

TITLE 52 – ASSOCIATIONS LAW
CHAPTER 1 - BUSINESS CORPORATIONS ACT



Republic of the Marshall Islands
Jepilpilin Ke Ejukaan

BUSINESS CORPORATIONS ACT 1990

Arrangement of Sections

Section	Page
DIVISION 1 - GENERAL PROVISIONS	7
§1. Short title.	7
§2. Definitions.	7
§3. Application of Business Corporations Act.....	11
§4. Registrars of Corporations; establishment and duties.	12
§5. Form of instruments; filing.	13
§6. Certificates or certified copies as evidence (non-resident entities).	15
§7. Approval of corporation charters (resident domestic and authorized foreign corporations).	15
§8. Fees on filing articles of incorporation and other documents.	15
§9. Annual registration fee.....	16
§10. Waiver of notice.....	16
§10A. Immunity from liability and suit.....	17
§11. Notice to shareholders of bearer shares.	18
§12. Exemptions for non-resident entities.....	18
§13. Construction; adoption of United States corporation law.....	18
DIVISION 2 - CORPORATE PURPOSES AND POWERS	19
§14. Purposes.	19
§15. General powers.....	19
§16. Guarantee authorized by shareholders.....	21
§17. Defense of ultra vires.	21
§18. Effect of incorporation; corporation as proper party to action.	22
§19. Liability of directors, officers and shareholders.	22

DIVISION 3 - SERVICE OF PROCESS; REGISTERED AGENT 22

§20.	Registered agent for service of process.....	22
§21.	Attorney-General as agent for service of process.....	24
§22.	Service of process on foreign corporations not authorized to do business.	25
§23.	Records and certificates of Attorney-General.....	27
§24.	Limitation on effect of division.....	27

DIVISION4 - FORMATION OF CORPORATIONS; CORPORATE NAMES 27

§25.	Incorporators.	27
§26.	Corporate name.....	27
§27.	Index of names of corporations.....	28
§28.	Contents of articles of incorporation.....	28
§29.	Powers and rights of bondholders.	31
§30.	Execution and filing of articles of incorporation.	31
§31.	Effect of filing articles of incorporation.	31
§32.	Organization meeting.....	32
§33.	Bylaws.	32
§34.	Emergency bylaws and other powers in emergency.....	33

DIVISION5 - CORPORATE FINANCE 34

§35.	Classes and series of shares.	34
§36.	Restrictions on transfer of shares.....	36
§37.	Subscriptions for shares.	37
§38.	Consideration for shares.	38
§39.	Payment for shares.	39
§40.	Compensation for formation, reorganization and financing.....	39
§41.	Determination of stated capital.....	40
§42.	Form and content of certificates.....	40
§43.	Dividends in cash, stock, or other property.	43
§44.	Share dividends.....	43
§45.	Purchase or redemption by corporation of its own shares.	44
§46.	Reacquired shares.	45
§47.	Reduction of stated capital by action of the board.....	46

DIVISION6 - DIRECTORS AND MANAGEMENT 47

§48.	Management of business of corporation.	47
§49.	Qualifications of directors.	47
§50.	Number of directors.	48
§51.	Election and term of directors.....	48
§52.	Classes of directors.	48
§53.	Newly created directorships and vacancies.....	49
§54.	Removal of directors.....	49

§55.	Quorum; action by the board.	50
§56.	Meetings of the board.	52
§57.	Executive and other committees.	52
§58.	Director conflicts of interest.	53
§59.	Loans to employees and officers; guaranty of obligations of employees and officers.	54
§60.	Indemnification of directors and officers.	54
§61.	Standard of care to be observed by directors and officers.	57
§62.	Officers.	57
§63.	Removal of officers.	58

