited partner as provided in section 28 of this Act.
- (8) “limited partnership” or “domestic limited partnership” means a partnership formed by two (2) or more persons under the laws of the Republic of the Marshall Islands and having one (1) or more general partners and one (1) or more limited partners.
- (9) “liquidating trustee” means a person, other than a general partner, but including a limited partner, carrying out the winding up of a limited partnership.
- (10) “non-resident limited partnership” means a domestic limited partnership not doing business in the Republic of the Marshall Islands. “Not doing business in the Marshall Islands” will have the same meaning as found in the Marshall Islands Business Corporations Act (BCA), 18 MIRC 1.
- (11) “partner” means a limited or general partner.
- (12) “partnership agreement” means any agreement, written or oral, of the partners as to the affairs of a limited partnership and the conduct of its business. A limited partnership is not required to execute its partnership agreement. A limited partnership is bound by its partnership agreement whether or not the limited partnership executes the partnership agreement. A written partnership agreement or another written agreement or writing:

- (a) may provide that a person shall be admitted as a limited partner of a limited partnership, or shall become an assignee of a partnership interest or other rights or powers of a limited partner to the extent assigned, and shall become bound by the partnership agreement (i) if such person (or a representative authorized by such person orally, in writing or by other action such as payment for a partnership interest) executes the partnership agreement or any other writing evidencing the intent of such person to become a limited partner or assignee, or (ii) without such execution, if such person (or a representative authorized by such person orally, in writing or by other action such as payment for a partnership interest) complies with the conditions for becoming a limited partner or assignee as set forth in the partnership agreement or any other writing; and
- (b) shall not be unenforceable by reason of it not having been signed by a person being admitted as a limited partner or becoming an assignee as provided in subsection 12(a) of this section, or by reason of its having been signed by a representative as provided in this Act.
- (13) “partnership interest” means a partner’s share of the profits and losses of a limited partnership and the right to receive distributions of partnership assets.
- (14) “person” means a natural person, partnership (whether general or limited), limited liability company, trust, estate, association, corporation, custodian, nominee or any other individual or entity in its own or any representative capacity, in each case, whether domestic or foreign.
- (15) “personal representative” means, as to a natural person, the executor, administrator, guardian, conservator or other legal representative thereof and, as to a person other than a natural person, the legal representative or successor thereof.
- (16) “publicly-traded company” means a company with equity securities that are listed (i) on a securities exchange, (ii) on an automated quotation system or (iii) otherwise on a regulated securities or commodities market that is subject to disclosure requirements consistent with international standards which ensure adequate

transparency of ownership information, or that is formed in contemplation of becoming so publicly traded or listed and shall be so publicly traded or listed within 364 days of the company's formation, and shall include all direct and indirect subsidiaries thereof. An entity is a subsidiary of another entity if (i) the parent holds, directly or indirectly, a beneficial interest in a majority or more of the shares, or a majority or more of the voting rights, in the subsidiary or (ii) such entity is consolidated in the financial statements of the parent that are publicly available or will be made publicly available within 364 days;

- (17) "Registrar of Corporations" means the Registrar of domestic limited partnerships. The Registrar for resident limited partnerships is the Registrar of Corporations responsible for resident domestic and authorized foreign corporations. The Registrar for non-resident limited partnerships is The Trust Company of the Marshall Islands, Inc.
- (18) "resident domestic limited partnership" means a domestic limited partnership doing business in the Marshall Islands.
- (2) Section 10 of the Republic of the Marshall Islands Limited Partnership Act is hereby amended to read as follows:

§10. Certificate of limited partnership.

- (1) In order to form a limited partnership, one (1) or more persons (but not less than all of the general partners) must execute a certificate of limited partnership. The certificate of limited partnership shall be filed with the Registrar of Corporations and set forth:
- (a) The name of the limited partnership;
 - (b) The address of the registered office and the name and address of the registered agent for service of process required to be maintained under section 3 of this Act;
 - (c) The name and the business, residence or mailing address of each general partner;
 - (d) A statement affirming that "the limited partnership will comply with all applicable provisions of the Republic of the Marshall Islands Limited Partnership Act, including retention, maintenance, and production of accounting, partner, and beneficial owner records in accordance with section 32 of the

Republic of the Marshall Islands Limited Partnership Act"; this statement shall, by force of law, be deemed to be included in the certificates of limited partnership of all limited partnerships, including those formed prior to the effective date of this law; and

- (e) Any other matters the partners determine to include therein.
- (2) A limited partnership is formed at the time of the filing of the initial certificate of limited partnership with the Registrar of Corporations or at any later date or time specified in the certificate of limited partnership if, in either case, there has been substantial compliance with the requirements of this section. A limited partnership formed under this division shall be a separate legal entity, the existence of which as a separate legal entity shall continue until cancellation of the limited partnership's certificate of limited partnership. The filing of the certificate of limited partnership with the Registrar of Corporations shall make it unnecessary to file any other documents under this Act.
- (3) Section 15 of the Republic of the Marshall Islands Limited Partnership Act is hereby amended to read as follows:

§15. Filing.

- (1) The signed copy of the certificate of limited partnership and of any certificates of amendment, correction, amendment of a certificate with a future effective date, termination of a certificate with a future effective date or cancellation (or of any judicial decree of amendment or cancellation), and of any certificate of merger or consolidation, any restated certificate, any corrected certificate, any certificate of transfer, any certificate of limited partnership domestication, and any certificate of reinstatement shall be delivered to the Registrar of Corporations. A person who executes a certificate as an agent or fiduciary need not exhibit evidence of that person's authority as a prerequisite to filing. Any signature on any certificate authorized to be filed with the Registrar of Corporations under any provision of this Act may be a facsimile or an electronically transmitted signature. Upon delivery of any certificate, the Registrar of Corporations shall record the date of its delivery. Unless the Registrar of Corporations finds that any certificate does not conform to law, upon receipt of all filing fees required by law the Registrar of Corporations shall:

- (a) certify that the certificate of limited partnership, the certificate of amendment, the certificate of correction, the certificate of amendment of a certificate with a future effective date, the certificate of termination of a certificate with a future effective date, the certificate of cancellation (or of any judicial decree of amendment or cancellation), the certificate of merger or consolidation, restated certificate, the corrected certificate, the certificate of conversion to limited partnership, the certificate of transfer, the certificate of limited partnership domestication or certificate of reinstatement has been filed with the Registrar of Corporations by endorsing upon the signed certificate the word "Filed," and the date of the filing. This endorsement is conclusive of the date of its filing in the absence of actual fraud;
 - (b) file and index the endorsed certificate;
 - (c) prepare and return to the person who filed it or that person's representative a copy of the signed certificate, similarly endorsed, and shall certify such copy as a true copy of the signed certificate; and
 - (d) cause to be entered such information from the certificate as the Registrar of Corporations deems appropriate into the Registrar, and such information and a copy of such certificate shall be permanently maintained as a public record on a suitable medium.
- (2) Upon the filing of a certificate of amendment (or judicial decree of amendment), certificate of correction, corrected certificate or restated certificate with the Registrar of Corporations, or upon the future effective date of a certificate of amendment (or judicial decree thereof) or restated certificate, as provided for therein, the certificate of limited partnership shall be amended, corrected or restated as set forth therein. Upon the filing of a certificate of cancellation (or a judicial decree thereof), or a certificate of merger or consolidation which acts as a certificate of cancellation, or a certificate of transfer, or upon the future effective date of a certificate of cancellation (or a judicial decree thereof) or of a certificate of merger or consolidation which acts as a certificate of cancellation, or a certificate of transfer, as provided for therein, or as specified in section 3(3) of this Act, the certificate of limited partnership is cancelled. Upon the filing of a

certificate of limited partnership domestication, or upon the future effective date of a certificate of limited partnership domestication, the entity filing the certificate of limited partnership domestication is domesticated as a limited partnership with the effect provided in section 23 of this division. Upon the filing of a certificate of conversion to limited partnership, or upon the future effective date of a certificate of conversion to limited partnership, the entity filing the certificate of conversion to limited partnership is converted to a limited partnership with the effect provided in section 25 of this division. Upon the filing of a certificate of reinstatement, the limited partnership shall be reinstated with the effect provided in section 72 of this Act.

