A BILL FOR AN ACT

To further amend title 55 of the Code of the Federated States of Micronesia, as amended, by adding a new chapter 5 for the purpose of authorizing borrowing by the Federated States of Micronesia in anticipation of receipt from the United States of America of grant funds under the Compact of Free Association, with the security for such borrowing being a pledge of all or a portion of such grant funds and the indebtedness created thereby being a general obligation of the Federated States of Micronesia, and for other purposes.

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

1. Section 1. Title 55 of the Code of the Federated States of Micronesia is hereby further amended by adding a new chapter 5, entitled "Compact Funds Monetization", with subchapters I, entitled "General"; II, entitled "Authorization"; III, entitled "Issuance of Bonds"; IV, entitled "Payment, Cancellation and Redemption of Bonds"; V, entitled "FSM Fiscal Agents"; and VI, entitled "Legal Matters."

2. Section 2. Title 55 of the Code of the Federated States of Micronesia is hereby further amended by adding a new section 511 of subchapter I of chapter 5 to read as follows:

   "Section 511. Short title. This chapter shall be known as the Compact Funds Monetization Act."

3. Section 3. Title 55 of the Code of the Federated States of Micronesia is hereby further amended by adding a new section 512 of subchapter I of chapter 5 to read as follows:

   "Section 512. Definitions. As used in this chapter:

   (1) 'Bond' or 'Bonds' means any bond, note or other evidence of indebtedness issued under this chapter;

   (2) 'Bond Fund' means the fund created pursuant to section 523 of this chapter;

   (3) 'Committee' means the committee referred to in section 524 of this chapter;

   (4) 'Compact of Free Association' means the Compact of Free Association between the Federated States of Micronesia and the United States of America;

   (5) 'Federated Development Authority' means the FSM
instrumentality of that name;

(6) 'FSM' means the Federated States of Micronesia;

(7) 'FSM Fiscal Agent' means any fiscal agent selected
and acting pursuant to subchapter V of this chapter;

(8) 'Indenture' means any indenture, agreement or
other instrument pursuant to which the Bonds shall be
issued, as approved by the resolution;

(9) 'Pledged Compact Funds' means the amounts payable
under the Compact of Free Association which the committee is
authorized to pledge to the payment of the Bonds following
legislative action by the FSM and its constituent States;

(10) 'Pledged Fund' means the Pledged Compact Funds and
moneys in the Bond Fund and investment earnings;

(11) 'Resolution' means the resolution or resolutions
of the committee authorizing the issuance and sale of the
Bonds in one or more series on the terms and conditions, and
substantially in the form, approved therein;

(12) 'Secretary' means the Secretary of Finance of the
Federated States of Micronesia;

(13) 'Swap instruments' has the meaning set forth in
section 531(1)(p) of this chapter; and

(14) 'Trustee' means the FSM Fiscal Agent appointed as
such in the Indenture and any successors or assigns, who
will act as such for the benefit of the holders of the
Bonds.
Section 4. Title 55 of the Code of the Federated States of Micronesia is hereby further amended by adding a new section 513 of subchapter I of chapter 5 to read as follows:

"Section 513. Purpose; Bonds; Costs of Issuance.

(1) The purpose of this chapter is to authorize borrowing by the FSM in anticipation of receipt from the United States of America of grant funds under the Compact of Free Association. It is necessary and appropriate that the FSM, in cooperation with the State governments of the FSM, use all practical means to enhance the benefits derived from moneys payable to the FSM and the State governments pursuant to the Compact of Free Association by participating in a financing secured by all or a portion of such payments due from the United States of America. This method of financing is in the public interest and serves a public purpose.

(2) The securities evidencing this indebtedness are general obligations of the FSM, entitled 'Federated States of Micronesia Compact Financing Bonds,' may be issued in one or more series (including refundings), and shall be secured by the full faith and credit of the FSM, a pledge of grant funds under the Compact of Free Association or other moneys, all as specified in the resolution.

(3) The costs of issuance of such Bonds, including printing, filing fees with regulatory agencies, such as the United States Securities and Exchange Commission, legal,
rating agency, financing advisors', Trustee's and similar
fees and expenses, and fees or premiums for letters of
credit, insurance policies or similar credit enhancement
instruments, may also be paid from the proceeds of sales of
the Bonds. The costs of issuance may also include prior
expenditures incurred in connection with such issuance."

