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A BILL FOR AN ACT

To further amend title 32 of the Code of the Federated States of Micronesia, as amended by Public Laws Nos. 4-109 and 4-114, by amending section 203 by adding new subsections (a) and (b) relating to foreign-investment permits, and for other purposes.

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

1 Section 1. Section 203 of title 32 of the Code of the Federated
2 States of Micronesia is hereby amended to read as follows:

3 "Section 203. Business activities and interests for which
4 permits required.

5 (1) A noncitizen may not engage in any business in the
6 Federated States of Micronesia without first obtaining a
7 foreign-investment permit.

8 (2) A noncitizen may not acquire an interest, *other*
9 *than a security interest in real or personal property for*
10 *the purpose of securing a loan,* in any business operating in
11 the Federated States of Micronesia without first obtaining a
12 foreign-investment permit. The following are exempt from
13 this requirement:

14 (a) A holder of a security interest in real or
15 personal property for the purpose of securing a loan; and

16 (b) A shareholder in a duly organized bona fide
17 corporation who owns less than twenty percent of the shares
18 of such corporation.

19 (3) A noncitizen engaged in business in the Federated
20 States of Micronesia on the effective date of this chapter
21 under a permit issued under the Trust Territory Foreign
22 Investors' Business Permit Act or under an agreement with
23 the Trust Territory Government shall not continue to engage
24 in business in the Federated States of Micronesia after the
25 expiration of that permit or agreement without first

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C. B. No. 5-106

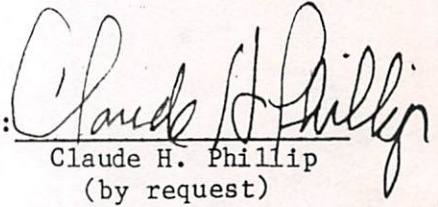
1 obtaining a foreign-investment permit."

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

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6 Date: 7-22-87

Introduced by:


Claude H. Phillip
(by request)

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