- (3) If any certificate filed in accordance with this Act provides for a future effective date and if, prior to such future effective date set forth in such certificate, the transaction is terminated or its terms are amended to change the future effective date or any other matter described in such certificate so as to make such certificate false or inaccurate in any respect, such certificate shall, prior to the future effective date set forth in such certificate, be terminated or amended by the filing of a certificate of termination or certificate of amendment of such certificate, executed in accordance with section 13 of this division, which shall identify the certificate which has been terminated or amended and shall state that the certificate has been terminated or the manner in which it has been amended. Upon the filing of a certificate of amendment of a certificate with a future effective date, the certificate identified in such certificate of amendment is amended. Upon the filing of a certificate of termination of a certificate with a future effective date, the certificate identified in such certificate of termination is terminated.
- (4) A fee shall be paid at the time of the filing of a certificate of limited partnership, a certificate of amendment, a certificate of correction, a certificate of amendment of a certificate with a future effective date, a certificate of termination of a certificate with a future effective date, a certificate of cancellation, a certificate of merger or consolidation, a restated certificate, a corrected certificate, a certificate of conversion to limited partnership, a certificate of transfer, a certificate of limited partnership domestication or a certificate of reinstatement.

- (4) Section 29 of the Republic of the Marshall Islands Limited Partnership Act is hereby amended to read as follows:

§29. Classes and voting.

- (1) A partnership agreement may provide for classes or groups of limited partners having such relative rights, powers and duties as the partnership agreement may provide, and may make provision for the future creation in the manner provided in the partnership agreement of additional classes or groups of limited partners having such relative rights, powers and duties as may from time to time be established, including rights, powers and duties senior to existing classes and groups of limited partners.

A partnership agreement may provide for the taking of an action, including the amendment of the partnership agreement, without the vote or approval of any limited partner or class or group of limited partners, including an action to create under the provisions of the partnership agreement a class or group of partnership interests that was not previously outstanding.

- (2) Subject to section 30 of this division, the partnership agreement may grant to all or certain identified limited partners or a specified class or group of the limited partners the right to vote separately or with all or any class or group of the limited partners or the general partners, on any matter. Voting by limited partners may be on a per capita, number, financial interest, class, group or any other basis.
- (3) A partnership agreement may set forth provisions relating to notice of the time, place or purpose of any meeting at which any matter is to be voted on by any limited partners, waiver of any such notice, action by consent without a meeting, the establishment of a record date, quorum requirements, voting in person or by proxy, or any other matter with respect to the exercise of any such right to vote.
- (4) Any right or power, including voting rights, granted to limited partners as permitted under section 30 of this Act shall be deemed to be permitted by this section.
- (5) Unless otherwise provided in a partnership agreement, meetings of limited partners may be held by means of communications equipment which permits the persons participating in the meeting to communicate with each other, and participation in a meeting pursuant to this subsection shall constitute presence in person at the

meeting. Unless otherwise provided in a partnership agreement, on any matter that is to be voted on, consented to or approved by limited partners, the limited partners may take such action without a meeting, without prior notice and without a vote if consented to or approved, in writing, by electronic transmission or by any other means permitted by law, by limited partners having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all limited partners entitled to vote thereon were present and voted. Unless otherwise provided in a partnership agreement, on any matter that is to be voted on by limited partners, the limited partners may vote in person or by proxy, and such proxy may be granted in writing, by means of electronic transmission or as otherwise permitted by applicable law. Unless otherwise provided in a partnership agreement, a consent transmitted by electronic transmission by a limited partner or by a person or persons authorized to act for a limited partner shall be deemed to be written and signed for purposes of this subsection. For purposes of this subsection, the term "electronic transmission" means any form of communication not directly involving the physical transmission of paper that creates a record that may be retained, retrieved and reviewed by a recipient thereof and that may be directly reproduced in paper form by such a recipient through an automated process.

- (6) If a partnership agreement provides for the manner in which it may be amended, it may be amended in that manner or with the approval of all the partners or as otherwise permitted by law. If a partnership agreement does not provide for the manner in which it may be amended, the partnership agreement may be amended with the approval of all the partners or as otherwise permitted by law. A limited partner and any class or group of limited partners have the right to vote only on matters as specifically set forth in this Act, on matters specifically provided by agreement, including a partnership agreement, and on any matter with respect to which a general partner may determine in its discretion to seek a vote of a limited partner or a class or group of limited partners if a vote on such matter is not contrary to a partnership agreement or another agreement to which a general partner or the limited partnership is a party. A limited partner and any class or group of limited partners have no other voting rights. A partnership agreement may provide that any limited

partner or class or group of limited partners shall have no voting rights.

- (5) Section 32 of the Republic of the Marshall Islands Limited Partnership Act is hereby amended to read as follows:

§32. Requirement for keeping accounting records, minutes, and records of partners and beneficial owners; access to and confidentiality of information.

- (1) Requirement for keeping accounting records, minutes, and records of partners and beneficial owners.

(a) Accounting records. Every domestic limited partnership shall keep reliable and complete accounting records, to include correct and complete books and records of account. Accounting records must be sufficient to correctly explain all transactions, enable the financial position of the limited partnership to be determined with reasonable accuracy at any time, and allow financial statements to be prepared. Additionally, every domestic limited partnership shall keep underlying documentation for accounting records maintained pursuant to this subsection, such as, but not limited to, invoices and contracts, which shall reflect all sums of money received and expended and the matters in respect of which the receipt and expenditure takes place; all sales, purchases, and other transactions; and the assets and liabilities of the limited partnership. A resident domestic limited partnership shall keep all accounting records and underlying documentation as described in this subsection in the Republic. Upon demand of the registered agent for non-resident domestic entities in connection with the performance of its audit functions or pursuant to a valid governmental request made to the registered agent for non-resident domestic entities, every non-resident domestic limited partnership shall produce all accounting records and underlying documentation required to be maintained pursuant to this subsection to the registered agent for non-resident domestic entities in the Republic. The Minister of Finance or any person designated by him or her under or pursuant to the Tax Information Exchange Agreement (Implementation) Act of 1989 (41 MIRC, Chapter 4) or the Tax Information Exchange Agreement (Execution and

Implementation) Act, 2010 (48 MIRC, Chapter 4) may require the registered agent for non-resident domestic entities to demand production of all accounting records and underlying documentation required to be maintained pursuant to this subsection. Additionally, upon formation, or in the case of a limited partnership existing prior to the effective date of this law, within 360 days of such date, and annually thereafter, an attestation, in a form prescribed by the Registrar for non-resident domestic limited partnerships, will be made by every non-resident domestic limited partnership, excluding publicly-traded companies, to the Registrar for non-resident domestic limited partnerships that accounting records and underlying documentation required to be maintained pursuant to this subsection are being maintained in accordance with this section or, if applicable, that such records are not being maintained (wholly or partially).