Section 5. Title 55 of the Code of the Federated States of
Micronesia is hereby further amended by adding a new section 514 of
subchapter I of chapter 5 to read as follows:

"Section 514. Accounts and records. The Secretary and the
committee shall keep full and particular accounts and
records of all their proceedings under this chapter and they
shall transmit to the President an abstract of all such
proceedings in any calendar year, with a report, to be
transmitted by the President to the Speaker of the Congress,
the Governor of each State, and the Speaker of the
legislature of each State annually on or before the 30th day
of April of each year. All books and papers pertaining to
the matters provided for in this chapter shall at all times
be open to the inspection of authorized representatives of
the National or any State government, any citizen of the
FSM, or any other interested party."

Section 6. Title 55 of the Code of the Federated States of
Micronesia is hereby further amended by adding a new section 521 of
subchapter II of chapter 5 to read as follows:
Section 521. Authorization; Limited obligation; Validity.

(1) The FSM is authorized to issue Bonds in one or more series (including refundings), each series to be authorized by the Secretary acting for the committee, following the adoption of the resolution fixing the terms and conditions of the issue and the form of the Bonds.

(2) The Bonds shall be valid obligations of the FSM payable from the following: general funds of the FSM, Pledged Funds, proceeds of any credit enhancement or swap instruments, and proceeds of refunding bonds or other indebtedness. All or a portion of the foregoing shall be the sources of payment for each series of Bonds, as specified in the resolution. Bonds issued under this chapter shall be deemed to constitute general obligations of the FSM. The validity of the Bonds shall not be affected by the validity or regularity of the projects thereby funded. No subsequent appropriation will be necessary by this Congress for moneys for payment of the principal, interest and premium, if any, on the Bonds, this chapter and the resolution constituting the sole and complete authorization for payment of principal of, and premium and interest on, the Bonds.

(3) All Bonds shall contain on the face thereof a statement to the following effect: 'This Bond constitutes a general obligation of the Federated States of Micronesia and
the full faith and credit of the Federated States of
Micronesia is pledged to the payment of principal of, and
premium and interest on this Bond.""

Section 7. Title 55 of the Code of the Federated States of
Micronesia is hereby further amended by adding a new section 522 of
subchapter II of chapter 5 to read as follows:

"Section 522. Pledged Funds.

(1) Upon the recommendation of the committee as set
forth in the resolution, the President may pledge all or any
part of the Pledged Funds to secure payment of the Bonds.
The Pledged Compact Funds so pledged shall be paid directly
by the United States of America to the Trustee. Any pledge
pursuant to the provisions hereof shall be irrevocable and
valid and binding from the time such pledge is made. The
Pledged Funds so pledged and thereafter received by the
Trustee shall immediately be subject to the lien of such
pledge without any physical delivery thereof or further act,
and the lien of any such pledge shall be valid and binding
as against all parties having claims of any kind in tort,
contract, or otherwise against the FSM or any of its
political subdivisions, irrespective of whether such parties
have notice thereof. Neither the resolution nor the
Indenture by which a pledge is created need be filed or
recorded except in the records of the FSM in order to
perfect or give notice of the pledge; PROVIDED that the FSM
shall give due notice of the pledge to the United States of America.

(2) The committee, following adoption by each State and the FSM (to the extent each State and the FSM desires to participate in the financing contemplated by this chapter) of legislation authorizing pledge of the Pledged Compact Funds, shall determine the extent of the pledge, provisions for release of moneys or other assets from the pledge, and other matters relevant thereto, all as evidenced in the resolution or the Indenture."

Section 8. Title 55 of the Code of the Federated States of Micronesia is hereby further amended by adding a new section 523 of subchapter II of chapter 5 to read as follows:

"Section 523. Bond Fund. The proceeds of sale of the Bonds, net of any issuance costs, shall be paid into one or more trust fund with an FSM Fiscal Agent, as determined by the committee, and shall be managed and made available for the distributions and uses as set forth in the Agreement Regarding Pledge of Compact Funds and Investment and Distribution of Bond Proceeds Among the National and State Governments of the Federated States of Micronesia."

