A BILL FOR AN ACT

To further amend title 36 of the Code of the Federated States of Micronesia, as amended, by amending section 201 thereof to expand the duties of the Registrar of Corporations, by adding new sections 207, 208 and 209 thereto, and for other purposes.

BE IT ENACTED BY THE CONGRESS OF THE FEDERATED STATES OF MICRONESIA:

Section 1. Section 201 of title 36 of the Code of the Federated States of Micronesia is hereby amended to read as follows:

"Section 201. Registrar of Corporations - Office Created; Duties.

(1) There shall be in the Department of [Resources and Development] Economic Affairs a Registrar of Corporations appointed by the President of the Federated States of Micronesia, who shall issue, receive, and hold as custodian all certificates, papers, statements, or other records of documents required by the provisions of this chapter, or rules or regulations promulgated hereunder, to be distributed by or filed with the Government of the Federated States of Micronesia, and shall perform such other duties as may from time to time be assigned to him by the President of the Federated States of Micronesia or the Secretary of [Resources and Development] Economic Affairs."
(2) In addition to the duties set forth in subsection (1) above and such duties as may from time to time be assigned to him by the President of the Federated States of Micronesia or Secretary of Economic Affairs, the Registrar of Corporations shall be responsible for promoting and facilitating the formation of Major Corporations within the Federated States of Micronesia. For the purposes of this title, the term 'Major Corporation' shall mean any corporation which engages in foreign and interstate commerce and which is not exempted by section 313 of title 54 of the Code of the Federated States of Micronesia from the taxes imposed by chapter 3 of that title."

Section 2. Title 36 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by adding a new section 207 to read as follows:

"Section 207. Incorporation and Regulation of Major Corporations. Every Major Corporation is required to be incorporated by the National Government of the Federated States of Micronesia, and shall be subject to regulation by the National Government."

Section 3. Title 36 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by adding a new section 208 to read as follows:

"Section 208. Authority of the Registrar of
Corporations - Major Corporations. Pursuant to subsection (2) of section 201 of this chapter, the Registrar of Corporations shall contract for the professional services of a person or entity to be an exclusive agent to assist the Registrar in promoting the formation of Major Corporations within the Federated States of Micronesia, hereinafter 'Registration Advisor'. Any such contract shall be for a fixed period of years set forth in the contract. Compensation for the services provided by the Registration Advisor shall be a sum equal to a percentage of the revenue generated by the government as a result of the taxation of such Major Corporations, said percentage to be as provided in the contract described herein. The contract shall require the approval of the President of the Federated States of Micronesia prior to its taking effect."

Section 4. Title 36 of the Code of the Federated States of Micronesia, as amended, is hereby further amended by adding a new section 209 to read as follows:

"Section 209. Compensation of Registration Advisor.

There is hereby established a special fund to be known as the 'Registration Advisor Compensation Fund'. A sum equal to a percentage of the income tax revenue, not to exceed fifty percent (50%), generated pursuant to section 321 of title 54 of the Code of the Federated
States of Micronesia from Major Corporations incorporated in the Federated States of Micronesia shall be paid into the Registration Advisor Compensation Fund upon receipt of such revenue by the Department of Finance. The actual amount to be so deposited into the Registration Advisor Compensation Fund shall be determined by the contract entered into between the government of the Federated States of Micronesia through the President and Registrar of Corporations and the Registration Advisor. The Registration Advisor shall be compensated from revenue deposited into the Registration Advisor Compensation Fund in accordance with the terms of the Registration Advisor contract. The Registration Advisor shall not have any right or claim to be paid from any funds other than those deposited in the Registration Advisor Compensation Fund."
Section 5. This act shall become law upon approval by the President of the Federated States of Micronesia or upon its becoming law without such approval.

Date: 8/30/04

Introduced by: /s/ Sabino S. Asor

Sabino S. Asor

Alik L. Alik