- (b) Minutes. Every domestic limited partnership shall keep minutes of all meetings of partners and of actions taken on consent by partners. A resident domestic limited partnership shall keep such minutes in the Republic.
- (c) Records of partners and beneficial owners.
 - (i) Every domestic limited partnership shall keep an up-to-date record containing the names and addresses of all partners. A resident domestic limited partnership shall keep the records required to be maintained by this subsection in the Republic.
 - (ii) Every domestic limited partnership, excluding publicly-traded companies, formed after the effective date of this law shall, in addition to the records of partners required under subparagraph (i) of this paragraph, use all reasonable efforts to obtain and maintain an up-to-date record of the names and addresses of all beneficial owners of the limited partnership. Every domestic limited partnership, excluding publicly-traded companies, formed on or before such date shall comply with the requirements of this subparagraph (ii) within 360 days of such date.

- (iii) For the purposes of complying with subparagraph (ii) of this paragraph, every domestic limited partnership shall use all reasonable efforts to notify its partners and beneficial owners of their obligation to provide the information required to be kept by the limited partnership under the aforementioned subparagraph. The requirement to use all reasonable efforts shall be satisfied by at least annually requesting by written notice to the partners the information required to be maintained by the limited partnership under the aforementioned subparagraph. For the purpose of identifying beneficial owners, a limited partnership is entitled to rely, without further inquiry, on the response of a person to a written notice sent in good faith by the limited partnership, unless the limited partnership has reason to believe that the response is misleading or false.
- (iv) For the purpose of this Division, a partner or beneficial owner of a domestic limited partnership has an obligation to provide the information requested by such limited partnership in accordance with this paragraph.
- (v) For the purpose of this Division, “beneficial owner” means the natural person(s) who ultimately owns or controls, or has ultimate effective control of, a legal entity or arrangement, whether directly or indirectly, or on whose behalf such interest in such legal entity or arrangement is held. For a domestic limited partnership other than a publicly-traded company, the natural person(s) who exercises control over such limited partnership through direct or indirect ownership of more than 25% of the partnership interests or voting rights in such limited partnership shall be regarded as the beneficial owner(s); if no natural person exerts control through such an ownership interest, the natural person(s) who exercises control over such limited partnership through management of the limited partnership or other means shall be regarded as the beneficial owner(s).

- (vi) Upon demand of the registered agent for non-resident domestic entities in connection with the performance of its audit functions or pursuant to a valid governmental request made to the registered agent for non-resident domestic entities, every non-resident domestic limited partnership shall produce all records of partners and beneficial owners required to be maintained pursuant to this subsection to the registered agent for non-resident domestic entities in the Republic. The Minister of Finance or any person designated by him or her under or pursuant to the Tax Information Exchange Agreement (Implementation) Act of 1989 (41 MIRC, Chapter 4) or the Tax Information Exchange Agreement (Execution and Implementation) Act, 2010 (48 MIRC, Chapter 4) may require the registered agent for non-resident domestic entities to demand production of all records of partners and beneficial owners required to be maintained pursuant to this subsection. Additionally, upon formation, or in the case of a limited partnership existing prior to the effective date of this law, within 360 days of such date, and annually thereafter, an attestation, in a form prescribed by the Registrar for non-resident domestic limited partnerships, will be made by every non-resident domestic limited partnership, excluding publicly-traded companies, to the Registrar for non-resident domestic limited partnerships that records of partners and beneficial owners required to be maintained pursuant to this subsection are being maintained in accordance with this section or, if applicable, that such records are not being maintained (wholly or partially).
- (d) Form of records. Any records maintained by a limited partnership in the regular course of its business, including its record of partners, books of account, and minute books, may be kept on, or be in the form of, punch cards, magnetic tape, photographs, microphotographs, or any other information storage device, provided that the records so kept can be converted into clearly legible written form within a reasonable time. Any limited partnership shall so convert any records so

kept upon the request of any person entitled to inspect such records. When records are kept in such manner, a clearly legible written form produced from the cards, tapes, photographs, microphotographs, or other information storage device shall be admissible in evidence, and accepted for all other purposes, to the same extent as an original written record of the same information would have been, provided the written form accurately portrays the record.

- (e) Retention period. All records required to be kept, retained, or maintained under this section shall be kept, retained, or maintained for a minimum of five (5) years.
 - (f) Failure to maintain or produce records or to make attestations. Any person who knowingly or recklessly fails to keep, retain, or maintain records as required under this subsection, or who fails to produce records within sixty (60) days upon demand or to make attestations as required under this subsection, or who willfully keeps, retains, maintains, or produces false or misleading records or makes false or misleading attestations, shall be liable to a fine not exceeding \$50,000, cancellation of the limited partnership's certificate of limited partnership, or both. Persons shall not be liable under this subsection for any failure to keep, retain or maintain the beneficial ownership information required to be maintained and produced under this subsection if all reasonable efforts in compliance with the requirements of this subsection have been made to obtain and maintain such information.
- (2) Access to and confidentiality of information.
- (a) Each limited partner has the right, subject to such reasonable standards (including standards governing what information and documents are to be furnished, at what time and location and at whose expense) as may be set forth in the partnership agreement or otherwise established by the general partners, to obtain from the general partners from time to time upon reasonable demand for any purpose reasonably related to the limited partner's interest as a limited partner:
 - (i) true and full information regarding the status of the business and financial condition of the limited partnership;

- (ii) promptly after becoming available, a copy of the limited partnership's financial statements or income tax returns, if applicable, for each year;
 - (iii) a current list of the name and last known business, residence or mailing address of each partner;
 - (iv) a copy of any written partnership agreement and certificate of limited partnership and all amendments thereto, together with executed copies of any written powers of attorney pursuant to which the partnership agreement and any certificate and all amendments thereto have been executed;
 - (v) true and full information regarding the amount of cash and a description and statement of the agreed value of any other property or services contributed by each partner and which each partner has agreed to contribute in the future, and the date on which each became a partner; and
 - (vi) other information regarding the affairs of the limited partnership as is just and reasonable.
- (b) A general partner shall have the right to keep confidential from limited partners for such period of time as the general partner deems reasonable, any information which the general partner reasonably believes to be in the nature of trade secrets or other information the disclosure of which the general partner in good faith believes is not in the best interest of the limited partnership or could damage the limited partnership or its business or which the limited partnership is required by law or by agreement with a third party to keep confidential.
- (c) A limited partnership may maintain its records in other than a written form if such form is capable of conversion into written form within a reasonable time.
- (d) Any demand under this section shall be in writing and shall state the purpose of such demand.
- (e) Any action to enforce any right arising under this section shall be brought in the High Court. If a general partner refuses to permit a limited partner to obtain from the general partner the information described in subsection (2)(a) of this section or

does not reply to the demand that has been made within five (5) business days after the demand has been made, the limited partner may apply to the High Court for an order to compel such disclosure. The High Court is hereby vested with exclusive jurisdiction to determine whether or not the person seeking such information is entitled to the information sought. The High Court may summarily order the general partner to permit the limited partner to obtain the information described in subsection (2)(a) of this section and to make copies or abstracts therefrom, or the High Court may summarily order the general partner to furnish to the limited partner the information described in subsection (2)(a) of this section on the condition that the limited partner first pay to the limited partnership the reasonable cost of obtaining and furnishing such information and on such other conditions as the High Court deems appropriate. When a limited partner seeks to obtain the information described in subsection (2)(a) of this section, the limited partner shall first establish (a) that the limited partner has complied with the provisions of this section respecting the form and manner of making demand for obtaining such information, and (b) that the information the limited partner seeks is reasonably related to the limited partner's interest as a limited partner. The High Court may, in its discretion, prescribe any limitations or conditions with reference to the obtaining of information, or award such other or further relief as the High Court may deem just and proper. The High Court may order books, documents and records, pertinent extracts therefrom, or duly authenticated copies thereof, to be brought and kept in the Marshall Islands upon such terms and conditions as the order may prescribe.