Section 9. Title 55 of the Code of the Federated States of Micronesia is hereby further amended by adding a new section 524 of subchapter II of chapter 5 to read as follows:

"Section 524. Committee."
(1) The committee shall consist of five members, who shall have one vote each, including the Secretary, the Director of Administrative Services of Yap, the Director of Finance of Truk, the Director of the Department of Treasury of Pohnpei, and the Director of Finance and Treasury of Kosrae, or their designees. Members of the committee shall serve without compensation. The Secretary or his designee shall be the secretary of the committee and may certify its action. The committee, through the Secretary or his designee, shall render reports from time to time to the Federated Development Authority for informational purposes.

(2) Subject to the express provisions of this subchapter II, the committee is authorized to determine, and the resolution shall determine, all matters set forth in section 531 of this chapter; PROVIDED that any payments on the Bonds in any year shall not in any year exceed the Pledged Funds held or to be received by the Trustee in such year.

(3) The committee may adopt the resolution by an affirmative vote of not less than four of its members. Presence may be either in person or by conference telephone call during which each member can hear each other member present during such proceedings."

Section 10. Title 55 of the Code of the Federated States of Micronesia is hereby further amended by adding a new section 525 of subchapter II of chapter 5 to read as follows:
"Section 525. Tax free nature of the Bonds. The Bonds and
the repayment of their principal and the interest, premium,
if any, thereon, and original issue discount and market
discount, if any, with respect thereto, shall not be subject
to any tax, assessment or levy, now or hereafter imposed, of
the FSM or any of its political subdivisions, nor shall
there be imposed any tax, assessment or levy upon the sale
or disposition of such Bonds. The Bonds shall be deemed
obligations not located within the jurisdiction or legal
boundaries of the FSM or any of its political subdivisions
for purposes of any national, state or local taxation,
assessment or levy."

Section 11. Title 55 of the Code of the Federated States of
Micronesia is hereby further amended by adding a new section 531 of
subchapter III of chapter 5 to read as follows:

"Section 531. Resolution.

(1) Whenever the committee determines that the sale
of all or any part of the Bonds authorized to be issued is
necessary or desirable, it shall adopt a resolution to that
effect. The resolution shall be consistent with, but may
provide additional particulars, concerning the plan of
finance presented to legislatures of the FSM and its
constituent States in connection with the designation of
Pledged Compact Funds. The resolution shall authorize and
direct the Secretary to arrange for the preparation of the
requisite number of suitable Bonds, in registered form
(unless the resolution directs the Bonds to be issued in
book entry form), and either shall specify as to such Bonds
then to be sold or shall authorize the execution of the
Indenture which shall contain such information:

(a) The currency in which any or all of the Bonds
are to be repaid, aggregate number, denominations and the
date of the Bonds to be then sold;

(b) The dates of maturity, the amount of the
Bonds maturing at each date of maturity, which amounts need
not be equal, and the establishment of any sinking fund
schedule or schedules;

(c) Whether the Bonds are to be subject to
optional and/or mandatory redemption prior to maturity, and,
if so, the provisions for such redemption, the manner of the
call thereof, and the price or prices at which the Bonds
shall be subject to redemption;

(d) The annual rate, or rates, of interest which
the Bonds to be issued shall bear, which rate or rates may
be determined at the time of the sale of the Bonds and which
rate or rates may be fixed or variable in accordance with a
formula provided for in the resolution or the Indenture;

(e) The interest payment dates;

(f) Whether the Bonds shall be issued in
certificate form and/or in book entry form; if the Bonds are
to be issued in certificate form, the form and language of
the Bonds, and, if the Bonds are to be issued in book entry
form, whether the book entry system and register shall be
maintained by the Secretary, the Trustee, or another agent;

(g) Whether the right is reserved to make
delivery in the form of temporary of interim bonds,
certificates, or receipts, exchangeable for definitive Bonds
when executed and available for delivery, and, if such right
is reserved, the denominations and form of such temporary
securities;

(h) Whether the Bonds are to be sold at public
sale or negotiated sale and, if a public sale, the method of
determining the lowest interest cost bid, and, if a
negotiated sale, the lowest purchase price to be received by
the FSM in any public offering or private placement of the
Bonds;

(i) Whether the Bonds shall be in the nature of
commercial paper (i.e., issued in large denominations and
scheduled to mature in 270 days or less);

(j) Whether all or any portion of the Bonds shall
be additionally secured by bond insurance, letters of credit
or similar credit enhancement instruments;

(k) The restrictive and financial covenants, if
any;

