

# REPUBLIC OF THE MARSHALL ISLANDS (RMI) UPDATES

26 February 2018

Alison Wilson  
*Senior International Counsel*  
*Head of Office – Long Beach*



International Registries, Inc.

*in affiliation with the Marshall Islands Maritime & Corporate Administrators*

The Marshall Islands Corporate Registry

*experience you can trust...quality service you expect*



# OVERVIEW

- Organisation For Economic Co-operation And Development (OECD)
- 2017 Associations Law Amendments
- Associations Law Amendments – April 2017
- Associations Law Amendments – November 2017
- European Union (EU) General Data Protection Regulation (GDPR)
- EU List of Non-Cooperative Jurisdictions



# OECD



**International Registries, Inc.**

*in affiliation with the Marshall Islands Maritime & Corporate Administrators*

**The Marshall Islands Corporate Registry**

*experience you can trust...quality service you expect*





# OECD RATING

Overall Rating Following Peer Reviews against the standard of EOIR (as at November 2017)		
Ratings based on First round of reviews	Ratings based on Second round of reviews <a href="#">See details of ratings for each element</a>	Overall rating
Belgium, China (People's Republic of), Colombia, Finland, France, Iceland, Japan, Korea, Lithuania, Mexico, New Zealand, Slovenia, South Africa, Spain, Sweden	Ireland, Isle of Man, Italy, Jersey, Mauritius, Norway	<b>Compliant</b>
Albania, Argentina, Aruba, Austria, Azerbaijan, Bahamas, Bahrain, Barbados, Belize, Botswana, Brazil, British Virgin Islands, Brunei Darussalam, Bulgaria, Burkina Faso, Cameroon, Chile, Cook Islands, Cyprus, Czech Republic, El Salvador, Estonia, Former Yugoslav Republic of Macedonia, Gabon, Georgia, Ghana, Gibraltar, Greece, Grenada, Guernsey, Hong Kong (China), Hungary, Israel, Kenya, Latvia, Lesotho, Liechtenstein, Luxembourg, Macao (China), Malaysia, Malta, Mauritania, Monaco, Montserrat, Morocco, Netherlands, Nigeria, Niue, Pakistan, Philippines, Poland, Portugal, Romania, Russia, San Marino, Senegal, Singapore, Slovak Republic, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Saudi Arabia, Seychelles, Switzerland, Turks and Caicos Islands, Uganda, United Kingdom, United States, Uruguay	Australia, Bermuda, Canada, Cayman Islands, Denmark, Germany, India, Qatar	<b>Largely Compliant</b>
Andorra, Antigua and Barbuda, Costa Rica, Dominica, Dominican Republic, Guatemala, Federated States of Micronesia, Lebanon, Nauru, Panama, Samoa, United Arab Emirates, Vanuatu		<b>Provisionally* Largely Compliant</b>
Anguilla, Indonesia, Sint Maarten, Turkey	Curaçao, Jamaica	<b>Partially Compliant</b>
Marshall Islands		<b>Provisionally* Partially Compliant</b>
Trinidad and Tobago**		<b>Non Compliant</b>

\* Jurisdictions reviewed under the Fast-Track review procedure and assigned a provisional rating until review under the 2016 Terms of Reference

\*\* Progress demonstrated was insufficient to enter Fast-Track review or to upgrade rating beyond Non-compliant.



# OECD REVIEW

- Exchange of Information on Request:
  - Last assessment (fast-track review June 2017)
    - RMI Associations Law amendments in April 2017
    - Based on April 2017 amendments, RMI rating upgraded from Non-Compliant to Provisionally Partially Compliant
  - Next assessment (Q3/Q4 2018)
    - The RMI will undergo OECD peer review under the more demanding 2016 Terms of Reference
    - November 2017 amendments to the RMI Associations Law were made with the goal of achieving Largely Compliant rating