- (f) The rights of a limited partner to obtain information as provided in this section may be restricted in an original partnership agreement or in any subsequent amendment approved or adopted by all of the partners and in compliance with any applicable requirements of the partnership agreement. The provisions of this subsection shall not be construed to limit the ability to impose restrictions on the rights of a limited partner to obtain information by any other means permitted under this section.

- (6) Section 38 of the Republic of the Marshall Islands Limited Partnership Act is hereby amended to read as follows:

§38. Classes and voting.

- (1) A partnership agreement may provide for classes or groups of general partners having such relative rights, powers and duties as the partnership agreement may provide, and may make provision for the future creation in the manner provided in the partnership agreement of additional classes or groups of general partners having such relative rights, powers and duties as may from time to time be established, including rights, powers and duties senior to existing classes and groups of general partners.

A partnership agreement may provide for the taking of an action, including the amendment of the partnership agreement, without the vote or approval of any general partner or class or group of general partners, including an action to create under the provisions of the partnership agreement a class or group of partnership interests that was not previously outstanding.

- (2) The partnership agreement may grant to all or certain identified general partners or a specified class or group of the general partners the right to vote, separately or with all or any class or group of the limited partners or the general partners, on any matter. Voting by general partners may be on a per capita, number, financial interest, class, group or any other basis.
- (3) A partnership agreement may set forth provisions relating to notice of the time, place or purpose of any meeting at which any matter is to be voted on by any general partner, waiver of any such notice, action by consent without a meeting, the establishment of a record date, quorum requirements, voting in person or by proxy, or any other matter with respect to the exercise of any such right to vote.
- (4) Unless otherwise provided in a partnership agreement, meetings of general partners may be held by means of communications equipment which permits the persons participating in the meeting to communicate with each other, and participation in a meeting pursuant to this subsection shall constitute presence in person at the meeting. Unless otherwise provided in a partnership agreement, on any matter that is to be voted on, consented to or approved by general partners, the general partners may take such action without a meeting, without prior notice and without a vote if consented to or

approved, in writing, by electronic transmission or by any other means permitted by law, by general partners having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all general partners entitled to vote thereon were present and voted. Unless otherwise provided in a partnership agreement, on any matter that is to be voted on by general partners, the general partners may vote in person or by proxy, and such proxy may be granted in writing, by means of electronic transmission or as otherwise permitted by applicable law. Unless otherwise provided in a partnership agreement, a consent transmitted by electronic transmission by a general partner or by a person or persons authorized to act for a general partner shall be deemed to be written and signed for purposes of this subsection. For purposes of this subsection, the term "electronic transmission" means any form of communication not directly involving the physical transmission of paper that creates a record that may be retained, retrieved and reviewed by a recipient thereof and that may be directly reproduced in paper form by such a recipient through an automated process.

§105. Amendments to the Limited Liability Company Act

- (1) Section 2 of the Republic of the Marshall Islands Limited Liability Company Act is hereby amended to read as follows:

§2. Definitions.

As used in this Act unless the context otherwise requires:

- (1) "bankruptcy" means an event that causes a person to cease to be a member as provided in section 21 of this act.
- (2) "certificate of formation" means the certificate referred to in section 9 of this Act, and the certificate as amended.
- (3) "contribution" means any cash, property, services rendered or a promissory note or other obligation to contribute cash or property or to perform services, which a person contributes to a limited liability company in his capacity as a member.
- (4) "foreign limited liability company" means a limited liability company formed under the laws of any foreign country or other foreign

jurisdiction and denominated as such under the laws of a foreign country or other foreign jurisdiction.

- (5) "High Court" means the High Court of the Republic of the Marshall Islands.
- (6) "knowledge" means a person's actual knowledge of a fact, rather than the person's constructive knowledge of the fact.
- (7) "limited liability company" and "domestic limited liability company" means a limited liability company formed under the laws of the Republic of the Marshall Islands and having one (1) or more members.
- (8) "limited liability company agreement" means any agreement, written or oral, of the member or members as to the affairs of a limited liability company and the conduct of its business. A written limited liability company agreement or another written agreement or writing:
 - (a) may provide that a person shall be admitted as a member of a limited liability company, or shall become an assignee of a limited liability company interest or other rights or powers of a member to the extent assigned, and shall become bound by the limited liability company agreement:
 - (i) if such person (or a representative authorized by such person orally, in writing or by other action such as payment for a limited liability company interest) executes the limited liability company agreement or any other writing evidencing the intent of such person to become a member or assignee; or
 - (ii) without such execution, if such person (or a representative authorized by such person orally, in writing or by other action such as payment for a limited liability company interest) complies with the conditions for becoming a member or assignee as set forth in the limited liability company agreement or any other writing; and
 - (b) shall not be unenforceable by reason of its not having been signed by a person being admitted as a member or becoming an assignee as provided in subsection (a) of this section, or by

reason of it having been signed by a representative as provided in this Act.

- (9) “limited liability company interest” means a member’s share of the profits and losses of a limited liability company and a member’s right to receive distributions of the limited liability company’s assets.
- (10) “liquidating trustee” means a person carrying out the winding up of a limited liability company.
- (11) “manager” means a person who is named as a manager of a limited liability company in, or designated as a manager of a limited liability company pursuant to, a limited liability company agreement or similar instrument under which the limited liability company is formed.
- (12) “member” means a person who has been admitted to a limited liability company as a member as provided in section 18 of this Act or, in the case of a foreign limited liability company, in accordance with the laws of the state or foreign country or other foreign jurisdiction under which the foreign limited liability company is organized.
- (13) “non-resident limited liability company” means either a domestic limited liability company or a foreign limited liability company not doing business in the Marshall Islands. “Not doing business in the Marshall Islands” will have the same meaning as found in the Marshall Islands Business Corporations Act (BCA), 18 MIRC 1.
- (14) “person” means a natural person, partnership (whether general or limited and whether domestic or foreign), limited liability company, foreign limited liability company, trust, estate, association, corporation, custodian, nominee or any other individual or entity in its own or any representative capacity.
- (15) “personal representative” means, as to a natural person, the executor, administrator, guardian, conservator, or other legal representative thereof and, as to a person other than a natural person, the legal representative or successor thereof.
- (16) “publicly-traded company” means a company with equity securities that are listed (i) on a securities exchange, (ii) on an automated quotation system or (iii) otherwise on a regulated securities or commodities market that is subject to disclosure requirements

consistent with international standards which ensure adequate transparency of ownership information, or that is formed in contemplation of becoming so publicly traded or listed and shall be so publicly traded or listed within 364 days of the company's formation, and shall include all direct and indirect subsidiaries thereof. An entity is a subsidiary of another entity if (i) the parent holds, directly or indirectly, a beneficial interest in a majority or more of the shares, or a majority or more of the voting rights, in the subsidiary or (ii) such entity is consolidated in the financial statements of the parent that are publicly available or will be made publicly available within 364 days;

- (17) "publicly traded limited liability company interest" means any limited liability company interest that is:
- (a) listed on a securities exchange; or
 - (b) authorized for quotation on an interdealer quotation system or a registered national securities association.
- (18) "Registrar of Corporations" means the Registrar of domestic limited liability companies. The Registrar for resident limited liability companies is the Registrar of Corporations responsible for resident domestic and authorized foreign corporations. The Registrar of Corporations for non-resident domestic limited liability companies shall be The Trust Company of the Marshall Islands, Inc.
- (19) "resident domestic limited liability company" means a domestic limited liability company doing business in the Marshall Islands.
- (2) Section 3 of the Republic of the Marshall Islands Limited Liability Company Act is hereby amended to read as follows:

§3. Name set forth in certificate.

