

# Foreign Investment Regulations of the Federated States of Micronesia

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Part I --  
General Provisions

Section 1. Purpose and legal effect; authority of the Secretary

- (1) The purpose of these Regulations is to carry into effect and to facilitate implementation of the Foreign Investment Act of 1997 (Public Law No. 10-49, codified at 32 F.S.M.C. Ch. 2), hereinafter referred to as the Act.
- (2) These Regulations, and any amendments thereto, shall have the force and effect of law.
- (3) The Secretary of the Department of Economic Affairs of the National Government of the Federated States of Micronesia (hereinafter referred to as the Secretary) is vested with the authority to promulgate regulations necessary and proper to implement the Act, including rules and procedures regarding:
  - (a) categories of economic sectors and criteria to be used in evaluating applications for FSM Foreign Investment Permits in economic sectors on the National Amber List (Category B) (Sections 205 and 206 of the Act);
  - (b) forms to be used in applications for FSM Foreign Investment Permits (Section 207(1) of the Act);
  - (c) time periods within which the Secretary is to take action in response to an application for an FSM Foreign Investment Permit (Section 207(3) and (4) of the Act);
  - (d) application fees, if any, to accompany applications for FSM Foreign Investment Permits (Section 207(5) of the Act);
  - (e) forms of FSM Foreign Investment Permits (Section 209(1) of the Act);
  - (f) annual fees, if any, to be paid by holders of FSM Foreign Investment Permits (Section 209(2) and (3) of the Act);
  - (g) modifications to FSM Foreign Investment Permits (Section 209(5) of the Act);
  - (h) criteria for automatic entitlements to expatriate worker authorizations (EWAs) (Section 210(2) of the Act);
  - (i) reports to be submitted by holders of FSM Foreign Investment Permits (Section 213(1) of the Act);
  - (j) reports to be submitted by the Department and the States (Sections 214 and 215 of the Act);
  - (k) fines and penalties for contravention of the Act or these Regulations (Section 220 of the Act); and
  - (l) assistance to be offered by the Secretary to States regarding foreign investment regulation and promotion (Section 206(7) of the Act).
- (4) More generally, the Secretary is responsible for carrying out the functions of the National Government relating to the regulation of foreign investment in the FSM in accordance with the provisions of the Act. These functions include, among others, the following principal elements:

- (a) issuing FSM Foreign Investment Permits in appropriate cases, and administering the foreign investment rules established by the Act or by these Regulations (Sections 206 and 207 of the Act);
- (b) coordinating with State authorities regarding foreign investment policies, procedures, and promotion (Sections 206 and 207 of the Act);
- (d) monitoring the activities of holders of FSM Foreign Investment Permits, including the collecting of fees (if any), keeping of records, publishing of reports, and, where necessary, modifying, cancelling, and suspending FSM Foreign Investment Permits and imposing fines and penalties (Sections 209, 213, 214, and 220 of the Act); and
- (e) refraining from acting (and preventing States from acting) contrary to specified guarantees designed to provide confidence to foreign investors, including assurances against arbitrary expropriation, and implementing exemptions from future changes in laws and regulations (Sections 216, 217, and 218).

## Section 2. Definitions

- (1) When words defined in the Act are used in these Regulations, unless otherwise required by the context, the definitions provided in the Act shall govern.
- (2) When words defined in this subsection are used in these Regulations, unless otherwise required by the context, the following definitions shall govern:
  - (a) 'business day' means a day on which the offices of the Secretary are open for public business.
  - (b) 'National Red List' means the Category A economic sectors -- those in which foreign investment is prohibited anywhere in the territory of the FSM -- as provided for in Section 205(1) of the Act.
  - (c) 'National Amber List' means the Category B economic sectors -- those in which foreign investment is permitted in the territory of the FSM subject to the satisfaction of specific criteria -- as provided for in Section 205(1) of the Act.
  - (d) 'National Green List' means the Category C economic sectors -- those in which foreign investment is freely permitted in the territory of the FSM -- as provided for in Section 205(1) of the Act.

