



**AN ACT TO AMEND PROVISIONS OF THE BUSINESS CORPORATION ACT,  
CHAPTER 1, ASSOCIATIONS LAW OF LIBERIA, TITLE 5, LIBERIAN CODE OF LAWS  
RELATING TO BEARER SHARES AND TO CREATE A NEW SECTION 5.15 RELATING  
TO THE CUSTODIALIZATION OF BEARER SHARES**

**Authorized by:**

**THE HONORABLE HOUSE OF REPRESENTATIVES  
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AN ACT TO AMEND PROVISIONS OF THE BUSINESS CORPORATION ACT,  
CHAPTER 1, ASSOCIATIONS LAW OF LIBERIA, TITLE 5, LIBERIAN CODE OF LAWS  
RELATING TO BEARER SHARES AND TO CREATE A NEW SECTION 5.15 RELATING  
TO THE CUSTODIALIZATION OF BEARER SHARES.

**WHEREAS**, the Business Corporation Act (the “BCA”), Part I, Title 5, Liberian Code of Laws Revised, as amended, authorizes the issuance of bearer shares by Liberian business and corporate entities but does not impose any mandatory requirement for those entities to file information regarding directors, officers or shareholders of said entities;

**WHEREAS**, the lack of a legal requirement for such entities to file information regarding directors, officers and shareholders and their financial transactions present risks for tax evasion, illicit flow of capital, money laundering and terrorist financing and like;

**WHEREAS**, the issuance of bearer shares exposes Liberia, with impact on other governments of developing and developed countries, to prospects of deprivation of resources that would otherwise be available to support sustainable development through investments in infrastructure, health and other common goods;

**WHEREAS**, the Government of Liberia recognizes the new international requirements and standards for maintaining beneficial ownership information for domestic and foreign entities, and its obligation and commitment to ensure adherence thereto and compliance with those new international requirements and standards and the implementation thereof;

**WHEREAS**, there is need to give immediate effect to regulating the ownership and use of bearer shares and the maintenance of ownership and other associated information by business and corporate entities formed under the laws of Liberia.

*Now, Therefore, It Is Hereby Enacted by the Senate and House of Representatives of the Republic of Liberia, in Legislature Assembled:*

Section 1: Amendments to the Business Corporation Act (BCA), Associations Law, Title 5, Liberian Code of Laws Revised, as follows:

That Section 1.2 is hereby amended by adding thereto further definitions of terms used in this Act as follows:

(b) “**Beneficial Owner**” refers to the natural person(s) who ultimately owns or controls a corporation and/or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement.

(c) “**Board**” \*\*\*

(d) “**Corporation**” or “**domestic corporation**” \*\*\*

(e) “**Custodial Agreement**” means an agreement entered into between an owner of bearer shares and a Custodian in regard to the share ownership and containing the information required and specified in Section 5.15.

(f) “**Custodian**” means:

- (i) (a) The Liberian Business Registry for resident domestic corporations;
- (b) The LISCR Trust Company or any domestic bank or other trust company with a paid in capital of not less than US\$50,000, which (1) is authorized by the legislature of the Republic to act under this Section 5.15 as a custodian of certificates evidencing bearer shares issued by a Liberian corporation, and (2) has obtained a license from the Minister of Foreign Affairs, for non-resident domestic corporations.
- (ii) an institution licensed to provide trust services by the jurisdiction of its operation, approved by the Registrar and contractually bound to comply with requirements of Section 5.15.

(g) “**Erroneously revoked**” \*\*\*

(h) “**Foreign corporation**” \*\*\*

(i) “**Hybrid corporation**” \*\*\*

(j) “**Insolvent**” \*\*\*

(k) “**In writing**” and “**written**” \*\*\*

(l) “**Legal Ownership**” means the natural or legal persons who, according to the respective jurisdiction’s legal provision, own the legal person.