The name of each limited liability company as set forth in its certificate of formation:

- (1) shall contain the word "Limited Liability Company" or the abbreviation "L.L.C." or "LLC";
- (2) may contain the name of a member or manager;
- (3) shall be such as to distinguish it upon the records in the Office of the Registrar of Corporations from the name of any corporation, partnership, limited partnership, business trust, foreign maritime

entity or limited liability company reserved, registered, formed or organized under the laws of the Republic of the Marshall Islands or qualified to do business or registered as a foreign corporation, foreign limited partnership or foreign limited liability company in the Republic of the Marshall Islands.

- (3) Section 9 of the Republic of the Marshall Islands Limited Liability Company Act is hereby amended to read as follows:

§9. Certificate of formation.

- (1) In order to form a limited liability company, one (1) or more authorized persons must execute a certificate of formation. The certificate of formation shall be filed in the Office of the Registrar of Corporations and set forth:
- (a) the name of the limited liability company;
 - (b) the name and address of the registered agent for service of process required to be maintained by section 5 of this Act;
 - (c) if the limited liability company is to have a specific date of dissolution, the latest date on which the limited liability company is to dissolve but if no such time is set forth in the certificate of formation, then the limited liability company shall have perpetual existence;
 - (d) a statement affirming that “the limited liability company will comply with all applicable provisions of the Republic of the Marshall Islands Limited Liability Company Act, including retention, maintenance, and production of accounting, member, manager, and beneficial owner records in accordance with section 22 of the Republic of the Marshall Islands Limited Liability Company Act”; this statement shall, by force of law, be deemed to be included in the certificates of formation of all limited liability companies, including those formed prior to the effective date of this law; and
 - (e) any other matters the members determine to include therein.
- (2) A limited liability company is formed at the time of the filing of the initial certificate of formation in the Office of the Registrar of Corporations or at any later date or time specified in the certificate of formation if, in either case, there has been substantial compliance with the requirements of this section. A limited liability company

formed under this Act shall be a separate legal entity, the existence of which as a separate legal entity shall continue until cancellation of the limited liability company's certificate of formation.

- (3) The filing of the certificate of formation in the Office of the Registrar of Corporations shall make it unnecessary to file any other documents under this section.
- (4) Section 14 of the Republic of the Marshall Islands Limited Liability Company Act is hereby amended to read as follows:

§14. Filing.

- (1) The original signed copy of the certificate of formation and of any certificates of amendment, correction, amendment of a certificate of merger or consolidation, termination of a merger or consolidation or cancellation (or of any judicial decree of amendment or cancellation), and of any certificate of merger or consolidation, any restated certificate, any certificate of conversion to limited liability company, any certificate of transfer, and of any certificate of limited liability company domestication shall be delivered to the Registrar of Corporations. A person who executes a certificate as an agent or fiduciary need not exhibit evidence of his authority as a prerequisite to filing. Any signature on any certificate authorized to be filed with the Registrar of Corporations under any provision of this Act may be a facsimile or an electronically transmitted signature. Unless the Registrar of Corporations finds that any certificate does not conform to law, upon receipt of all filing fees required by law he shall:
 - (a) certify that the certificate of formation, the certificate of amendment, the certificate of correction, the certificate of amendment of a certificate of merger or consolidation, the certificate of cancellation (or of any judicial decree of amendment or cancellation), the certificate of merger or consolidation, the restated certificate, the certificate of conversion to limited liability company, the certificate of transfer, or the certificate of limited liability domestication has been filed in the Registrar's office by endorsing upon the original certificate the word "Filed." This endorsement is conclusive of the date of its filing in the absence of actual fraud;
 - (b) file and index the endorsed certificate; and,

- (c) prepare and return to the person who filed it or his representative a copy of the original signed instrument, similarly endorsed, and shall certify such copy as a true copy of the original signed instrument.
- (2) Upon the filing of a certificate of amendment (or judicial decree of amendment) a certificate of correction or restated certificate in the Office of the Registrar of Corporations, or upon the future effective date or time of a certificate of amendment (or judicial decree thereof) or restated certificate, as provided for therein, the certificate of formation shall be amended or restated as set forth therein. Upon the filing of a certificate of cancellation (or a judicial decree thereof), or a certificate of merger or consolidation which acts as a certificate of cancellation, or upon the future effective date or time of a certificate of cancellation (or a judicial decree thereof) or of a certificate or merger or consolidation which acts as a certificate of cancellation, or a certificate of transfer as provided for therein, the certificate of formation is cancelled. Upon the filing of a certificate of limited liability company domestication or upon the future effective date or time of a certificate of limited liability company domestication, the entity filing the certificate of limited liability company domestication is domesticated as a limited liability company with the effect provided in section 76 of this Act. Upon the filing of a certificate of conversion to limited liability company or upon the future effective date or time of a certificate of conversion to limited liability company, the entity filing the certificate of conversion to limited liability company is converted to a limited liability company with the effect provided in section 78 of this Act. Upon the filing of a certificate of amendment of a certificate of merger or consolidation, the certificate of merger or consolidation identified in the certificate of amendment of a certificate of merger or consolidation is amended. Upon the filing of a certificate of termination of a merger or consolidation, the certificate of merger or consolidation identified in the certificate of termination of a merger or consolidation is terminated.
- (3) A fee as set forth in section 68 of this Act, shall be paid at the time of the filing of a certificate of formation, a certificate of amendment, a certificate of correction, a certificate of amendment of a certificate of merger or consolidation, a certificate of termination of a merger or consolidation, a certificate of cancellation, a certificate of merger or

consolidation, a restated certificate, a certificate of conversion to limited liability company, a certificate of transfer, or a certificate of limited liability company domestication.

- (4) A fee as set forth in section 68 of this Act shall be paid for a certified copy of any document on file as provided for by this division.
- (5) Correction of filed instruments. Any instrument relating to a domestic or foreign limited liability company and filed with the Registrar of Corporations under this Act may be corrected with respect to any error apparent on the face or defect in the execution thereof by filing with the Registrar of Corporations a certificate of correction, executed and acknowledged in the manner required for the original instrument. The certificate of correction shall specify the error or defect to be corrected and shall set forth the portion of the instrument in correct form. The corrected instrument when filed shall be effective as of the date the original instrument was filed. In lieu of filing a certificate of correction, a certificate may be corrected by filing with the Registrar of Corporations a corrected certificate which shall be executed and filed as if the corrected certificate were the certificate being corrected, and a fee equal to the fee payable to the Registrar of Corporations if the certificate being corrected were then being filed shall be paid and collected by the Registrar of Corporations for use of the Marshall Islands in connection with the filing of corrected certificate. The corrected certificate shall be specifically designated as such in its heading, shall specify the inaccuracy or defect to be corrected and shall set forth the entire certificate in corrected form. A certificate corrected in accordance with this section shall be effective as of the date of the original certificate was filed, except as to those persons who are substantially and adversely affected by the correction and as to those persons the certificate as corrected shall be effective from the filing date.
- (5) Section 15 of the Republic of the Marshall Islands Limited Liability Company Act is hereby amended to read as follows:

§15. Notice.