Part II --  
Investment Categories and Criteria

Section 3. National Red, Amber, and Green Lists

- (1) The economic sectors designated as being on the National Red List are listed in Schedule 1 to these Regulations.
- (2) The economic sectors designated as being on the National Amber List are listed in Schedule 2 to these Regulations.
- (3) The economic sectors designated as being on the National Green List are listed in Schedule 3 to these Regulations.
- (4) The Secretary shall provide to the State agency responsible for administering foreign investment in each State written notification of any variations to the contents of Schedules 1, 2, or 3 within 5 business days after any such variation is made.

Section 4. Criteria for foreign investment in National Amber List economic sectors

- (1) The criteria to be met for foreign investment in National Amber List (Category B) economic sectors are listed in Schedule 4 to these Regulations.
- (2) The Secretary shall provide to the State agency responsible for administering foreign investment in each State written notification of any variations to the contents of Schedule 4, within 5 business days after any such variation is made.

Part III --  
Foreign Investment Permit Requirements and Procedures

Section 5. Application forms and submission requirements

- (1) Schedule 5 to these Regulations prescribes the form to be used in applying for an FSM Foreign Investment Permit.
- (2) An application for an FSM Foreign Investment Permit shall be submitted (only one copy is required) either
  - (a) to the Secretary at the offices of the Department of Economic Affairs; or
  - (b) to the main office of the responsible State Government authorities in the State in whose territory the foreign investment takes place or is proposed to take place.

Section 6. Action by the Secretary on applications -- time periods

- (1) Subject to the provisions of subsection (2) below, the following time periods shall apply to the Secretary's handling of an application for an FSM Foreign Investment Permit:
  - (a) to determine, under Section 207(3)(a) of the Act, which Category of economic sectors the application relates to -- within 5 business days after the application is submitted, unless the application is incomplete or does not provide enough information to make such a determination.

- (b) to request, under Section 207(3)(d) of the Act, further information from the applicant, if the application is incomplete or does not provide enough information for the Secretary to determine (i) what economic sector(s) is (are) involved or (ii) whether the requirements of an FSM Foreign Investment Permit have been or will be met -- within 5 business days after the application is submitted.
  - (c) to deny an application, under Section 207(3)(b)(i) of the Act, if the Secretary has determined that the application relates to a foreign investment in a National Red List (Category A) economic sector -- within 1 business day after that determination.
  - (d) to deny an application, under Section 207(3)(b)(ii) of the Act, if the Secretary has determined that the application relates to a foreign investment in a National Amber List (Category B) economic sector -- within 5 business days after that determination.
  - (e) to issue an FSM Foreign Investment Permit, under Section 207(3)(e) of the Act -- within 5 business days after the determination that the application relates to a foreign investment in a National Amber List (Category B) or National Green List (Category C) economic sector.
  - (f) to forward the application to the responsible State authorities, under Section 207(3)(c) of the Act, if the Secretary has determined that the application relates to a foreign investment in an economic sector falling in a Category for State Regulation -- within 1 business day after that determination.
  - (g) to advise the applicant of an action described above in subsections (b), (c), (d), or (e) -- within 2 business days after the action has been taken.
- (2) If it is impossible for the Secretary to take action on an application within the time periods prescribed above, the Secretary shall, by written notice, inform the applicant of that fact within one day after the expiration of the prescribed period, and shall indicate (a) why the action could not be taken within the prescribed period and (b) a specific date (no later than 10 days from the date of the written notice) by which the Secretary will take action.

#### Section 7. Form of permits

FSM Foreign Investment Permits shall be in the form prescribed in Schedule 6 to these Regulations.