(l) The appointment of the Trustee, additional
fiscal agents, registrars or paying agents;

(m) The place of issuance of the Bonds, which may
be inside or outside the territorial limits of the FSM;

(n) All matters pertaining to the Pledged Funds
required by section 522 of this chapter;

(o) The law governing the Indenture and the Bonds;

(p) Whether in conjunction with issuance and sale
of the Bonds, the FSM shall enter into one or more
agreements relating to transfer or mitigation of currency or
interest rate risks, minimization of borrowing costs or
similar fiscal purposes between the FSM and any counter-
parties, commercial or investment banks, dealers or similar
parties ('swap agreements'), which may include indemnities;

(q) All other terms and conditions of the Bonds
and of the execution, issuance and sale thereof, which shall
be consistent with all of the provisions of this chapter.

(2) The resolution may also specify that the Secretary
may determine the interest rate or rates, maturity or
redemption date or dates, and purchase price of the Bonds if
the committee determines in the resolution the maximum rate
of interest, latest maturity date and lowest purchase price
for the Bonds."

Section 12. Title 55 of the Code of the Federated States of
Micronesia is hereby further amended by adding a new section 532 of
subchapter III of chapter 5 to read as follows:
"Section 532. Medium of payment; Place of payment.
Principal of, interest and premium, if any, on the Bonds
shall be payable in United States dollars at the office of
any FSM Fiscal Agent or at the office of the Secretary."

Section 13. Title 55 of the Code of the Federated States of
Micronesia is hereby further amended by adding a new section 533 of
subchapter III of chapter 5 to read as follows:
"Section 533. Reference to Act. Each Bond shall contain a
reference to this Compact Funds Monetization Act, and if
subject to call or redemption prior to maturity, a recital
to that effect."

Section 14. Title 55 of the Code of the Federated States of
Micronesia is hereby further amended by adding a new section 534 of
subchapter III of chapter 5 to read as follows:
"Section 534. Duties of Secretary. Immediately after the
adoption by the committee of any resolution in conformity
with section 531 of this chapter, the Secretary shall make
any determinations required at or immediately prior to the
sale of the Bonds and shall arrange for the preparation of
the requisite number of suitable Bonds, in accordance with
the resolution."

Section 15. Title 55 of the Code of the Federated States of
Micronesia is hereby further amended by adding a new section 535 of
subchapter III of chapter 5 to read as follows:
"Section 535. Signatures; Seal. Each Bond shall bear the
manual or facsimile signature of the Secretary and an
impress or a facsimile of the seal of the FSM. Each such
signature shall be that of the person who shall be in office
at the date of authorizing the affixing thereof. Bonds so
executed, when sold and authenticated by an FSM Fiscal
Agent, shall be valid and binding notwithstanding any of
such persons having ceased to hold their respective offices
before the issuance and delivery of the Bonds."

Section 16. Title 55 of the Code of the Federated States of
Micronesia is hereby further amended by adding a new section 536 of
subchapter III of chapter 5 to read as follows:

"Section 536. Temporary Bonds. If the right so to do has
been reserved in the resolution adopted in conformity with
section 531 of this chapter, temporary or interim Bonds,
certificates, or receipts may be issued and delivered in
lieu of definitive Bonds, and shall be exchangeable for such
definitive Bonds when they are executed and available."

Section 17. Title 55 of the Code of the Federated States of
Micronesia is hereby further amended by adding a new section 537 of
subchapter III of chapter 5 to read as follows:

"Section 537. Public or negotiated sale. The Bonds shall
be sold by the Secretary at such time as may be fixed by the
Secretary and upon such notice as the Secretary may deem
advisable, or at such later time to which the sale shall
have been continued, either at public sale, upon sealed
bids, to the bidder whose bid will result in the lowest
net/true/or other method generally accepted in the financial
community for calculation of interest cost on account of
those Bonds, or by negotiated sale as set forth in the
resolution. The Secretary may sell the Bonds at a price
below the par value thereof. The interest, if any, accrued
to the date of delivery of and payment for the Bonds shall
be added to the sale price of the Bonds in any case. The
method of determining the lowest interest cost bid shall be
prescribed in the resolution if the Bonds are to be sold at
public sale. The sale shall be for cash, payable upon
delivery of Bonds in definitive form, or if the right to
deliver temporary securities has been reserved, then upon
delivery of the temporary securities."