The fact that a certificate of formation is on file in the Office of the Registrar of Corporations is notice that the entity formed in connection with the filing of the certificate of formation is a limited liability company formed under the laws of the Republic of the Marshall Islands and is notice of all other

facts set forth therein which are required to be set forth in a certificate of formation by sections 9(1)(a), (b) and (c) of this Act and which are permitted to be set forth in a certificate of formation by section 79(2) of this Act.

- (6) Section 16 of the Republic of the Marshall Islands Limited Liability Company Act is hereby amended to read as follows:

§16. Restated certificate.

- (1) A limited liability company may, whenever desired, integrate into a single instrument all of the provisions of its certificate of formation which are then in effect and operative as a result of there having theretofore been filed with the Registrar of Corporations one (1) or more certificates or other instruments pursuant to any of the sections referred to in this Act, and it may at the same time also further amend its certificate of formation by adopting a restated certificate of formation.
- (2) If a restated certificate of formation merely restates and integrates but does not further amend the initial certificate of formation, as theretofore amended or supplemented by any instrument that was executed and filed pursuant to any of the sections in this Act, it shall be specifically designated in its heading as a "Restated Certificate of Formation" together with such other words as the limited liability company may deem appropriate and shall be executed by an authorized person and filed as provided in section 14 of this division in the Office of the Registrar of Corporations. If a restated certificate restates and integrates and also further amends in any respect the certificate of formation, as theretofore amended or supplemented, it shall be specifically designated in its heading as an "Amended and Restated Certificate of Formation" together with such other words as the limited liability company may deem appropriate and shall be executed by at least one (1) authorized person, and filed as provided in section 14 of this division in the Office of the Registrar of Corporations.
- (3) A restated certificate of formation shall state, either in its heading or in an introductory paragraph, the limited liability company's present name, and, if it has been changed, the name under which it was originally filed, and the date of filing of its original certificate of formation with the Registrar of Corporations, and the future effective date or time (which shall be a date or time certain) of the restated

certificate if it is not to be effective upon the filing of the restated certificate. A restated certificate shall also state that it was duly executed and is being filed in accordance with this section. If a restated certificate only restates and integrates and does not further amend a limited liability company's certificate of formation as theretofore amended or supplemented and there is no discrepancy between those provisions and the restated certificate, it shall state that fact as well.

- (4) Upon the filing of a restated certificate of formation with the Registrar of Corporations, or upon the future effective date or time of a restated certificate of formation as provided for therein, the initial certificate of formation, as theretofore amended or supplemented, shall be superseded; thenceforth, the restated certificate of formation, including any further amendment or changes made thereby, shall be the certificate of formation of the limited liability company, but the original effective date of formation shall remain unchanged.
- (5) Any amendment or change effected in connection with the restatement and integration of the certificate of formation shall be subject to any other provision of this division, not inconsistent with this section, which would apply if a separate certificate of amendment were filed to effect such amendment or change.
- (7) Section 19 of the Republic of the Marshall Islands Limited Liability Company Act is hereby amended to read as follows:

§19. Classes and voting.

- (1) A limited liability company agreement may provide for classes or groups of members having such relative rights, powers and duties as the limited liability company agreement may provide, and may make provision for the future creation in the manner provided in the limited liability company agreement of additional classes or groups of members having such relative rights, powers and duties as may from time to time be established, including rights, powers and duties senior to existing classes and groups of members. A limited liability company agreement may provide for the taking of an action, including the amendment of the limited liability company agreement, without the vote or approval of any member or class or group of members, including an action to create under the provisions of the

limited liability company agreement a class or group of limited liability company interests that was not previously outstanding.

- (2) A limited liability company agreement may grant to all or certain identified members or a specified class or group of the members the right to vote separately or with all or any class or group of the members or managers, on any matter. Voting by members may be on a per capita, number, financial interest, class, group or any other basis.
- (3) A limited liability company agreement may set forth provisions relating to notice of the time, place or purpose of any meeting at which any matter is to be voted on by any members, waiver of any such notice, action by consent without a meeting, the establishment of a record date, quorum requirements, voting in person or by proxy, or any other matter with respect to the exercise of any such right to vote.
- (4) Unless otherwise provided in a limited liability company agreement, meetings of members may be held by means of communications equipment which permits the persons participating in the meeting to communicate with each other, and participation in a meeting pursuant to this subsection shall constitute presence in person at the meeting. Unless otherwise provided in a limited liability company agreement, on any matter that is to be voted on, consented to or approved by members, the members may take such action without a meeting, without prior notice and without a vote if consented to or approved, in writing, by electronic transmission or by any other means permitted by law, by members having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all members entitled to vote thereon were present and voted. Unless otherwise provided in a limited liability company agreement, on any matter that is to be voted on by members, the members may vote in person or by proxy, and such proxy may be granted in writing, by means of electronic transmission or as otherwise permitted by applicable law. Unless otherwise provided in a limited liability company agreement, a consent transmitted by electronic transmission by a member or by a person or persons authorized to act for a member shall be deemed to be written and signed for purposes of this subsection. For purposes of this subsection, the term "electronic transmission" means any form of

communication not directly involving the physical transmission of paper that creates a record that may be retained, retrieved and reviewed by a recipient thereof and that may be directly reproduced in paper form by such a recipient through an automated process.

- (8) Section 22 of the Republic of the Marshall Islands Limited Liability Company Act is hereby amended to read as follows:

§22. Requirement for keeping accounting records, minutes, and records of members, managers, and beneficial owners; access to and confidentiality of information.

- (1) Requirement for keeping accounting records, minutes, and records of members, managers, and beneficial owners.
- (a) Accounting records. Every domestic limited liability company shall keep reliable and complete accounting records, to include correct and complete books and records of account. Accounting records must be sufficient to correctly explain all transactions, enable the financial position of the limited liability company to be determined with reasonable accuracy at any time, and allow financial statements to be prepared. Additionally, every domestic limited liability company shall keep underlying documentation for accounting records maintained pursuant to this subsection, such as, but not limited to, invoices and contracts, which shall reflect all sums of money received and expended and the matters in respect of which the receipt and expenditure takes place; all sales, purchases, and other transactions; and the assets and liabilities of the limited liability company. A resident domestic limited liability company shall keep all accounting records and underlying documentation as described in this subsection in the Republic. Upon demand of the registered agent for non-resident domestic entities in connection with the performance of its audit functions or pursuant to a valid governmental request made to the registered agent for non-resident domestic entities, every non-resident domestic limited liability company shall produce all accounting records and underlying documentation required to be maintained pursuant to this subsection to the registered agent for non-resident domestic entities in the Republic. The Minister of Finance or any person designated by him or her under or pursuant to the Tax

Information Exchange Agreement (Implementation) Act of 1989 (41 MIRC, Chapter 4) or the Tax Information Exchange Agreement (Execution and Implementation) Act, 2010 (48 MIRC, Chapter 4) may require the registered agent for non-resident domestic entities to demand production of all accounting records and underlying documentation required to be maintained pursuant to this subsection. Additionally, upon formation, or in the case of a limited liability company existing prior to the effective date of this law, within 360 days of such date, and annually thereafter, an attestation, in a form prescribed by the Registrar for non-resident domestic limited liability companies, will be made by every non-resident domestic limited liability company, excluding publicly-traded companies, to the Registrar for non-resident domestic limited liability companies that accounting records and underlying documentation required to be maintained pursuant to this subsection are being maintained in accordance with this section or, if applicable, that such records are not being maintained (wholly or partially).