# 2017 ASSOCIATIONS LAW AMENDMENTS



**International Registries, Inc.**

*in affiliation with the Marshall Islands Maritime & Corporate Administrators*

**The Marshall Islands Corporate Registry**

*experience you can trust...quality service you expect*



# SECTIONS AMENDED IN 2017

- Sections Amended by P.L. 2017-39, *certified 11 April 2017*:
  - Business Corporations Act (BCA): § **80(2), (3), (6)**
  - Revised Partnership Act: § **37(1)(a), (c), (f)**
  - Limited Partnership Act: § **32(1) (a), (c), (f)**
  - Limited Liability Companies Act: § **22(1) (a), (c), (f)**
- Sections Amended by P.L. 2017-52, *certified 14 November 2017*:
  - BCA: §§ 2(d)(k); 5(3); 10; 12; 15(o); 28(l); 38(1)-(4); 39; 42(2); 52(b), (d); 55(3), (4); 56(3); 64(3), (5); 65(2); 66; 67; 69(2); 74(8); **80(1), (3), (6); 83**; 92; 100; 107; 119(3); 121
  - Revised Partnership Act: §§ 1(16); 5(2); 29(1)(iii); **37(1)(a), (c), (f)**; 41(4)
  - Limited Partnership Act: §§ 1(16); 10(1)(d); 15; 29(5); **32(1)(a), (c), (f)**; 38(4)
  - Limited Liability Companies Act: §§ 2(16); 9(1)(d); 14(1); 15; 16(3), (4); 19(4); **22(1)(a), (c), (f)**; 27(4); 46



# ASSOCIATIONS LAW AMENDMENTS – APRIL 2017



International Registries, Inc.

*in affiliation with the Marshall Islands Maritime & Corporate Administrators*

The Marshall Islands Corporate Registry

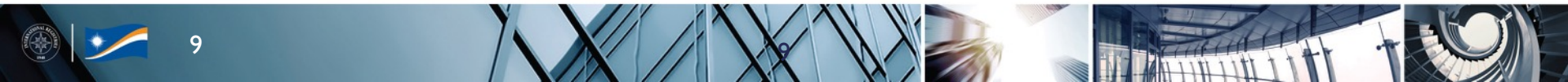
*experience you can trust...quality service you expect*





# BCA, § 80(I), ACCOUNTING RECORDS

- **NEW** – Upon demand of the registered agent, entities must produce accounting records and underlying documentation within 60 days.
- **NEW** – Entities must make an annual attestation that accounting and ownership records are being maintained (tied into invoicing process).
- **UPDATED** – Penalties for failing to satisfy requirements include fines up to \$50,000 and/or dissolution of the corporation.
- **UNCHANGED** – All corporations must keep reliable and complete accounting records and underlying documentation internally.




# BCA, § 80(3), RECORDS OF SHAREHOLDERS

- **NEW** – Upon demand of the registered agent, entities must produce all required records of shareholders, including beneficial owner information, within 60 days.
- **NEW** – Entities must make an annual attestation that accounting and ownership records are being maintained (tied into invoicing process). Publicly traded companies are excluded.
- **UPDATED** – Penalties for failing to satisfy requirements include fines up to \$50,000 and/or dissolution of the corporation.
- **UNCHANGED** – Shareholder records are to be kept by the company internally.



# ATTESTATION

- Formation and annual attestation integrated into the Registrar's formation and annual invoices
- Nothing required to be submitted by the corporation unless records are not being maintained



**THE TRUST COMPANY OF  
THE MARSHALL ISLANDS, INC.**  
POST OFFICE BOX 2095  
RESTON, VA 20195-0095 USA  
Telephone: +1-703-620-4880 FAX: +1-703-476-8522

**Invoice**

Invoice Number:

Invoice Date:

Client Number:

Terms: DUE UPON RECEIPT

P.O.:

Order Number:

Page 1 of 1

Description	Amount
Annual Corporation Maintenance Fee	
<b>Total Amount Due:</b> <input style="width: 100px;" type="text"/>	

NOTICE: Remittance of payment constitutes a legal attestation by or on behalf of the above-named business entity (the "entity") that the entity maintains all accounting and ownership records it is required to maintain pursuant to the Republic of the Marshall Islands Associations Law. If any or all such records are not being maintained, a revised attestation identifying those records not maintained as required must be signed by an authorized person and submitted to corp@register-iri.com within 30 days of remittance. Please note that failing to make an attestation, or willfully making a false or misleading attestation, may result in a fine, forcible dissolution, or both. This notice does not apply to publicly-traded companies.

*Please include the invoice number (843396) and client number (99169-CORP) on payments made.*

**Remittance by Bank Transfer (continued):**  
Please instruct your bank to transfer the funds to either of the

NOTICE: Remittance of payment constitutes a legal attestation by or on behalf of the above-named business entity (the "entity") that the entity maintains all accounting and ownership records it is required to maintain pursuant to the Republic of the Marshall Islands Associations Law. If any or all such records are not being maintained, a revised attestation identifying those records not maintained as required must be signed by an authorized person and submitted to corp@register-iri.com within 30 days of remittance. Please note that failing to make an attestation, or willfully making a false or misleading attestation, may result in a fine, forcible dissolution, or both. This notice does not apply to publicly-traded companies.