DIVISION7 - SHAREHOLDERS 58

§64.	Meetings of shareholders.	58
§65.	Notice of meetings of shareholders.	60
§66.	Waiver of notice.	61
§67.	Action by shareholders without a meeting.	61
§68.	Fixing record date.	62
§69.	Proxies.	62
§70.	Quorum of shareholders.	65
§71.	Vote of shareholders required.	65
§72.	Greater requirement as to quorum and vote of shareholders.	66
§73.	List of shareholders at meetings.	67
§74.	Qualification of voters.	67
§75.	Voting trusts.	68
§76.	Agreements among shareholders as to voting.	69
§77.	Conduct of shareholders' meetings.	70
§78.	Preemptive rights.	70
§79.	Shareholders' derivative actions.	72

DIVISION8 - CORPORATE RECORDS AND REPORTS 73

§80.	Requirement for keeping books of account minutes and records of shareholders and beneficial owners.	73
§81.	Shareholders' right to inspect books and records.	79
§82.	Directors' right of inspection.	79
§83.	List of directors and officers.	80
§84.	Enforcement of right of inspection.	81
§85.	Annual report.	81

DIVISION9 - AMENDMENTS OF ARTICLES OF INCORPORATION 82

§86.	Right to amend articles of incorporation.	82
§87.	Reduction of stated capital by amendment.	82
§88.	Procedure for amendment.	82

§89.	Class voting on amendments.	83
§90.	Articles of amendment.	83
§91.	Effectiveness of amendment.	84
§92.	Right of dissenting shareholders to payment.	84
§93.	Restated articles of incorporation.	85

DIVISION 10 - MERGER OR CONSOLIDATION 86

§94.	Definitions.	86
§95.	Merger or consolidation of domestic corporations.	87
§96.	Merger of subsidiary corporations.	89
§97.	Effect of merger or consolidation.	90
§98.	Merger or consolidation of domestic and foreign corporations.	91
§99.	Sale, lease, exchange or other disposition of assets.	93
§100.	Right of dissenting shareholder to receive payment for shares.	94
§101.	Procedure to enforce shareholder's right to receive payment for shares.	95

DIVISION 11 - DISSOLUTION 98

§102.	Manner of effecting dissolution.	98
§103.	Judicial dissolution.	101
§104.	Dissolution on failure to pay annual registration fee or appoint or maintain registered agent.	102
§105.	Winding up affairs of corporation after dissolution.	103
§106.	Settlement of claims against corporation.	104

DIVISION 12 - FOREIGN ENTITIES 106

§107.	Authorization of foreign entities.	106
§108.	Application to existing authorized foreign entities.	107
§109.	Application for authority to do business.	107
§110.	Amendment of authority to do business.	108
§111.	Termination of authority of foreign entity.	109
§112.	Revocation of authority to do business.	111
§113.	Rights and liabilities of unauthorized foreign entity doing business.	111
§114.	Actions or special proceedings against foreign entities.	111
§115.	Record of shareholders.	112
§116.	Liability of foreign corporations for failure to disclose information.	113
§117.	Applicability to foreign corporations of other provisions.	113
§118.	Fees.	113

DIVISION 13 - FOREIGN MARITIME ENTITIES 113

§119.	Method of registration.	113
§120.	Powers granted on registration.	115

§121.	Subsequent change of business address or address of lawful fiduciary or legal representative; amendment of document upon which existence is based.....	115
§122.	Revocation of registration.	116
§123.	Fees.	116
§124.	Termination of authority of foreign maritime entity.	116
§125.	Actions or special proceedings against foreign maritime entities.....	117

DIVISION14 - TRANSFER OF DOMICILE INTO AND OUT OF THE REPUBLIC

§126.	Definitions.	118
§127.	Domestication of foreign corporations.....	119
§128.	Transfer of domicile of domestic corporation to foreign jurisdiction.....	122
§129.	Fees.	123

DIVISION15 - RULES AND REGULATIONS

§129.5	Power to Prescribe New Rules.	124
--------	------------------------------------	-----

DIVISION16 - MISCELLANEOUS

§130.	Merger or consolidation of domestic corporation and partnership.....	124
§131.	Merger or consolidation of domestic corporation and limited liability company.	127
§132.	Conversion of other entities to a domestic corporation.....	131
§133.	Conversion of domestic corporation to other entities.....	132