- (b) Minutes. Every domestic limited liability company shall keep minutes of all meetings of members, of actions taken on consent by members, of all meetings of the managers, and of actions taken on consent by managers. A resident domestic limited liability company shall keep such minutes in the Republic.
- (c) Records of members, managers, and beneficial owners.
 - (i) Every domestic limited liability company shall keep an up-to-date record containing the names and addresses of all members. A resident domestic limited liability company shall keep the records required to be maintained by this subsection in the Republic.
 - (ii) Every domestic limited liability company, excluding publicly-traded companies, formed after the effective date of this law shall, in addition to the records of members required under subparagraph (i) of this paragraph, use all reasonable efforts to obtain and maintain an up-to-date record of the names and addresses of all managers and beneficial owners of the

limited liability company. Every domestic limited liability company, excluding publicly-traded companies, formed on or before such date shall comply with the requirements of this subparagraph (ii) within 360 days of such date.

- (iii) For the purposes of complying with subparagraph (ii) of this paragraph, every domestic limited liability company shall use all reasonable efforts to notify its members, managers, and beneficial owners of their obligation to provide the information required to be kept by the limited liability company under the aforementioned subparagraph. The requirement to use all reasonable efforts shall be satisfied by at least annually requesting by written notice to the members and managers the information required to be maintained by the limited liability company under the aforementioned subparagraph. For the purpose of identifying beneficial owners, a limited liability company is entitled to rely, without further inquiry, on the response of a person to a written notice sent in good faith by the limited liability company, unless the limited liability company has reason to believe that the response is misleading or false.
- (iv) For the purpose of this Division, a member, manager, or beneficial owner of a domestic limited liability company has an obligation to provide the information requested by such limited liability company in accordance with this paragraph.
- (v) For the purpose of this Division, "beneficial owner" means the natural person(s) who ultimately owns or controls, or has ultimate effective control of, a legal entity or arrangement, whether directly or indirectly, or on whose behalf such interest in such legal entity or arrangement is held. For a domestic limited liability company other than a publicly-traded company, the natural person(s) who exercises control over such limited liability company through direct or indirect ownership of more than 25% of the limited liability

company interests or voting rights in such limited liability company shall be regarded as the beneficial owner(s); if no natural person exerts control through such an ownership interest, the natural person(s) who exercises control over such limited liability company through management of the limited liability company or other means shall be regarded as the beneficial owner(s).

- (vi) Upon demand of the registered agent for non-resident domestic entities in connection with the performance of its audit functions or pursuant to a valid governmental request made to the registered agent for non-resident domestic entities, every non-resident domestic limited liability company shall produce all records of members, managers, and beneficial owners required to be maintained pursuant to this subsection to the registered agent for non-resident domestic entities in the Republic. The Minister of Finance or any person designated by him or her under or pursuant to the Tax Information Exchange Agreement (Implementation) Act of 1989 (41 MIRC, Chapter 4) or the Tax Information Exchange Agreement (Execution and Implementation) Act, 2010 (48 MIRC, Chapter 4) may require the registered agent for non-resident domestic entities to demand production of all records of members, managers, and beneficial owners required to be maintained pursuant to this subsection. Additionally, upon formation, or in the case of a limited liability company existing prior to the effective date of this law, within 360 days of such date, and annually thereafter, an attestation, in a form prescribed by the Registrar for non-resident domestic limited liability companies, will be made by every non-resident domestic limited liability company, excluding publicly-traded companies, to the Registrar for non-resident domestic limited liability companies that records of members, managers, and beneficial owners required to be maintained pursuant to this subsection are being maintained in accordance with this section or,

if applicable, that such records are not being maintained (wholly or partially).

- (d) Form of records. Any records maintained by a limited liability company in the regular course of its business, including its record of members, books of account, and minute books, may be kept on, or be in the form of, punch cards, magnetic tape, photographs, microphotographs, or any other information storage device, provided that the records so kept can be converted into clearly legible written form within a reasonable time. Any limited liability company shall so convert any records so kept upon the request of any person entitled to inspect such records. When records are kept in such manner, a clearly legible written form produced from the cards, tapes, photographs, microphotographs, or other information storage device shall be admissible in evidence, and accepted for all other purposes, to the same extent as an original written record of the same information would have been, provided the written form accurately portrays the record.
 - (e) Retention period. All records required to be kept, retained, or maintained under this section shall be kept, retained, or maintained for a minimum of five (5) years.
 - (f) Failure to maintain or produce records or to make attestations. Any person who knowingly or recklessly fails to keep, retain, or maintain records as required under this subsection, or who fails to produce records within sixty (60) days upon demand or to make attestations as required under this subsection, or who willfully keeps, retains, maintains, or produces false or misleading records or makes false or misleading attestations, shall be liable to a fine not exceeding \$50,000, cancellation of the limited liability company's certificate of formation, or both. Persons shall not be liable under this subsection for any failure to keep, retain or maintain the beneficial ownership information required to be maintained under this subsection if all reasonable efforts in compliance with the requirements of this subsection have been made to obtain and maintain such information.
- (2) Access to and confidentiality of information.

- (a) Each member of a limited liability company has the right, subject to such reasonable standards (including standards governing what information and documents are to be furnished at what time and location and at whose expense) as may be set forth in a limited liability company agreement or otherwise established by the manager or, if there is no manager, then by the members, to obtain from the limited liability company from time to time upon reasonable demand for any purpose reasonably related to the member's interest as a member of the limited liability company:
 - (i) true and full information regarding the status of the business and financial condition of the limited liability company;
 - (ii) a current list of the name and last known business, residence or mailing address of each member and manager;
 - (iii) a copy of any written limited liability company agreement and certificate of formation and amendments thereto, together with executed copies of any written powers of attorney pursuant to which the limited liability company agreement and any certificate and all amendments thereto have been executed;
 - (iv) true and full information regarding the amount of cash and a description and statement of the agreed value of any other property or services contributed by each member and which each member has agreed to contribute in the future, and the date on which each became a member; and
 - (v) other information regarding the affairs of the limited liability company as is just and reasonable.
- (b) Each manager shall have the right to examine all of the information described in subsection (a) of this section for a purpose reasonably related to his position as a manager.
- (c) The manager of a limited liability company shall have the right to keep confidential from the members, for each period of time as the manager deems reasonable, any information which the manager reasonably believes to be in the nature of trade

secrets or other information the disclosure of which the manager in good faith believes is not in the best interest of the limited liability company or could damage the limited liability company or its business or which the limited liability company is required by law or by agreement with a third party to keep confidential.

- (d) A limited liability company may maintain its records in other than a written form if such form is capable of conversion into written form within a reasonable time.
 - (e) Any demand by a member under this section shall be in writing and shall state the purpose of such demand.
 - (f) Any action to enforce any right arising under this section shall be brought in the High Court of the Republic.
- (9) Section 27 of the Republic of the Marshall Islands Limited Liability Company Act is hereby amended to read as follows:

§27. Classes and voting.

