
A BILL FOR AN ACT

To further amend title 36 of the Code of the Federated States of Micronesia, as amended, by inserting a new section 106A to require certain profit corporations to file their audited financial statement with the Office of the Registrar of Corporation, and for other purposes.

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

1 Section 1. Title 36 of the Code of the Federated States of
2 Micronesia, as amended, is hereby further amended by inserting a
3 new section 106A, to read as follows:

4 "Section 106A. Audited financial statement.

5 (1) This section applies only to a profit corporation
6 in the Federated States of Micronesia with
7 capitalization of at least \$500,000 or total assets of
8 at least \$1,000,000. A profit corporation shall file
9 with the Office of the Registrar of Corporation an
10 audited financial statement of the full calendar year
11 immediately following the effective date of this act, or
12 immediately following the 3-year period if subsection
13 (4) is applicable. The audited financial statement must
14 be prepared and signed by a certified public accountant.

15 (2) This section does not apply to the following:

16 (a) bank as defined under title 29.

17 (b) person licensed or registered to engage in
18 insurance business under title 37.

19 any State of the FSM or the National Government once such
20 government has made a contribution of funds to the S

1 Account;

2 (c) major corporation as defined under title 54.

3 (3) "Total asset" means the gross asset of a
4 corporation.

5 (4) A profit corporation created after the effective
6 date of this act is exempt from filing an audited
7 financial statement for the first 3 calendar years.
8 Thereafter, filing of audited financial statement shall
9 be made in accordance with subsection (5).

10 (5) Within 6 months following the close of each
11 calendar year, a profit corporation referred to in
12 subsection (1) shall file its audited financial
13 statement with the Office of the Registrar of
14 Corporation.

15 (6) It is the duty of corporate management to furnish
16 shareholders with the audited financial statement within
17 90 days from the period provided in subsection (5).

18 (7) Failure of a corporation to comply with this
19 section shall result in a penalty of \$1,000. If a
20 violation of this section occurs more than twice, the
21 penalty shall include suspension or revocation of
22 charter."

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