



INTRODUCTION

WELCOME TO THIS OCTOBER EDITION OF THE LIBERIAN CORPORATE REGISTRY'S QUARTERLY NEWSLETTER.

WE ENCOURAGE YOU TO CONTACT US WITH ANY OF YOUR CORPORATE REQUESTS AND QUESTIONS.

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THE LIBERIAN CORPORATE REGISTRY

FEATURE ARTICLE

SHARES REGISTERED, BEARER, UNCERTIFICATED

We have been hearing so much about bearer shares recently that we decided to address this topic of interest in our current issue.

It is a common complaint nowadays that banks are requiring corporations which have the authority to issue bearer and/or registered shares, to amend their Articles of Incorporation to delete all references to 'bearer' and to replace the text with 'registered only'. Moreover, some banks have even required an additional clause in the amendment to the Articles affirming that the corporation may not revert back to bearer shares.

We all know the source of this recent problem, and the banks rely on the guise of "Know Your Client", "Transparency", "Due Diligence", and various other terms which indicates that the banks are now being ever vigilant about knowing the person behind the corporations for various reasons. The most commonly cited reasons include anti-money laundering, anti-terror financing, anti-tax evasion and the US Government's Foreign Account Tax Compliance Act (FATCA) legislation. The Organisation for Economic Co-operation and Development (OECD) has gone so far as to implement and advocate for the automatic exchange of ownership and accounting information between all of its members in order to achieve the same goal. This is in addition to the growing network of countries that have entered into Tax Information Exchange Agreements (TIEAs) in order to gain access to the ownership information which is requested and collected by the banks.

The Business Corporations Act (BCA), also known as the Associations Law, makes provision for corporations to issue bearer shares and/or registered shares. While there is no mandatory requirement to file the information regarding Directors, Officers and Shareholders, there is provision for the voluntary filing of such information. Once information is voluntarily filed with the Registrar, such information will be available to third parties, upon request, through the issuance of certified copies.

If, however, a corporation records such information with the exclusive registered agent, The LISCR Trust Company, such information will remain confidential and will only be made available upon the corporation's request.

There is no mandatory requirement to issue certificated shares for either bearer or registered shares. The Liberian Associations Law contains a provision which allows for uncertificated shares. Pursuant to Section 5.8.5, (<http://bit.ly/1tFpFj4>) the Board of Directors may designate shares, classes of shares, some of the shares or all of the shares to be uncertificated, which means that they are not represented by a share instrument. In practical terms, this means that the transfer of such uncertificated shares will be recorded and maintained in the books of the corporation.

Uncertificated shares carry the same legal rights and privileges as those shares that are documented and evidenced by a share certificate. The owner of the uncertificated shares can trade them at will, as well as purchase the same. Proof of ownership of the

uncertificated shares can always be obtained and accessed by requesting the documentation from the corporation or custodian of the register of uncertificated shares. In investment circles, an uncertificated share is known as a “book share” which indicates that the records of the corporation or of the broker who has custody of the shares can validly establish ownership. In such a case, whether the investment is evidenced by a certificate or by a book entry in the financial records, the book share will trade with the same level of ease.

There is no prescribed format for the record keeping of uncertificated shares. The Board of Directors, acting on behalf of the corporation, will elect the record keeping procedure, and how the transfer of these shares are to be registered upon the books maintained for that purpose. The attraction of this type of book entry or line item in the financial records of the corporation, will make for easy and certain accessibility of ownership information for the banks and other regulatory bodies., as they will be able to rely on the proper record keeping of the corporation, without recourse to the actual holders of the certificates.

Moreover, the corporation also receives a direct benefit from using this method: convenience. There is less paperwork to maintain. Uncertificated shares cannot be lost, misplaced or stolen. It may also help facilitate the proper record-keeping for corporations authorized to issue multiple classes of shares.

To learn more about the use and efficacy of uncertificated shares, please contact your legal adviser.

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“We provide registry services and as such we are not authorized to practice law or render legal opinions. The information contained in this article is for information purposes only and do not constitute legal advice.”

LIBERIA ACCORDED SPRFMO STATUS

Liberia was recently accepted as a co-operating non-contracting party of the South Pacific Regional Fisheries Management Organisation (SPRFMO), and later this year will similarly apply for membership of the Western and Central Pacific Fisheries Commission (WCPFC) and the North-East Atlantic Fisheries Commission (NEAFC).

Combatting illegal, unreported and unregulated (IUU) fishing at national, regional and international levels is important to Liberia, which aims to be proactive and to ensure responsible management of its international fleet of vessels involved in the fishery trades. In April, the registry began issuing licences for reefer and other fisheries support vessels engaged in transshipment activities in the South Pacific region.

Under this programme, before registering reefer vessels, Liberia will check that the vessel has no history of IUU activities. It will require VMS on all ships in order to monitor and enforce international regulations, and will inspect vessels through its global network of maritime inspectors and auditors. It will also collect and submit vessel transshipment data to fisheries organisations.

Additional details have been published in the following Marine Notice: [Flag State authorization to engage in transshipment activities in the South Pacific Regional Fisheries Management Organization \(“SPRFMO”\) convention area. \(http://bit.ly/1sHnfgf\)](http://bit.ly/1sHnfgf)

OUTBREAK OF EBOLA

The Liberian Administration has taken every precaution to ensure that an outbreak of the Ebola virus in certain West African countries, including Liberia, does not affect in any way the operations of the Liberian Registry, which are managed from the United States.

The LISCER Trust Company's Monrovia office is operating as normal. The Trust Company continues to receive service of process and legal notices. We are committed to maintain stellar client services.