(m) “**Minister of Foreign Affairs**” \*\*\*

(n) “**Non-resident domestic corporation**” \*\*\*

(o) “**Re-domiciled**” \*\*\*

(p) “**Registrar**” \*\*\*

(q) “**Resident domestic corporation**” \*\*\*

(r) “**Signature**” and “**signed**” \*\*\*

(s) “**Treasury shares**” \*\*\*

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That Section 4.4., Subsection (g) is hereby amended to read:

(g) The number of shares to be issued as registered shares and as bearer shares in the case of a corporation formed prior to May 31, 2018, unless otherwise provided, registered shares may be exchanged for bearer shares and bearer shares for registered shares. Any corporation incorporated after May 31, 2018, shall be authorized to issue shares in registered form only.

That Section 5.1 is further amended by adding thereto new Subsections (6) and (7) which read as follows:

6. Every corporation incorporated on or before May 31, 2018, having authority in its articles of incorporation to issue shares in bearer form must, at all times on and after the first anniversary of the date of its incorporation subsequent to December 31, 2018 (the “Conversion Date”), and even if it has no shares in bearer form outstanding at that time, either:
  - (a) cause its articles of incorporation to be amended to authorize registered shares only; or

- (b) cause each holder of its shares in bearer form to either (i) convert such shares to registered form; or (ii) deposit the certificate for each such share with a Custodian pursuant to a custodial agreement entered into between such holder and the relevant Custodian in accordance with Section 5.15.

If no shares in bearer form have yet been issued, but a corporation prefers to retain the authority to issue shares in bearer form, the corporation shall make submissions to the Registrar annually in accordance with Section 8.7.1. If a corporation issues shares in bearer form after the Conversion Date, the bearer thereof shall deposit the share certificate with a Custodian in accordance with Sections 5.1.6(b)(ii) and 5.15, or convert such shares to registered form.

- 7. If any corporation fails to comply with the provisions of Section 5.1.6, then with effect on the Conversion Date:
  - (a) its articles of incorporation shall be deemed automatically amended without the necessity of filing any instrument of amendment, to authorize shares in registered form only and that any shares then outstanding in bearer form are converted to registered form; and
  - (b) each of its issued and outstanding shares in bearer form shall be disabled. For purposes of this Section 5.1.7, “disabled” means that the relevant shares remain outstanding without any change in stated capital, but do not carry any of the rights that would ordinarily attach to such shares, and any holder of a bearer certificate representing any relevant shares shall not have any right to vote such shares, to receive any dividends or any distribution of the assets of the corporation in the event of a dissolution or winding up of the corporation, or to transfer any interest in such shares (and the corporation may not reacquire any relevant shares), except that the holder of a bearer certificate representing any relevant share shall have the right to exchange the certificate for such share for a certificate in its name representing such share in registered form.

A corporation not in compliance with the provisions of this section shall be liable to a fine of not less than Three Thousand United States Dollars (US\$3,000) but not exceeding Five Thousand United States Dollars (US\$5,000), or subject to revocation or cancellation of the corporation's articles of incorporation, certificate to do business, or dissolution, or any combination of the penalties herein prescribed.

That Section 5.9 is amended by adding thereto Subsection (3) to read as follows:

3. Any share disabled in accordance with Section 5.1.7(b) shall not be entitled to receive any dividend or distribution declared prior to or during the time such shares are disabled; provided that any dividend or distribution to which any share would have been entitled but for such share being disabled in accordance with Section 5.1.7(b) may be paid to the holder of such share once such share is no longer disabled.

That Section 5.12, Subsection (4) is amended as follows:

4. *Reduction of stated capital on reacquisition of shares.* When reacquired shares other than converted shares are cancelled, the stated capital of the corporation shall be reduced by the amount of stated capital then represented by the shares so cancelled. The amount by which stated capital has been reduced by cancellation of reacquired shares during a stated period of time shall be disclosed in the next financial statement covering such period that is furnished by the corporation to all its shareholders, or, if practicable, in the first notice of dividend or share distribution that is furnished to the holders of each class or series of its shares between the end of the period and the next such financial statement, and in any event to all its shareholders within six months of the date of the reduction of capital. Shares effected by this provision do not include bearer shares that are disabled due to noncompliance with the custodial requirements stated in Section 5.1.7(b).

