



LIBERIAN CORPORATE REGISTRY

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NEW BEARER SHARE POLICY AND CUSTODIAL REQUIREMENTS FOR LIBERIAN NON-RESIDENT CORPORATIONS: FAQs

Why is the law changing?	Following the general movement to increase corporate transparency, Liberia is implementing certain recommendations of the OECD Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) and FATF.
When will the changes apply?	New corporations incorporated after May 31, 2018 will be authorized to issue registered shares only. Their Articles of Incorporation will state the authorized capital as “registered shares” with or without par value.
What happens to the existing corporations authorized to issue bearer shares?	Corporations incorporated on or before May 31, 2018, are allowed to maintain bearer shares only if the issued and outstanding bearer share certificates are placed in the custody of an authorized custodian.
When should the corporation decide to convert to registered shares or to place bearer shares in custody?	The corporation must act by the first anniversary of the date of incorporation subsequent to December 31, 2018; that is, by its anniversary date in 2019.
Should the corporation do nothing and just wait when its articles of incorporation are changed automatically?	No. The corporation should act by choosing one of the options provided by the law. If the corporation does not act by the date specified in the law, its articles of incorporation will be automatically amended to registered shares only, bearer shares will be automatically disabled and the corporation will be subject to penalties.
What placing bearer shares in custody actually means?	Share certificates issued to “Bearer” shall be placed in safe keeping of a custodian approved by the Registrar under the terms and conditions of a custodial agreement.

<p>Will Registered Shares be subject to the Custodial requirements?</p>	<p>No. Corporations whose authorized capital stated in the Articles of Incorporation does not include bearer shares are not required to do anything.</p>
<p>What if the corporation is authorized to issue bearer shares, but no such shares have been issued?</p>	<p>The corporation needs to inform the Registrar that no bearer shares were issued in an Affidavit. If such Affidavit is not filed, the corporation shall be subject to penalties.</p>
<p>Who is the Custodian of bearer share certificates?</p>	<p>Currently there is only one authorized custodian, The LISCR Trust Company. It is possible for other entities to become Custodians of bearer shares of Liberian non-resident corporations, if the qualified applicants will be approved by the Registrar.</p>
<p>Who can be an approved Custodian?</p>	<p>An established institution located and operating outside Liberia, regulated in another jurisdiction that is a member of the Financial Action Task Force (FATF), and licensed to provide trust or other professional services by the jurisdiction of its operation.</p> <p>Such institution must prove that it is aware and compliant with any regulatory, statutory and/or common law duties and obligations arising under the jurisdiction in which it is based and in which the owners of the bearer share certificates of the Liberian corporations placed in its custody are located; and satisfy other requirements posed by the Registrar.</p> <p>Once approved, the Custodian will be contractually bound to comply with Title 5 of the Associations Law, Liberian Codes of Laws Revised, as amended, and required to provide full details of the ownership of bearer shares upon request from the Registrar in relation to a compliant tax information request or a court order. Violation of this provision shall entail legal and financial consequences.</p>