Section 18. Title 55 of the Code of the Federated States of
Micronesia is hereby further amended by adding a new section 541 of
subchapter IV of chapter 5 to read as follows:

"Section 541. Method and time of payment. The Secretary,
directly or through FSM Fiscal Agents, or other duly
authorized agents, shall, on the respective dates of
maturity of all Bonds, or on the date fixed for the prior
redemption of any thereof, or as soon thereafter as said
Bonds are surrendered to him, or to any such FSM Fiscal
Agent, or other duly authorized agent, pay the same or cause
the same to be paid."
Section 19. Title 55 of the Code of the Federated States of Micronesia is hereby further amended by adding a new section 542 of subchapter IV of chapter 5 to read as follows:

"Section 542. Perforation of Bond to indicate payment.

Upon the payment of any Bond, the Secretary or FSM Fiscal Agent, or other duly authorized agent shall perforate the same with a suitable device in a manner to indicate such payment."

Section 20. Title 55 of the Code of the Federated States of Micronesia is hereby further amended by adding a new section 543 of subchapter IV of chapter 5 to read as follows:

"Section 543. Destruction of Bonds after payment or cancellation. The Secretary, or FSM Fiscal Agents, or other duly authorized agent, may destroy any or all Bonds which have been previously paid or canceled as provided herein."

Section 21. Title 55 of the Code of the Federated States of Micronesia is hereby further amended by adding a new section 544 of subchapter IV of chapter 5 to read as follows:

"Section 544. Redemption. Whenever the committee shall determine that any Bonds then outstanding, and which by their terms are subject to redemption prior to maturity, should be redeemed, and that money sufficient for such redemption will be available at the time proposed for such redemption, it may, by resolution, direct the Trustee to call and redeem any such Bonds, at a time specified in such
resolution, and the Trustee shall thereupon give notice of
such redemption and redeem the Bonds in accordance with the
provisions for redemption provided for in the Indenture."

Section 22. Title 55 of the Code of the Federated States of
Micronesia is hereby further amended by adding a new section 545 of
subchapter IV of chapter 5 to read as follows:

"Section 545. Refunding bonds. The committee may provide
for the issuance, sale, or exchange of refunding bonds to
redeem or retire any Bonds upon the terms, at the times and
in the manner that it determines. Refunding bonds may be
issued in a principal amount sufficient to pay all, or any
part, of the principal amount of outstanding Bonds, the
interest thereon and the premium, if any, due upon call and
redemption thereof prior to maturity and all expenses of the
refunding. Issuance of refunding bonds may be authorized in
the resolution."

Section 23. Title 55 of the Code of the Federated States of
Micronesia is hereby further amended by adding a new section 551 of
subchapter V of chapter 5 to read as follows:

"Section 551. Designation of banking firms or
associations. Upon the recommendation of the committee, the
Secretary may designate responsible banking firms,
associations, or incorporated banking institutions, having a
paid-up capital and surplus of not less than U.S. $100
million, as an FSM Fiscal Agent for the payment of the
Bonds. The FSM Fiscal Agent selected as Trustee shall have a paid-up capital and surplus of not less than U.S. $500 million. An FSM Fiscal Agent may be organized under the laws of the United States of America, any of its constituent states (including the District of Columbia), or any member state of the Organization for Economic Cooperation and Development."

Section 24. Title 55 of the Code of the Federated States of Micronesia is hereby further amended by adding a new section 552 of subchapter V of chapter 5 to read as follows:

"Section 552. Fidelity bonds. With the approval of the committee, the Secretary may fix the amount of and require bonds from any FSM Fiscal Agent, conditioned on the faithful performance of its duties as an FSM Fiscal Agent."