That Section 5.12, Subsection (5) is amended to read as follows:

5. *Cancelled shares; eliminated shares.* Shares cancelled under this section shall be restored to the status of authorized but unissued shares, except that if the articles of incorporation prohibit the reissue of any shares required or permitted to be cancelled under this section, the board shall approve and deliver to the Registrar or the Deputy Registrar articles of

amendment under Section 9.5 (Articles of Amendment) eliminating such shares from the number of authorized shares. Shares affected by this provision do not include bearer shares that are disabled due to noncompliance with the custodial requirements stated in Section 5.1.7(b).

That Chapter 5 of the BCA is amended by adding thereto a new Section 5.15, to read as follows:

**5.15. Custodial Requirements for Bearer Share Certificates.**

1. Purpose of the Section.

This Section 5.15 sets forth the requirements of a Custodial Agreement that will satisfy Section 5.1.6(b)(ii).

2. Any owner of a share issued in bearer form (for purposes of this Section 5.15, an “Owner”), if it elects to deposit the certificate representing such share with a Custodian in accordance with Section 5.1.6(b)(ii), shall enter into a Custodial Agreement with a Custodian and deliver to such Custodian the original certificate representing such bearer share. Such Custodial Agreement shall, at a minimum, specify the following:

- i. the full name and address of the Owner and of the Beneficial Owner.
- ii. the full name and address of at least two legal representatives of the Owner who shall be natural persons;
- iii. an instruction by the Owner that the Custodian shall hold such certificate in accordance with this Section 5.15; and
- iv. any other information, requirements or undertakings as may be required or requested by the Custodian.

3. Each Custodian that enters into such a Custodial Agreement shall inform in writing the corporation that issued any relevant shares in bearer form: (i) the name and contact details of the Custodian; (ii) the identification number of each certificate delivered to the Custodian and the number of shares evidenced by each such certificate; and (iii) the date on which such certificate(s) were delivered to the Custodian.

4. Subject to Section 5.15.5, a Custodian with whom a certificate evidencing a bearer share has been deposited in accordance with this Section 5.15 shall retain the information and documents provided to it under Section 5.15.2, any instruction filed under Section 5.15.10, any notice sent pursuant to Section 5.15.9 and a record of the location of the certificate evidencing the bearer share, in each case for a period of 5 years after the end of the calendar year in which the Custodial Agreement expires or is terminated. The Custodian may hold inside or outside Liberia any or all certificates evidencing bearer shares deposited in accordance with this Section 5.15, and shall ensure that each such certificate remains at all times within its custody and control. The Custodian shall issue a receipt to each Owner confirming the bearer share certificates in custody along with a copy of the Custodial Agreement. The Custodian shall inform the Registrar within 30 days when it receives share certificates to maintain in its custody and confirm that information required to be provided by the owner of a share under section 5.15.2 has been submitted, and if requested by the Registrar in accordance with Section 5.15.8, the relevant Owner thereof.
5. A Custodian may cease acting as Custodian under this Section 5.15 in respect of a certificate evidencing a bearer share, by giving the Owner not less than thirty (30) days' notice of the Custodian's election to cease acting as Custodian in respect of the relevant certificate. A Custodian who ceases to act as a Custodian under this Section 5.15 in respect of a certificate evidencing a bearer share shall maintain copies of all documents relating to such certificate in accordance with Section 5.15.4 for a period of 5 years after the date on which it delivers the relevant certificate to another person in accordance with Section 5.15.6. The Custodian does not need to specify any reason for its election to cease acting as custodian under this Section 5.15.
6. Subject to Section 5.15.7, a Custodian holding a certificate evidencing a bearer share under this Section 5.15 shall not deliver such certificate to any person other than another Custodian. A Custodian may mark a certificate evidencing a bearer share "cancelled," and/or may destroy a certificate issued in bearer form, upon request of the corporation.



