

1 AN ACT  
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3 to amend Title 52 of the Republic of the Marshall Islands Revised Code to allow for a  
4 corporation's bylaws to establish the number of shares which shall constitute a quorum at  
5 a meeting of shareholders and to develop the current accounting records requirement in  
6 the Business Corporations Act, Revised Partnership Act, Limited Partnership Act, and  
7 Limited Liability Company Act, in order to ensure that all business entities maintain  
8 accounting records is to a level of detail consistent with the international standard.  
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11 BE IT ENACTED BY THE NITIJELA OF THE REPUBLIC OF THE MARSHALL ISLANDS:  
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14 Section 1. Short Title

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16 This Bill may be cited as the Associations Law (Consequential Amendment) Act, 2015.  
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18 Section 2. Amendments to the Business Corporations Act  
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21 (1) Section 70 of the Marshall Islands Business Corporations Act is hereby amended to read  
22 as follows:

23 **§70. Quorum of shareholders.**

24 (1) *Number constituting quorum.* Unless otherwise provided in the articles of incorporation or  
25 bylaws, a majority of shares entitled to vote, represented in person or by proxy, shall constitute a  
26 quorum at a meeting of shareholders, but in no event shall a quorum consist of fewer than one-  
27 third of the shares entitled to vote at a meeting.

28 (2) Withdrawal of shareholders after quorum present. When a quorum is once present to organize  
29 a meeting, it is not broken by the subsequent withdrawal of any shareholders.

1 (3) Adjournment by less than quorum. The shareholders present may adjourn the meeting despite  
2 the absence of a quorum.

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4 (2) Section 80 of the Marshall Islands Business Corporations Act is hereby amended to read  
5 as follows:

6 **§ 80. Requirement for keeping accounting records, minutes, and records of shareholders.**

7 (1) Accounting records. Every domestic corporation shall keep reliable and complete  
8 accounting records, to include correct and complete books and records of account. Accounting  
9 records must be sufficient or correctly explain all transactions, enable the financial position of  
10 the corporation to be determined with reasonable accuracy at any time, and allow financial  
11 statements to be prepared. Additionally, every domestic corporation shall keep underlying  
12 documentation for account records maintained pursuant to this subsection, such as, but not  
13 limited, invoices and contracts, which shall reflect all sums of money received and expended and  
14 the matters in respect of which the receipt and expenditure takes place; all sales purchases, and  
15 other transactions; and the assets and liabilities of the corporation. A resident domestic  
16 corporation shall keep all accounting records and underlying documentations as described in this  
17 subsection in the Republic.

18 (2) *Minutes*. Every domestic corporation shall keep minutes of all meetings of shareholders, of  
19 actions taken on consent by shareholders, of all meetings of the board of directors, of actions  
20 taken on consent by directors and of meetings of the executive committee, if any. A resident  
21 domestic corporation shall keep such minutes in the Republic.

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1 (3) *Records of shareholders.* Every domestic corporation shall keep an up-to-date record  
2 containing the names and addresses of all registered shareholders, the number and class of shares  
3 held by each and the dates when they respectively became the owners of record thereof. In  
4 addition, any such corporation which issues bearer shares subject to the provisions of section 42  
5 of this Act shall maintain a record of all certificates issued in bearer form, including the number,  
6 class, and dates of issuance of such certificates. A resident domestic corporation shall keep the  
7 records required to be maintained by this subsection in the Republic.

8 (4) *Form of records.* Any records maintained by a corporation in the regular course of its  
9 business, including its stock ledger, books of account, and minute books, may be kept on, or be  
10 in the form of, punch cards, magnetic tape, photographs, microphotographs, or any other  
11 information storage device, provided that the records so kept can be converted into clearly  
12 legible written form within a reasonable time. Any corporation shall so convert any records so  
13 kept upon the request of any person entitled to inspect the same. When records are kept in such  
14 manner, a clearly legible written form produced from the cards, tapes, photographs,  
15 microphotographs, or other information storage device shall be admissible in evidence, and  
16 accepted for all other purposes, to the same extent as an original written record of the same  
17 information would have been, provided the written form accurately portrays the record.

18 (5) *Retention period.* All records required to be kept, retained, or maintained under this  
19 section shall be kept, retained, or maintained for a minimum of five (5) years.

20 (6) *Failure to maintain records.* Any person who knowingly or recklessly fails to keep,  
21 retain, or maintain records as required under this section shall be liable to a fine not exceeding  
22 \$5,000, revocation of the corporation's articles of incorporation and dissolution, or both.

