

## LIBERIAN BEARER SHARES DEADLINE APPROACHING

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We write to raise awareness of an urgent deadline in 2019 for Liberian corporations that have issued or are authorized to issue bearer shares and the holders or beneficial owners of such shares. Failure to meet this deadline may result in severe penalties.

**"Failure to comply in a timely manner with the... requirements will result in the offending corporation's articles of incorporation being deemed to be automatically amended to authorize only the the issuance of registered shares"**

Effective April 23, 2018, Part I of the Liberian Associations Law (also known as the Business Corporation Act, or the "BCA") was amended to require the immobilization or elimination of bearer shares for Liberian corporations. The amendment to the BCA was prompted by standards imposed by the Organization for Economic Co-operation and Development (i.e., the "OECD") and the Financial Action Task Force on Money Laundering to increase global tax transparency. The amendments impose a blanket prohibition on the authorization or issuance of bearer shares for Liberian corporations that were incorporated after May 31, 2018.

Furthermore, each Liberian corporation that was incorporated on or prior to May 31, 2018 and is authorized to issue bearer shares (whether or not they have actually been issued) must, by the 2019 anniversary of its incorporation, do one of the following:

(a) amend its articles of incorporation to authorize registered shares only;

(b) have any issued bearer shares converted to registered form; or

(c) have the issued bearer share certificate(s) deposited with an approved custodian.

Failure to comply in a timely manner with the above requirements will result in the offending corporation's articles of incorporation being deemed to be automatically amended to authorize only the issuance of registered shares. Any issued and outstanding bearer shares which are not deposited with an approved custodian shall be automatically converted to registered form and shall be "disabled".

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Disabled shares no longer have the rights that would otherwise come with such shares, and their holder cannot vote such shares, receive dividends, receive consideration in a merger, or receive distributions of the corporation's assets in a dissolution or wind up. Disabled shares may not be transferred or reacquired by the corporation. The only right held by the holder of a disabled bearer share certificate is the right to exchange the bearer share certificate for registered shares.

Should a corporation incorporated prior to May 31, 2018 wish to retain in its articles of incorporation the right to issue bearer shares (whether or not bearer shares are actually issued), the corporation must file an affidavit with the Liberian corporate registrar (i) within 30 days of the anniversary of its incorporation in 2019 and (ii) prior to each anniversary thereafter. The affidavit shall set forth the number of the corporation's shares that are issued and outstanding in bearer form, the number of certificates deposited with a custodian, and the name of such custodian. If there are no bearer shares issued and outstanding, the yearly affidavit must state so.

The penalties for noncompliance include a fine between \$3,000 and \$5,000, the revocation or the cancellation of the corporation's articles of incorporation, certificate to do business or dissolution, or any combination of those penalties.

## KEY CONTACTS

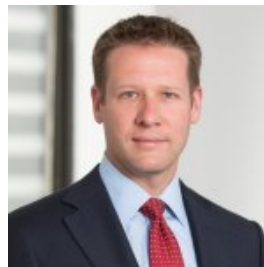


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