7. A person whose approval as a Custodian has been revoked or who has ceased to qualify as a Custodian shall, in respect of each certificate evidencing a bearer share that the Custodian holds under this Section 5.15, as soon as practicable give the Registered Agent of the corporation and the Owner notice that the Custodian has ceased to be a Custodian; and deliver to the Owner such certificate within fourteen (14) days of the Custodian ceasing to be a Custodian, and inform the relevant corporation that it has so delivered the certificate.
8. The Custodian holding a certificate evidencing bearer shares shall, as required under this Section 5.15, deliver to: (i) the corporation that has issued such certificate; and (ii) to any other person, upon the prior written instruction or consent of the Owner, in relation to such share, confirmation that the Owner deposited such certificate with the Custodian and specifying the name and address of the Owner, and that the Owner is exclusively entitled to give instructions to the Custodian with respect to the disposition of that share, or the names of any legal representatives of the Owner specified in its instruction delivered pursuant to Section 5.15.2 and who are entitled to give instructions to the Custodian with respect to the disposition of that share. The Custodian shall provide to the Registrar the information set forth in Section 5.15.3(ii) regarding all shares in bearer form that are in its custody. The Custodian shall provide full details of the ownership of shares issued in bearer form which are in its custody in accordance with Section 5.15.2 only upon request from the Registrar in relation to a compliant tax information request or court order.
9. The Custodian shall adjust its records to change the name and address of the Owner to another person only if the Custodian has received an instruction from the current Owner in a form approved by the Custodian.
10. When instructions are required or permitted to be given by the Owner to a Custodian, or former Custodian, the Custodian or former Custodian shall be entitled to comply with the instructions of any one legal representative of the Owner specified in its instructions delivered pursuant to Section 5.15.2.

11. A Custodian shall have no liability to any person in the performance of the Custodian's duties, and the Custodian and any person acting on its behalf for the administration of the provisions of this Section 5.15, or any regulation promulgated pursuant thereto, or in the performance of any services pursuant to this Section 5.15, their employees, and agents wherever located, shall have full immunity from liability from suit with respect to any act or omission or thing done by any of them in good faith in the exercise or performance, or in the purported exercise or performance of, any power, authority or duty conferred or imposed upon any of them under or in connection with this Section 5.15 or any regulation, or any other law or rule applicable to the performance of any of their said duties; and any such suit brought against any of the foregoing shall be dismissed, without prejudice to the plaintiff to bring an action against the correct party.
12. A Custodian may issue to the Owner, or any other person at the written request of the Owner, in a form approved by the Custodian, a proxy, whether revocable or irrevocable, to vote any bearer share for which the relevant certificate is held by the Custodian under this Section 5.15. If the corporation that issued a certificate evidencing a bearer share deposited in accordance with this Section 5.15 is instructed to forward all notices and other communications respecting such share to a Custodian, unless otherwise set forth in such instruction, such corporation may, for all purposes, treat the person named in any proxy issued by the Custodian in respect of such share as the holder of record of such share until such proxy is revoked and such corporation receives notice of such revocation.
13. If the corporation that issued a certificate evidencing a bearer share deposited in accordance with this Section 5.15 is instructed to forward all notices and other communications to a Custodian, and is notified by the Custodian with specific reference to this Section 5.15 of the name and address of the Owner of such share, unless otherwise instructed by the Custodian, such corporation may, for all purposes, treat the Owner of such share as the holder of record of such share until such corporation is notified by the Custodian either that a different person is the Owner in relation to such share or that the Custodian has ceased to act as the Custodian of such share.