#### Section 8. Application fees and annual fees

- (1) An application fee shall not be required.
- (2) An annual fee shall be payable to the Secretary by every holder of an FSM Foreign Investment Permit, to help defray the Secretary's cost in monitoring the foreign investment. The annual fee shall be in an amount specified in Schedule 7 to these Regulations. Upon payment of the annual fee, the FSM Foreign Investment Permit shall be renewed automatically, with no documentation necessary either by the holder of the FSM Foreign Investment Permit or by the Secretary.

#### Section 9. Modification or Surrender of a Permit

- (1) A modification of an FSM Foreign Investment Permit pursuant to Section 209(5) of the Act may be made under the following conditions and procedures:
  - (a) The holder of the FSM Foreign Investment Permit shall file with the Secretary a written request for modification, indicating (i) the nature of and reason for the change in the business that has prompted the request for modification; (ii) the alterations, if any, proposed in the

degree of interest held by any noncitizen in the business entity; (iii) the specific provisions in the terms of the FSM Foreign Investment Permit that are proposed to be modified; and (iv) other information that would reasonably be considered pertinent to the Secretary's consideration of the request for modification.

- (b) The Secretary, on receipt of such a request for modification, may require the holder of the FSM Foreign Investment Permit to provide additional information pertinent to the request. The Secretary may deny or suspend action on the request if the holder fails to provide any such information.
  - (c) A modification request fee shall be payable to the Secretary upon the filing of a written request for modification. The amount of such fee shall be as set forth in Schedule 7 of these Regulations.
  - (d) In evaluating the request for modification, the Secretary shall be guided by the principles applicable to the original issuance of an FSM Foreign Investment Permit, and shall not grant the request for modification if the foreign investment following such modification would not meet all the applicable criteria for issuance of an FSM Foreign Investment Permit.
  - (e) If the Secretary determines that the FSM Foreign Investment Permit should be modified, the Secretary may modify it as appropriate; such modification need not be precisely as requested by the holder of the FSM Foreign Investment Permit.
  - (f) The Secretary shall, within 5 business days after having received the written request for modification and any further information required pursuant to subsection (2)(b) above, notify the holder of the FSM Foreign Investment Permit as to whether the request for modification has been granted or denied, and, if it has been granted, the precise terms of the modification.
- (2) Surrender of an FSM Foreign Investment Permit shall be carried out in appropriate cases as follows:
- (a) The holder of the FSM Foreign Investment Permit shall notify the Secretary in writing of the reasons for the requested surrender.
  - (b) The Secretary shall determine whether any fees remain unpaid or any other requirements remain unfulfilled by the holder of the FSM Foreign Investment Permit, and require the holder to take appropriate action in that regard;
  - (c) If no further outstanding obligations remain, the Secretary shall declare the FSM Foreign Investment Permit surrendered and shall so notify the holder and any State authorities responsible for foreign investment in States where the holder formerly was engaged in business.

Part IV --  
Other Provisions

Section 10. EWA entitlements

- (1) The Secretary shall coordinate efforts with the Division of Immigration and Labor in implementing the provisions of Sections 210, 211, and 212 of the Act.
- (2) The criteria for the automatic award of additional EWAs for senior management positions, pursuant to Section 210(2) of the Act, appear in Schedule 8 to these Regulations.
- (3) The procedures for applying for additional EWAs pursuant to Section 10(4) of the Act shall be as follows (see Schedule 8):

Section 11. Reports by Holders of Permits

- (1) For the purpose of monitoring the amount and flow of foreign investment in the FSM, and to provide services to foreign investors and to the States, the Secretary shall, pursuant to Section 213 of the Act, collect reports from holders of FSM Foreign Investment Permits:
  - (a) on an annual basis, with the time of submission for each holder to be established by the Secretary or, failing that, by 15 January of each year.
  - (b) immediately in the case of a change in foreign ownership of the investment.
- (2) The form to be used for the annual reports referred to in subsection (1) above appears as Schedule 9 to these Regulations.
- (3) The Secretary may, in the case of a change-in-foreign-ownership report of the type referred to in subsection (2) above, request further information before taking any action under Section 213(2) of the Act.

