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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:

1           Section 1. Chapter 1 of title 36 of the Code of the  
2 Federated States of Micronesia, as amended by Public Laws Nos.  
3 10-104, 15-75 and 16-47, is hereby further amended by inserting a  
4 new section 106A, following section 106 thereof, to read as  
5 follows:

6           "Section 106A. Audited financial statement.

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

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

15                   (a) bank as defined under title 29;

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

18                   (c) major corporation as defined under title 54.

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1           (3) "Total asset" means the gross asset of a  
2           corporation.

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

9           (5) Within 6 months following the close of each  
10          calendar year, a profit corporation referred in sub-  
11          section (1) shall file its audited financial statement  
12          with the Office of the Registrar of Corporation.

13          (6) It is the duty of corporate management to furnish  
14          shareholders with the audited financial statement within  
15          90 days from the period provided in sub-section (5).

16          (7) Failure of corporation to comply with this section  
17          shall result in a penalty of \$1,000. If violation of  
18          this section occurs more than twice, penalty shall  
19          include suspension or revocation of charter."

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1           Section 2. This act shall become law upon approval by the  
2 President of the Federated States of Micronesia or upon its  
3 becoming law without such approval.

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5 Date: 9/11/12

Introduced by: /s/ Florencio S. Harper

Florencio S. Harper  
(by request)

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