Details to corpaccounting@register-iri.com

Account No.: 627681000  
**FOR EURO PAYMENTS TO COMMERZBANK:** Please instruct your bank to send as a "foreign payment". If an Intermediary bank is necessary, please use:  
**CITIBANK, N.A. New York**  
Swift: CITIUS33 ABA: 026008044

This is a computer generated invoice and no signature is required

Affiliated with International Registries, Inc.





# ASSOCIATIONS LAW AMENDMENTS – NOVEMBER 2017



International Registries, Inc.

*in affiliation with the Marshall Islands Maritime & Corporate Administrators*

The Marshall Islands Corporate Registry

*experience you can trust...quality service you expect*



# NOVEMBER 2017 AMENDMENTS

- Modernizations:
  - Expands use of electronic transmission for notice, consents, proxies, etc.
  - Allows for consent in writing for action without a meeting to be conducted by electronic transmission
  - Allows for partly paid shares (previously shares must have been fully paid before issuance)
- Other changes to bring the Associations Law in line with Delaware and to further update:
  - BCA § 38, Consideration for Shares
  - BCA § 52, Classes of Directors
  - BCA § 66, Waiver of Notice
  - BCA § 74, Qualification of Voters
  - BCA § 100, Right of Dissenting Shareholders to Receive Payment for Shares

# BCA, § 80(I), ACCOUNTING RECORDS

- **NEW** – “Upon demand of the registered agent for non-resident domestic entities in connection with the performance of its audit functions or pursuant to a valid governmental request made to the registered agent for non-resident domestic entities, every non-resident domestic corporation shall produce all accounting records and underlying documentation required to be maintained...”
  - Limited scope of registered agent’s ability to demand production of accounting records only:
    - in connection with audit function; or
    - pursuant to a valid governmental request.





# “PERFORMANCE OF AUDIT FUNCTIONS”/ “VALID GOVERNMENTAL REQUEST”

- The OECD requires jurisdictions to monitor the oversight enforcement system to ensure it is effective.
- The registered agent will exercise its audit function by conducting randomized audits to ensure companies are in compliance.
  - Audits will be confidential and will effect only a very small number of companies.
- If the registered agent receives a valid governmental request (i.e. from the RMI Minister of Finance or other government authority), the registered agent will demand production of records.

# BCA, § 80(3), RECORDS OF SHAREHOLDERS AND BENEFICIAL OWNERS

- Beneficial ownership information:
  - **NEW** – Entities must keep up-to-date records of names and addresses of beneficial owners.
    - Applies to registered and bearer shares
    - Does not apply to publicly traded companies
    - Existing companies (incorporated before 14 November 2017) have 360 days to comply, until 9 November 2018
  - **NEW** – Beneficial owner definition:
    - “Beneficial owner” means the natural person(s) who ultimately owns or controls, or has ultimate effective control of, a legal entity or arrangement, whether directly or indirectly, or on whose behalf such interest in such legal entity or arrangement is held. For a domestic corporation other than a publicly traded company, the natural person(s) who exercises control over such corporation through direct or indirect ownership of more than 25% of the shares or voting rights in such corporation shall be regarded as the beneficial owner(s); if no natural person exerts control through such an ownership interest, the natural person(s) who exercises control over such corporation through management of the corporation or other means shall be regarded as the beneficial owner(s).



# BCA, § 80(3), RECORDS OF SHAREHOLDERS AND BENEFICIAL OWNERS

- **NEW** – Bearer share information:
  - Must keep a record of names, addresses, nationalities, and dates of birth of all holders and beneficial owners of bearer shares.
  - Corporation can rely on response to written request for beneficial owner information (i.e., no obligation to investigate).
  - For bearer share to be valid, holder and beneficial owner information and any transfer must be recorded with registered agent (recording is not a public filing).
  - Bearer shares issued before 14 November 2017 have 360 days to comply, until 9 November 2018.
  - Bearer shares issued after 14 November 2017 must comply as soon as bearer share is issued.
  - If bearer share records are not maintained as required, the corporation must cancel them within 180 days.



# DECLARATION OF HOLDERS AND BENEFICIAL OWNERS

**DECLARATION OF  
HOLDERS AND BENEFICIAL OWNERS  
OF BEARER SHARES OF  
(insert CORPORATION NAME)  
UNDER SECTION 80 OF THE  
BUSINESS CORPORATIONS ACT**

I, *(insert name of authorized person)*, *(insert title of authorized person)* of *(insert name of company)* (the "Company"), hereby certify and confirm the following bearer shares have been issued by the Company:

<b>BEARER SHARE CERTIFICATE NUMBER(S):</b>	
<b>BEARER SHARE HOLDER:</b>	
<i>Name</i>	
<i>Address</i>	
<i>Nationality</i>	
<i>Date of Birth (mm/dd/yyyy)</i>	
<i>Total Number of Shares Issued to Holder</i>	
<i>Class of Shares (if applicable)</i>	
<i>Date Shares Issued to Holder</i>	
<b>BEARER SHARE BENEFICIAL OWNER(S) (if different from Holder):</b>	
<i>Name</i>	
<i>Address</i>	
<i>Nationality</i>	
<i>Date of Birth (mm/dd/yyyy)</i>	

*[Copy and paste the above table for each additional bearer share, or block of bearer shares held by the same holder and beneficial owner, to be recorded]*

IN WITNESS WHEREOF, the undersigned has executed this Declaration on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
**PRINT NAME & TITLE  
OF AUTHORIZED PERSON**

# DECLARATION OF TRANSFER

**DECLARATION OF  
TRANSFER OF BEARER SHARES OF  
(insert CORPORATION NAME)  
UNDER SECTION 80 OF THE  
BUSINESS CORPORATIONS ACT**

I, *(insert name of authorized person)*, *(insert title of authorized person)* of *(insert name of company)* (the "Company"), hereby certify and confirm the following bearer shares have been transferred:

<b>BEARER SHARE CERTIFICATE NUMBER(S):</b>	
<b>BEARER SHARE TRANSFEREE:</b>	
<i>Name</i>	
<i>Address</i>	
<i>Nationality</i>	
<i>Date of Birth (mm/dd/yyyy)</i>	
<i>Total Number of Shares Issued to Transferee</i>	
<i>Class of Shares (if applicable)</i>	
<i>Date Shares Issued to Transferee</i>	
<b>BEARER SHARE BENEFICIAL OWNER(S) (if different from Holder):</b>	
<i>Name</i>	
<i>Address</i>	
<i>Nationality</i>	
<i>Date of Birth (mm/dd/yyyy)</i>	

*[Copy and paste the above table for each additional bearer share, or block of bearer shares transferred to the same transferee and beneficial owner, to be recorded]*

IN WITNESS WHEREOF, the undersigned has executed this Declaration on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
**PRINT NAME & TITLE  
OF AUTHORIZED PERSON**

# BCA, § 80(3), RECORDS OF SHAREHOLDERS AND BENEFICIAL OWNERS

- **NEW** – “Upon demand of the registered agent for non-resident domestic entities in connection with the performance of its audit functions or pursuant to a valid governmental request made to the registered agent for non-resident domestic entities, every non-resident domestic corporation shall produce all records of shareholders and beneficial owners required to be maintained...”
- Limited scope of registered agent’s ability to demand production of shareholder and beneficial owner records only:
  - in connection with audit function; or
  - pursuant to a valid governmental request.



# BCA, § 83, LIST OF DIRECTORS AND OFFICERS

- **NEW** – Upon demand of the registered agent in connection with its audit functions or a valid governmental request, corporations must:
  - Produce a current list of its directors and executive officers and their business or residence addresses within 60 days
  - Penalties for failing to satisfy requirements include fines up to \$50,000 and/or dissolution of the corporation



# EU GDPR



**International Registries, Inc.**

*in affiliation with the Marshall Islands Maritime & Corporate Administrators*

**The Marshall Islands Corporate Registry**

*experience you can trust...quality service you expect*



# EU GDPR

- Privacy Policy being updated and will be available on the website.
- Updating standardized forms/applications to include explicit consent.
- Conducting internal training on privacy laws.
- Revising and updating Standard Operating Procedures for safe handling of personal data.
- Reviewing and revising data retention policies.
- Appointing Data Protection Officers in Europe.
- Conducting data impact assessments worldwide.



# EU LIST OF NON-COOPERATIVE JURISDICTIONS



International Registries, Inc.

*in affiliation with the Marshall Islands Maritime & Corporate Administrators*

The Marshall Islands Corporate Registry

*experience you can trust...quality service you expect*





# EU LIST OF NON-COOPERATIVE JURISDICTIONS

- On 5 December 2017, Finance Ministers of EU Member States listed 17 countries on its EU list of non-cooperative jurisdictions for tax purposes
  - American Samoa, Bahrain, Barbados, Grenada, Guam, South Korea, Macau, Marshall Islands, Mongolia, Namibia, Palau, Panama, Saint Lucia, Samoa, Trinidad and Tobago, Tunisia, United Arab Emirates
- On 23 January 2018, eight (8) countries were removed
  - Barbados, Grenada, South Korea, Macau, Mongolia, Panama, Tunisia, and the United Arab Emirates
- **The RMI has received written confirmation from the EU Code of Conduct Secretariat that the RMI will be removed from the EU blacklist on 13 March 2018**



# THANK YOU



[www.register-iri.com](http://www.register-iri.com)