Section 12. Reports by the Department and by States

- (1) The information to be published annually pursuant to Section 214(1) of the Act shall include data, both on a national basis and on a State-by-State basis, regarding the number of foreign investments, the type of business entities they involve, the numbers of foreign investors, their shares of ownership in the business entities, and any unusual developments during the year being reported on, including cancellations or penalties imposed. Such information shall be published within three months after the end of each calendar year.
- (2) The reports to be submitted by the Department to the States pursuant to Section 214(2) of the Act shall be in sufficient detail to permit State authorities to effectively monitor foreign investment activities within their territories and to prepare overall reports on such foreign investment as required in Section 215 of the Act and subsection (3) below.
- (3) The reports to be submitted by State authorities to the Department pursuant to Section 215 of the Act shall be in sufficient detail to permit the Secretary to prepare overall reports as required in Section 214(1) of the Act and subsection (1) above. Such reports by the State authorities shall be submitted within two months after the end of each calendar year.

### Section 13. Fines and Penalties

- (1) Administrative fines and penalties applicable under Section 220(2)(b) are set forth in Schedule 10 of these Regulations.
- (2) Any fines and monetary penalties assessed under Section 220(2)(b) of the Act shall be paid to the Department.

### Section 14. Assistance to States

- (1) The Secretary shall, pursuant to Section 206(7)(a) of the Act, provide assistance of the following type upon the request of a State:
  - (a) sharing of information on investors and potential investors, and their investments, for the purpose of evaluating applications, conducting enforcement actions, or designing promotional programs and incentives;
  - (b) organizing workshops or other programs for States and for potential investors regarding investment opportunities, rules, and procedures;
  - (c) responding to inquiries about National Government rules and policies on foreign investment regulation and promotion; and
  - (d) providing such other services as the Secretary may consider appropriate.

### Section 15. Permit Cancellation Hearing Procedures

The following procedures shall be followed during any foreign investment permit cancellation hearing, as specified in Section 209(9) of the Act:

- (1) The permit holder or the holder's registered agent or counsel shall be entitled to be physically present.
- (2) The hearing shall be public, unless otherwise requested by the permit holder. The entire proceedings shall be tape recorded.
- (3) The FSM Supreme Court Rules of Evidence shall not apply.
- (4) The Secretary or his designee shall preside over the hearing. The Registrar of Corporations or counsel shall present the evidence of the grounds for cancellation of the permit. The permit holder or the holder's registered agent or counsel shall be afforded the right to be heard, to present evidence, to confront any adverse witness, and to be represented by counsel.

### Section 16. Repatriation of Capital

Any holder of a currently valid Foreign Investment Permit shall not repatriate any capital in excess of \$50,000, which was brought into the FSM for, or that accrued on, a business entity to which such permit applies, without first obtaining the written permission of the Secretary.

Schedule 1 --  
Economic Sectors on the National Red List (Category A)

As expressly included in the Act (Sec. 205(1)(a)(i)-(iii)):

- Manufacture of arms;
- Minting of coins and printing of bills used as currency;
- Business activities relating to nuclear power or radioactivity

As designated by the Secretary [Sec. 205(1)(a)(iv) of the Act]:

- Business activities relating to manufacture and distribution of biological and chemical warfare components;

Schedule 2 --  
Economic Sectors on the National Amber List (Category B)

As expressly included in the Act (Sec. 205(1)(b)(i)-(ii):

- Banking, other than as defined in title 29 of the FSM Code;
- Insurance

As designated by the Secretary (Sec. 205(1)(b)(iii) of the Act:

- \_\_\_\_\_
- \_\_\_\_\_
- \_\_\_\_\_

Schedule 3 --  
Economic Sectors on the National Green List (Category C)

