A BILL FOR AN ACT

To further amend chapter 1 of title 36 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 10-104, 15-75 and 16-47, to require profit corporations with total asset of at least $1,000,000 to file their audited financial statement with the Office of the Registrar of Corporation, and for other purposes.

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

Section 1. Chapter 1 of title 36 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 10-104, 15-75 and 16-47, is hereby further amended by inserting a new section 106A, following section 106 thereof, to read as follows:

“Section 106A. Audited financial statement.

(1) This section applies only to a profit corporation registered and organized in the Federated States of Micronesia whose title asset is at least $1 million, with respect to a financial statement of the full calendar year immediately following the effective date of this act, or immediately following the 3-year period if sub-section (4) is applicable.

(2) This section does not apply to the following:

(a) bank as defined under title 29;

(b) person licensed or registered to engage in insurance business under title 37; or

(c) major corporation as defined under title 54.
(3) “Total asset” means the gross asset of a corporation.

(4) A profit corporation registered in the Federated States of Micronesia after the effective date of this act is exempt from filing an audited financial statement for the first 3 calendar years of registration. Thereafter, filing shall be made in accordance with subsection (5).

(5) Within 6 months following the close of each calendar year, a profit corporation referred in subsection (1) shall file its audited financial statement with the Office of the Registrar of Corporation.

(6) It is the duty of corporate management to furnish shareholders with the audited financial statement within 90 days from the period provided in sub-section (5).

(7) Failure of corporation to comply with this section shall result in a penalty of $1,000. If violation of this section occurs more than twice, penalty shall include suspension or revocation of charter.”
Section 2. 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: 9/11/12

Introduced by: /s/ Florencio S. Harper

Florencio S. Harper
(by request)