



Vessel Ownership Requirement

Liberian law and regulations have established conditions for Liberian nationality to be granted to a vessel. One such requirement is that the vessel must be owned by a **Liberian entity**, such as a corporation, limited liability company, limited partnership or a Foreign Maritime Entity. These ownership requirements also provide a necessary element of compliance with UNCLOS Article 91, which requires that a **genuine link** shall exist between a ship and the Flag State.

Foreign Maritime Entity

A **Foreign Maritime Entity (FME)** refers to the **ownership** option whereby a legal entity created under the laws of a jurisdiction other than those of Liberia is registered with the Liberian Corporate Registry to meet the eligibility requirements of ownership. Upon registration as a FME, the legal entity shall be recognized and granted the powers to own and operate vessels registered under the Laws of the Republic of Liberia and to do all things necessary to the conduct of the business of ownership and operation of Liberian-Flag vessels and to hold, purchase, lease, **mortgage** and convey real and personal property.

The LISCR Trust Company will act the sole Registered Agent of the FME thus satisfying the genuine link principle while allowing for the already existing corporate structure to remain unchanged. Registration as a FME does not affect the organization, ownership or operation of the underlying legal entity.

In practice, the FME option allows for greater **flexibility** in ship financing where the lender requires a Liberian mortgage and the borrower wishes to maintain the foreign entity for possible legacy, tax, or general business housekeeping reasons. Through the FME, the foreign entity is essentially issued a "license" to conduct business as a Liberian entity.

Features

| General | | Fees & Taxes | |
|--|---------------------------|--|-----------|
| Registered Agent | Yes (LISCR Trust Company) | One-time filing/formation fee (including first year's annual tax payable to the GOL and service fee payable to the Registered Agent) | USD 1,525 |
| Wholly foreign owned | Yes | Annual Tax and Registered Agent Fee thereafter | USD 500 |
| Requirement to file annual tax return in Liberia | No | Liberian income tax | Nil |
| Location of meetings | Anywhere | Liberian withholding of tax on payments to non-residents | Nil |

What is Required to be Eligible to Register as an FME?

To be eligible to apply for registration as a FME, the non-Liberian entity must remain in goodstanding in its underlying jurisdiction, and a Board Resolution must be passed allowing the foreign entity to register as a FME. It must also have the power (contained in its formation documents or in the relevant legislation of the jurisdiction in which it has its existence):

- ▶ To own or operate vessels
- ▶ To sue and be sued in its own name

As a statutory requirement, an FME must appoint a Registered Agent in Liberia for service of process. The LISCR Trust Company residing at 80 Broad Street, Monrovia, Liberia, is the exclusive Registered Agent for all non-resident Liberian entities.

In the Application to Register as an FME, the underlying entity (a.k.a. the "Applicant Entity") must provide: (I) its registered office address in its underlying jurisdiction, and (II) its principal place of business address.

Should either one of the above addresses change, the underlying entity must notify The LISCR Trust Company of the change by filing in the Liberian Registry a Certificate of Amendment.

What are the Documentary Requirements to Register as an FME?

The application process to form the FME is simple and formation is possible within 24 hours so long as all of the following requirements are completed and submitted to any Liberian Registry office for filing prior to the vessel's registration in Liberia:

- ▶ Application to register as an FME;
- ▶ Certified copy of the document establishing the existence of the non-Liberian entity (the Articles of Association, Charter or other document issued by the foreign state);
- ▶ A current Certificate of Good Standing issued by the foreign state;
- ▶ Evidence of Authority (Power of Attorney or Corporate Resolutions) specifically empowering the registration of the non-Liberian entity as an FME in Liberia (if applicable); and
- ▶ Payment of registration fees which include first year's annual registration tax, and the first year's annual fee to the Registered Agent.

For more information on how to form an FME, you may contact any of the Liberian Registry's regional offices at corporate@liscr.com