As expressly included in the Act (Sec. 205(1)(c)(i)-(v)):

- Fishing in the Exclusive Economic Zone
- Telecommunications
- Banking
- International and Interstate Air Transport
- International Shipping

As designated by the Secretary [Sec. 205(1)(c)(vi)]:

- Exploitation of any resources other than fishing within the exclusive economic zone and in or beneath the sea-bed and the continental shelf beyond the territorial sea
- \_\_\_\_\_
- \_\_\_\_\_

Schedule 4 --  
Criteria to be Met for Foreign Investment  
in Economic Sectors on the National Amber List

In determining whether to issue an FSM Foreign Investment Permit in an economic sector on the National Amber List, the regulation of which is not already provided for under FSM law, the Secretary shall base his decision on all relevant factors, including:

- (a) the extent to which the activity would deplete any non-renewable natural resources;
- (b) the extent to which the activity would have a favorable effect on the balance of trade;
- (c) the extent to which the activity would cause pollution in or harm the environment;
- (d) the willingness and specific plans of the applicant to give employment preference to citizens and to train citizens for positions in management and at other levels by training programs;
- (e) the extent to which the capital, managerial skills, and technical skills required for such an enterprise are available among Federated States citizens at the current time or can be expected to be available in the near future;
- (f) the extent to which an operation will contribute to the overall economic well-being of the Nation and/or each State affected and the extent to which any interest, including economic, social, traditional, or environmental, of any State or the Nation may be affected;
- (g) the extent to which the activity will contribute to the Constitutional policy of making education, health care, and legal services available to the people of the Federated States of Micronesia;
- (h) the financial responsibilities of the applicant (i.e. latest balance sheet, profit and loss statement, bank reference, bank statement). If the applicant is a new corporation, the principal stockholders' financial statement must be provided. If the applicant is a sole proprietorship, personal financial statement must be provided;

Additional Criteria for the Insurance Sector:

- (a) In determining whether to issue an FSM Foreign Investment Permit in the insurance sector, the Secretary shall base his decision on all relevant factors, including those enumerated under 1(a) to (h) above.
- (b) Every insurance company granted an FSM Foreign Investment Permit shall file a \$100,000 deposit with the Secretary in cash, negotiable securities, or a bond from a corporate surety, or any combination totaling \$100,000 which is acceptable to the Secretary, to be filed within 30 days from the issuance of the permit and held in trust by the Secretary for the account of the company to satisfy and judgment that may be rendered against it under insurance policies that it may issue. The deposit shall be maintained as long as the insurance company conducts business in the Federated States of Micronesia.
- (c) Every insurance company granted an FSM Foreign Investment Permit shall file a verified statement summarizing all commercial activity transacted within the Federated States of Micronesia by the company during its previous financial year and a duly certified copy of its annual report to any authorized official of the State, territory, possession, or country in which the company is organized. The statement shall be filed with the Secretary within sixty (60) days of the end of the insurance company's financial year.

Schedule 5 –  
Application Form for FSM Foreign Investment Permit

OFFICE OF THE SECRETARY  
DEPARTMENT OF ECONOMIC AFFAIRS  
FEDERATED STATES OF MICRONESIA  
P. O. BOX PS-12  
Palikir, Pohnpei FM 96941  
Phone: (691) 320-2646/5133  
Fax: (691) 320-5854

Date Prepared: \_\_\_\_\_  
Date Received: \_\_\_\_\_ Application No: \_\_\_\_\_  
Economic Sector: \_\_\_\_\_

This is to be completed fully by any applicant for Foreign Investment Business Permit as required by Chapter 2, 32 FSMC, as amended. File it at the Office of the Secretary of Department of Economic Affairs. Additional pages may be attached.