1 Section 3.     **Amendment to the Revised Partnership Act**

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3 **(1)**     Section 37 of the Marshall Islands Revised Partnership Act is hereby amended to read as  
4 follows:

5 **§ 37. Requirement for keeping accounting records, minutes, and records of partners;**  
6 **partner's rights and duties with respect to information.**

7 **(1)**     *Requirement for keeping accounting records, minutes, and records of partners*

8         **(a)**     *Accounting records.* Every domestic partnership shall keep reliable and complete  
9                 accounting records to include correct and complete books and records of account.  
10                Accounting records must be sufficient to correctly explain all transactions, enable  
11                the financial position of the partnership to be determined with reasonable  
12                accuracy at any time, and allow financial statements to be prepared. Additionally,  
13                every domestic partnership shall keep underlying documentation for accountings  
14                records maintained pursuant to this subsection, such as, but not limited to,  
15                invoices and contracts, which shall reflect all sums of money received and  
16                expended and the matters in respect of which the receipt and expenditure takes  
17                place; all sales, purchases, and other transaction; and the assets and liabilities of  
18                the partnership. A resident domestic partnership shall keep all accounting records  
19                and underlying documentation as described in this subsection in the Republic.

20         **(b)**     *Minutes.* Every domestic partnership shall keep minutes of all meetings of  
21                partners and of actions taken on consent by partners. A resident domestic  
22                partnership shall keep such minutes in the Republic.

1 (c) *Records of partners.* Every domestic partnership shall keep an up-to-date record  
2 containing the names and addresses of all partners. A resident domestic  
3 partnership shall keep the records required to be maintained by this subsection in  
4 the Republic.

5 (d) *Form of records.* Any records maintained by a domestic partnership in the  
6 regular course of its business, including its record of partners, books of account,  
7 and minute books, may be kept on, or be in the form of, punch cards, magnetic  
8 tape, photographs, microphotographs, or any other information storage device,  
9 provided that the records so kept can be converted into clearly legible written  
10 form within a reasonable time. Any domestic partnership shall convert any  
11 records so kept upon the request of any person entitled to inspect such records.  
12 When records are kept in such manner, a clearly legible written form produced  
13 from the cards, tapes, photographs, microphotographs, or other information  
14 storage device shall be admissible in evidence, and accepted for all other  
15 purposes, to the same extent as an original written record of the same information  
16 would have been, provided the written form accurately portrays the record.

17 (e) *Retention period.* All records required to be kept, retained, or maintained under  
18 this section shall be kept, retained, or maintained for a minimum of five (5) years.

19 (f) *Failure to maintain records.* Any person who knowingly or recklessly fails to  
20 keep, retain, and maintain records as required under this section shall be liable to  
21 a fine not exceeding \$5,000, cancellation of the certificate of partnership, or both.

22 (2) *Partner's rights and duties with respect to information.*

- 1 (a) Each partner and the partnership shall provide partners, former partners and the  
2 legal representative of a deceased partner or partner under a legal disability and  
3 their agents and attorneys, access to the books and records of the partnership and  
4 other information concerning the partnership's business and affairs (in the case of  
5 former partners, only with respect to the period during which they were partners)  
6 upon reasonable demand, for any purpose reasonably related to the partner's  
7 interest as a partner in the partnership. The right of access shall include access to:
- 8 (i) true and full information regarding the status of the business and financial  
9 condition of the partnership;
  - 10 (ii) promptly after becoming available, a copy of the partnership's financial  
11 statements or tax filings, if applicable, for each year;
  - 12 (iii) a current list of the name and last known business, residence or mailing  
13 address of each partner;
  - 14 (iv) a copy of any certificate and written partnership agreement and all  
15 amendments thereto, together with executed copies of any written powers  
16 of attorney pursuant to which the certificate or the partnership agreement  
17 and any amendments thereto have been executed;
  - 18 (v) true and full information regarding the amount of cash and a description  
19 and statement of the agreed value of any other property or services  
20 contributed by each partner and which each partner has agreed to  
21 contribute in the future, and the date on which each partner became a  
22 partner; and

1           (vi) other information regarding the affairs of the partnership as is just and  
2           reasonable. The right of access includes the right to examine and make  
3           extracts from books and records and other information concerning the  
4           partnership's business and affairs. The partnership agreement may provide  
5           for, and in the absence of such provision in the partnership agreement, the  
6           partnership or the partner from whom access is sought may impose,  
7           reasonable standards (including standards governing what information and  
8           documents are to be furnished at what time and location and at whose  
9           expense) with respect to exercise of the right of access.

10          (b) A partnership agreement may provide that the partnership shall have the right to  
11          keep confidential from partners for such period of time as the partnership deems  
12          reasonable, any information which the partnership reasonably believes to be in the  
13          nature of trade secrets or other information the disclosure of which the partnership  
14          in good faith believes is not in the best interest of the partnership or could damage  
15          the partnership or its business or affairs or which the partnership is required by  
16          law or by agreement with a third party to keep confidential.

17          (c) A partnership and its partners may maintain the books and records and other  
18          information concerning the partnership in other than a written form if such form is  
19          capable of conversion into written form within a reasonable time.

20          (d) Any demand by a partner under this section shall be in writing and shall state the  
21          purpose of such demand.