- (1) A limited liability company agreement may provide for classes or groups of managers having such relative rights, powers and duties as the limited liability company agreement may provide, and may make provision for the future creation in the manner provided in the limited liability company agreement of additional classes or groups of managers having such relative rights, powers and duties senior to existing classes and groups of managers. A limited liability company agreement may provide for the taking of an action, including the amendment of the limited liability company agreement, without the vote or approval of any manager or class or group of managers, including an action to create under the provisions of the limited liability company agreement a class or group of limited liability company interests that was not previously outstanding.
- (2) A limited liability company agreement may grant to all or certain identified managers or a specified class or group of the managers the right to vote, separately or with all or any class or group of managers or members, on any matter. Voting by managers may be on a per capita, number, financial interest, class, group or any other basis.
- (3) A limited liability company agreement may set forth provisions relating to notice of the time, place or purpose of any meeting at

which any matter is to be voted on by any manager or class or group of managers, waiver of any such notice, action by consent without a meeting, the establishment of a record date, quorum requirements, voting in person or by proxy, or any other matter with respect to the exercise of any such right to vote.

- (4) Unless otherwise provided in a limited liability company agreement, meetings of managers may be held by means of communications equipment which permits the persons participating in the meeting to communicate with each other, and participation in a meeting pursuant to this subsection shall constitute presence in person at the meeting. Unless otherwise provided in a limited liability company agreement, on any matter that is to be voted on, consented to or approved by managers, the managers may take such action without a meeting, without prior notice and without a vote if consented to or approved, in writing, by electronic transmission or by any other means permitted by law, by managers having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all managers entitled to vote thereon were present and voted. Unless otherwise provided in a limited liability company agreement, on any matter that is to be voted on by managers, the managers may vote in person or by proxy, and such proxy may be granted in writing, by means of electronic transmission or as otherwise permitted by applicable law. Unless otherwise provided in a limited liability company agreement, a consent transmitted by electronic transmission by a manager or by a person or persons authorized to act for a manager shall be deemed to be written and signed for purposes of this subsection. For purposes of this subsection, the term "electronic transmission" means any form of communication not directly involving the physical transmission of paper that creates a record that may be retained, retrieved and reviewed by a recipient thereof and that may be directly reproduced in paper form by such a recipient through an automated process.

- (10) Section 46 of the Republic of the Marshall Islands Limited Liability Company Act is hereby amended to read as follows:

§46. Dissolution.

- (1) A limited liability company is dissolved and its affairs shall be wound up upon the first to occur of the following:

- (a) at the time specified in the certificate of formation;
 - (b) upon the happening of events specified in a limited liability company agreement;
 - (c) unless otherwise provided in the limited liability company agreement, the written consent of all members; or, if there is more than one (1) class or group of members, then by each class or group of members, in either case, by members who own more than two-thirds of the then current percentage or other interest in the profits of the limited liability company owned by all of the members or by the members in each class or group, as appropriate; or
 - (d) the entry of a decree of judicial dissolution under section 47 of this division.
- (2) Upon dissolution, a certificate of cancellation shall be filed in accordance to section 11 of this Act.
- (3) Dissolution on failure to pay annual registration fee or appoint or maintain registered agent.
- (a) Procedure for Dissolution. On failure of a limited liability company to pay the annual registration fee or to maintain a registered agent for a period of one (1) year, the Registrar of Corporations on or about the first day of November of each year or on such other date as shall be determined by regulation, shall cause a notification to be sent to the limited liability company through its last recorded registered agent that its certificate of formation will be revoked unless within ninety (90) days of the date of the notice, payment of the annual registration fee has been received or a registered agent has been appointed, as the case may be. On the expiration of the ninety (90) day period, the Registrar of Corporations, in the event the limited liability company has not remedied its default, shall issue a proclamation declaring that the certificate of formation has been revoked and the limited liability company dissolved as of the date stated in the proclamation. The proclamation of the Registrar of Corporations shall be filed in his office and he shall mark on the record of the certificate of formation named in the proclamation the date of revocation and dissolution, and shall give notice to the last

recorded registered agent. Thereupon the affairs of the corporation shall be wound up in accordance with the procedures provided in section 48 of this division.

- (b) Erroneous dissolution. Whenever it is established to the satisfaction of the Registrar of Corporations that the certificate of formation was erroneously revoked by the Registrar of Corporations, he may restore the limited liability company to full existence by publishing and filing in his office a proclamation to that effect.
- (c) Reinstatement of Dissolved Limited Liability Company. Whenever the certificate of formation of a limited liability company has been revoked by the Registrar of Corporations pursuant to subsection (3) of this section, the limited liability company may request that the Registrar of Corporations reinstate its certificate of formation. After being satisfied that all statutory arrears to the Republic of the Marshall Islands have been paid, that the limited liability company has again retained a qualified registered agent and paid any arrears to same, the limited liability company may be restored to full existence in the same manner and with the same effect as provided by subsection (3) of this section. Requests for reinstatement may not be submitted after three (3) years from the date of the proclamation which revoked the certificate of formation.
- (4) Unless otherwise provided in a limited liability company agreement, the death, retirement, resignation, expulsion, bankruptcy or dissolution of any member or the occurrence of any other event that terminates the continued membership of any member shall not cause the limited liability company to be dissolved or its affairs to be wound up, and upon the occurrence of any such event, the limited liability company shall be continued without dissolution, unless within ninety (90) days following the occurrence of such event, members of the limited liability company or, if there is more than one (1) class or group of members, then each class or group of members, in either case, by members who own more than fifty percent (50%) of the then current percentage or other interest in the profits of the limited liability company owned by all of the members or by the

members in each class or group, as appropriate, agree in writing to dissolve the limited liability company.

§106. Effect ve 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: 93 was passed by the Nitijela of the Republic of the Marshall Islands on the 1st day of November 2017; and

2. That I am satisfied that Nitijela Bill No: 93 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 14th day of November 2017.



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

Attest:



Morean Watak
Clerk
Nitijela of the Marshall Islands

conversion to partnership, the entity filing the certificate of conversion to partnership is converted to a partnership with the effect provided in section 62 of this Act.

- (4) A person who files a certificate pursuant to this section shall promptly send a copy of the certificate to every nonfiling partner and to any other person named as a partner in the certificate. Failure to send a copy of a certificate to a partner or other person does not limit the effectiveness of the certificate as to a person not a partner.
- (5) The filing of a certificate of partnership existence under section 29 of this Act with the Registrar of Corporations shall make it unnecessary to file any other document.
- (6) A certificate filed with the Registrar of Corporations shall be effective if there has been substantial compliance with the requirements of this Act.
- (7) A certificate shall be effective at the time of its filing with the Registrar of Corporations or at any later date specified in the certificate.
- (8) If any certificate filed in accordance with this Act provides for a future effective date and if, prior to such future effective date set forth in such certificate, the transaction is terminated or its terms are amended to change the future effective date or any other matter described in such certificate so as to make such certificate false or inaccurate in any respect, such certificate shall, prior to the future effective date set forth in such certificate, be terminated or amended by the filing of a certificate of termination or certificate of amendment of such certificate, executed in the same manner as the certificate being terminated or amended is required to be executed in accordance with this section, which shall identify the certificate which has been terminated or amended and shall state that the certificate has been terminated or the manner in which it has been amended. Upon the filing of a certificate of amendment of a certificate with a future effective date, the certificate identified in such certificate of amendment is amended. Upon the filing of a certificate of termination of a certificate with a future effective date, the certificate identified in such certificate of termination is terminated.
- (9) A fee as determined by the Registrar shall be paid at the time of the filing of a certificate.