Section 25. Title 55 of the Code of the Federated States of Micronesia is hereby further amended by adding a new section 553 of subchapter V of chapter 5 to read as follows:

"Section 553. Authority of Secretary. Subject to the approval of the committee, the Secretary may do all things necessary or proper to effectuate the purposes of this subchapter, including, among others, the making of such arrangements with any FSM Fiscal Agent as may be necessary including the compensation, if any, of any FSM Fiscal Agent for services under this subchapter, and the time when funds for the redemption of Bonds shall be remitted to it."
Section 26. Title 55 of the Code of the Federated States of Micronesia is hereby further amended by adding a new section 554 of subchapter V of chapter 5 to read as follows:

"Section 554. Unclaimed funds. Whenever any moneys held by an FSM Fiscal Agent in trust for the payment of interest, principal and premium, if any, or discharge of any Bonds shall have remained unclaimed for 7 years after the date when such became due and payable, either on interest payment dates, at their stated maturity dates or by call for earlier redemption, the Secretary may after adequate public notice and at such time as he may determine, instruct FSM Fiscal Agents to return any money originally transferred to meet the payments of the Bonds and deposit it with such FSM Fiscal Agent as the committee shall determine, and such money shall thereafter be treated in all respects as part of the Bond Fund, and the owner of the Bond or Bonds affected thereby shall no longer have any claim on such money."

Section 27. Title 55 of the Code of the Federated States of Micronesia is hereby further amended by adding a new section 555 of subchapter V of chapter 5 to read as follows:

"Section 555. Lost or destroyed Bonds; Security; Face statements.

(1) Whenever it appears to the Secretary upon competent proof that any Bond has been lost or destroyed and the required security is deposited, he may issue or cause to
be issued Bonds similar as to form and content. If the
indebtedness evidenced by the instrument has matured and is
due and payable, he may cause it to be paid if the records
of the Trustee show the Bond is outstanding and unpaid.

(2) Before the Secretary may cause to be issued a new
Bond or cause to be paid the indebtedness represented by a
lost or destroyed Bond, the owner shall give security (as
the Trustee reasonably determines by bond or indemnity) to
indemnify the FSM against loss or damage that may be
incurred on account of the lost or destroyed Bond. The
security may be specified by, is subject to the approval of,
and, after approval is endorsed thereon, shall be filed with
the Trustee.

(3) Every replacement Bond shall state upon its face
the number and denomination of the Bond for which it is
issued; that it is issued in the place of the Bond claimed
to have been lost or destroyed; that it is issued as a
duplicate; and that if both the original and duplicate
instruments are presented to and paid by the Secretary or an
FSM Fiscal Agent, the Secretary shall not be held
responsible for the duplicate payment but may rely on the
security given."

Section 28. Title 55 of the Code of the Federated States of
Micronesia is hereby further amended by adding a new section 561 of
subchapter VI of chapter 5 to read as follows:
"Section 561. Choice of law. The committee may choose to have all or a portion of the provisions of the Indenture and the Bonds governed by the law of a jurisdiction other than that of the FSM; PROVIDED that the power and authority of the FSM to issue the Bonds shall be construed under the laws of the FSM."

Section 29. Title 55 of the Code of the Federated States of Micronesia is hereby further amended by adding a new section 562 of subchapter VI of chapter 5 to read as follows:

"Section 562. Liability of committee members, officers and employees. No members of the committee, the officers or employees of the committee, the FSM or any political subdivision thereof, nor any person executing any Bonds shall be liable personally or be subject to any personal liability or accountability by reason of the issuance thereof."

Section 30. Title 55 of the Code of the Federated States of Micronesia is hereby further amended by adding a new section 563 of subchapter VI of chapter 5 to read as follows:

"Section 563. Pledge. The FSM does hereby pledge to and agree with the holders of the Bonds that the FSM will not limit or alter the rights hereby vested in the holders of the Bonds, on and after the date of issuance of the Bonds, until the Bonds, together with interest and premium, if any thereon, are fully met and discharged; PROVIDED that nothing
herein contained shall preclude such limitation or
alteration if and when adequate provision shall be made by
law for the protection of the holders of the Bonds."

Section 31. Title 55 of the Code of the Federated States of
Micronesia is hereby further amended by adding a new section 564 of
subchapter VI of chapter 5 to read as follows:

"Section 564. Waiver of sovereign immunity. The FSM
waives, for the benefit of the Bondholders or the Trustee
acting on their behalf, its sovereign immunity from suit
before State or Federal courts of the United States in the
city in which the principal office of the Trustee is located
in any action brought by the Bondholders or the Trustee
acting on their behalf arising out of the issuance and sale
of the Bonds or performance under the Bonds or the
Indenture. Except as expressly so waived, nothing in this
chapter shall be construed as a waiver, implicit or
explicit, of the FSM's sovereign immunity from suit in the
courts of the United States of America."

Section 32. 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 July 24, 1987

Introduced by: Claude H. Phillip
(by request)