1 (e) Any action to enforce any right arising under this section may be brought in the  
2 High Court. If the partnership or a partner refuses to permit access as described in  
3 subsection (2)(a) of this section or does not reply to a demand that has been made  
4 within five (5) business days after the demand has been made, the demanding  
5 partner, former partner, or legal representative of a deceased partner or partner  
6 under a legal disability may apply to the High Court for an order to compel such  
7 disclosure. The High Court is hereby vested with jurisdiction to determine  
8 whether or not the person making the demand is entitled to the books and records  
9 or other information concerning the partnership's business and affairs sought. The  
10 High Court may summarily order the partnership or partner to permit the  
11 demanding partner, former partner or legal representative of a deceased partner or  
12 partner under a legal disability and their agents and attorneys to provide access to  
13 the information described in subsection (2)(a) of this section and to make copies  
14 or extracts therefrom; or the High Court may summarily order the partnership or  
15 partner to furnish to the demanding partner, former partner or legal representative  
16 of a deceased partner or partner under a legal disability and their agents and  
17 attorneys the information described in subsection (2)(a) of this section on the  
18 condition that the partner, former partner or legal representative of a deceased  
19 partner or partner under a legal disability first pay to the partnership or to the  
20 partner from whom access is sought the reasonable cost of obtaining and  
21 furnishing such information and on such other conditions as the High Court  
22 deems appropriate. When a demanding partner, former partner or legal

1 representative of a deceased partner or partner under a legal disability seeks to  
2 obtain access to information described in subsection (2)(a) of this section, the  
3 demanding partner, former partner or legal representative of a deceased partner or  
4 partner under a legal disability shall first establish (a) that the demanding partner,  
5 former partner or legal representative of a deceased partner or partner under a  
6 legal disability has complied with the provisions of this section respecting the  
7 form and manner of making demand for obtaining access to such information and  
8 (b) that the information the demanding partner, former partner or legal  
9 representative of a deceased partner or partner under a legal disability seeks is  
10 reasonably related to the partner's interest as a partner in the partnership. The  
11 High Court may, in its discretion, prescribe any limitations or conditions with  
12 reference to the access to information, or award such other or further relief as the  
13 High Court may deem just and proper.

14 (f) The rights of a partner to obtain information as provided in this section may be  
15 restricted in an original partnership agreement or in any subsequent amendment  
16 approved or adopted by all of the partners and in compliance with any applicable  
17 requirements of the partnership agreement.

18 Section 4. **Amendment to the Limited Partnership Act**

19  
20 (1) Section 32 of the Marshall Islands Limited Partnership Act is hereby amended to read as  
21 follows:

1 **§ 32. Requirement for keeping accounting records, minutes, and records of partners;**  
2 **access to and confidentiality of information.**

3 (1) *Requirement for keeping accounting records, minutes, and records of partners.*

4 (a) *Accounting Records.* Every domestic limited partnership shall keep reliable and  
5 complete accounting records, to include correct and complete books and records  
6 of account. Accounting records must be sufficient to correctly explain all  
7 transactions, enable the financial position of the limited partnership to be  
8 determined with reasonable accuracy at any time, and allow financial statements  
9 to be prepared. Additionally, every domestic limited partnership shall keep  
10 underlying documentation for accounting records maintained pursuant to this  
11 subsection, such as, but not limited to, invoices and contracts, which shall reflect  
12 all sums of money received and expended and the matters in respect of which the  
13 receipt and expenditure takes place; all sales, purchases, and other transactions;  
14 and the assets and liabilities of the limited partnership. A resident domestic  
15 limited partnership shall keep all accounting records and underlying,  
16 documentation as described in this subsection in the Republic.

17 (b) *Minutes.* Every domestic limited partnership shall keep minutes of all meetings of  
18 partners and of actions taken on consent by partners. A resident domestic limited  
19 partnership shall keep such minutes in the Republic.

20 (c) *Records of partners.* Every domestic limited partnership shall keep an up-to-date  
21 record containing the names and addresses of all partners. A resident domestic

1 limited partnership shall keep the records required to be maintained by this  
2 subsection in the Republic.

3 (d) *Form of records.* Any records maintained by a limited partnership in the regular  
4 course of its business, including its record of partners, books of account, and  
5 minute books, may be kept on, or be in the form of, punch cards, magnetic tape,  
6 photographs, microphotographs, or any other information storage device,  
7 provided that the records so kept can be converted into clearly legible written  
8 form within a reasonable time. Any limited partnership shall so convert any  
9 records so kept upon the request of any person entitled to inspect such records.  
10 When records are kept in such manner, a clearly legible written form produced  
11 from the cards, tapes, photographs, microphotographs, or other information  
12 storage device shall be admissible in evidence, and accepted for all other  
13 purposes, to the same extent as an original written record of the same information  
14 would have been, provided the written form accurately portrays the record.

15 (e) *Retention period.* All records required to be kept, retained, or maintained under  
16 this section shall be kept, retained, or maintained for a minimum of five (5) years.

17 (f) *Failure to maintain records.* Any person who knowingly or recklessly fails to  
18 keep, retain, and maintain records as required under this section shall be liable to  
19 a fine not exceeding \$5,000, cancellation of the certificate of limited partnership,  
20 or both.

21 (2) *Access to and confidentiality of information.*