A BILL FOR AN ACT

To further amend section 137 of title 36 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Law No. 20–35, by deleting reference to bearer share, and for other purposes.

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

Section 1. Section 137 of title 36 of the Code of the Federated States of Micronesia (Annotated), as amended by Public Law No. 20–35, is hereby further amended to read as follows:

“Section 137. Fractional shares.

(1) A corporation may:

(a) Issue fractions of a share or pay in money the value of factions of a share;

(b) Arrange for disposition of fractional shares by the shareholders; or

(c) Issue scrip in registered [or bearer] form entitled the holder to receive a full share upon surrendering enough scrip to equal a full share.

(2) Each certificate representing scrip must be conspicuously labeled “scrip” and much contain the information required by section 143.

(3) The holder of a fractional share is entitled to exercise the rights of a shareholder, including the right to vote, to receive dividends, and to participate in the assets of the corporation upon liquidation. The
holder of scrip is not entitled to any of these rights unless the scrip provides for them.

(4) The board of directors may authorize the issuances of scrip subject to any condition considered desirable, including:

(a) That the scrip will become void if not exchange for full shares before a specified date;

(b) That the shares for which the scrip is exchangeable may be sold and the proceeds paid to the scrip holders.

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: 8/2/18

Introduced by: for Joseph J. Urusemal
Florencio S. Harper
(by request)