That Section 8.1.3. is further amended to read as follows:

*3. Records of shareholders.* Every domestic corporation and foreign corporation authorized to do business in Liberia shall keep up-to-date records containing the names and addresses of all registered shareholders and beneficial owners, the respective number and class of shares held by each and the dates of ownership thereof. In addition, any such corporation which issues bearer shares subject to the provisions of Section 5.8 of the Associations Law shall maintain a record of all certificates issued in bearer form, including the number, class and dates of issuance of such certificates. A resident domestic corporation shall keep the records required to be maintained by this subsection in the Republic of Liberia.

That Section 8.1.8. is added to read as follows:

All domestic and foreign trusts shall maintain accounting records in the same manner and with similar information that corporations maintain in accordance with Section 8.1.

That Chapter 8 of the BCA is amended by adding thereto a new Section 8.7, to read as follows:

§8.7. Information regarding Shares in Bearer Form.

1. If any corporation has authorization to issue shares in bearer form or has shares issued and outstanding in bearer form on the first anniversary of its date of incorporation subsequent to December 31, 2018, such corporation shall submit to the Registrar, within thirty (30) days of such first anniversary and each anniversary of its date of incorporation thereafter, an affidavit confirming:

(i) the number of its shares issued and outstanding in bearer form on the relevant anniversary, and the number of shares evidenced by certificates deposited with a Custodian pursuant to a Custodial Agreement in accordance with Section 5.1.6. and, in respect of each such certificate, the name of the Custodian; or

(ii) that no shares are issued and outstanding in bearer form.

2. Any corporation that fails to comply with this Section 8.7 shall be liable to a fine not less than Three Thousand United States Dollars (US\$3,000) but not exceeding Five Thousand United

States Dollars (US\$5,000), or be subject to revocation or cancellation of the corporation's articles of incorporation, certificate to do business, or dissolution, or any combination of the penalties herein prescribed.

That Section 11.3 is amended to read as follows:

§11.3. Dissolution on failure to pay annual registration fee or appoint or maintain registered agent.

*1. Procedure for dissolution.* On failure of a corporation to pay the annual registration fee or comply with Section 8.1.1 or 8.7 or to maintain a registered agent for a period of one year or to provide records requested in accordance with Section 8.1.7 after six months has elapsed since the request to provide such records, the Registrar or the Deputy Registrar shall cause a notification to be sent to the corporation through its last recorded registered agent that its articles of incorporation will be revoked unless within ninety (90) days of the date of the notice, payment of the annual registration fee has been received or affidavit provided in accordance with Section 8.7 or a registered agent has been reappointed, as the case may be. On the expiration of the ninety (90) day period, the Registrar or the Deputy Registrar, in the event the corporation has not remedied its default, shall issue a proclamation declaring that the articles of incorporation have been revoked and the corporation dissolved as of the date stated in the proclamation. The proclamation of the Minister of Foreign Affairs shall be filed in his office and he shall mark on the record of the articles of incorporation of the corporation named in the proclamation the date of revocation and dissolution, and he shall give notice thereof to the last recorded registered agent. Thereupon the affairs of the corporation shall be wound up in accordance with the procedure provided in this Chapter. Furthermore, if a corporation does not comply with the custodial requirements of its issued and outstanding shares in bearer form, to the extent applicable, and/or the corporation fails to comply with requirements of provisions of Section 5.1.6,

the Registered Agent in its sole discretion shall have the power to resign as registered agent of such corporation.

3. *Rescission of dissolution.* Whenever the articles of a corporation have been revoked and the corporation dissolved pursuant to this section, the corporation may request the Minister to reinstate the corporation. After being satisfied that all arrears of statutory fees have been paid, that the corporation has retained a registered agent and that fees in respect of the period from the date of dissolution to the date on which rescission is to take place have been paid to the former registered agent, the corporation may be restored to full existence. In addition to the above, any corporation dissolved as the result of noncompliance with Section 5.1.6 or 8.7 may be reinstated only after the Minister is satisfied that the corporation has complied with Section 5.1.6 or 8.7, as applicable.