1. Name of business:
2. Address of principal office:

In Federated States

Outside FSM, if applicable

3. Name and address of registered agent within the FSM: \_\_\_\_\_
4. Purpose, scope and objectives of business:

5. Total capital invested in Micronesia to date:

a) To be effected within	_____	years		
b) Foreign participation	%		\$	
Micronesian Participation	_____	%	\$	
Total (100%)			\$	

6. Form of Business:

Foreign Corporation:

(Date of Charter)

(Country)

Proposed FSM Corporation

Partnership (attach copy of partnership agreement)

Joint Foreign and FSM

Joint Venture (attach joint venture agreement stating particular as to participants, including nationality/citizenship of parties involved)

Association

Sole Proprietorship

Other (specify)

7. If form of business other than corporation:

a) Specify ownership of business (describe FSM citizen participation):

b) Specify names of ownership and management, addresses and citizenship:

c) Provide Social Security and Passport numbers of the principal owners:

Name	Social Security Number	Passport Number
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8. Manpower - (provide total number of FSM citizens and non-FSM citizens with wages, position, benefits, level of skills, and nationality; specific training to be developed for FSM employees).

Above information is:  Attached  Not Attached

9. What economic, social and environmental programs the applicant intends to implement.

Above information is:  Attached  Not Attached

10. Provide copy of lease or legal ownership documents for real property where the project will take place.

Above information is:  Attached  Not Attached

11. For Corporation, only provide Articles of Incorporation and By-laws.

Above information is:  Attached  Not Attached

12. Any other business names used:

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13. Any criminal convictions or adverse civil judgments or administrative proceeding determinations:

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—

14. Provide any other information which the applicant deems to be necessary in support of the application. The following additional information is attached:

The undersigned being a duly authorized officer of the corporation/business, upon penalty of perjury,

deposes and says that he has read the foregoing application and that the same is true of his own knowledge and belief.

Submitted this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

Name and Title

Notary Public

Schedule 6 --  
Form of FSM Foreign Investment Permit

FSM FOREIGN INVESTMENT PERMIT

PERMIT NO:

Pursuant to the Foreign Investment Act of 1997 (Public Law No. 10-49, codified at 32 FSMC, Chapter 2) this Permit is granted to:

Scope of Permit:

Permit is renewed automatically annually depending on compliance with requirements and conditions provided in the accompanying document.

Date

Secretary, Department of Economic Affairs

THIS PERMIT MUST BE DISPLAYED IN A CONSPICUOUS PLACE AT THE PERMIT PREMISES  
FSM Form No. 1021

Schedule 7

Annual and Modification Request Fees

- (1) The annual fee to be paid under Section 8(2) of these Regulations by a holder of FSM Foreign Investment Permits shall be \$50.00.
- (2) The modification request fee to be paid under Section 9(1)(c) of these Regulations shall be \$50.00.



Schedule 8  
Form 1

## APPLICATION FORM FOR EXPATRIATE WORKER AUTHORIZATION (EWA)

Submitted to:  
FSM Department of Economic Affairs  
State of \_\_\_\_\_

Date of Application	
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Name of Enterprise:	
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Foreign Investment Permit No.	Date Issued:	Pending:
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Phone:	Fax:	E-Mail:
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Street Address:	
City:	
State or Province:	
Country:	
Zip or Mail Code:	

Application for Expatriate Worker Authorization:

Automatic EWA (1)

Additional EWA

How Many EWA?

Application Information:

Job Title	Name	Nationality	Justification
(1)			

Job Title	Name	Nationality	Justification
(2)			
(3)			

Use additional sheet for more EWA positions.

Share-holding	Management Role in Enterprise	Police Check	C.V. Attached
(1)			
(2)			
(3)			

A Police Check from the area of residence is required for any foreign applicant who intends to become a Director, Shareholder, or Staff member and must be attached to the final application.

Attach additional information if relevant:

Additional information attached with this application (Please describe):
(1)
(2)

Application submitted by:

First Name	Middle Name	Last Name

NOTE: If any item is not applicable to your application, write "N/A" in the box provided.

Signature: \_\_\_\_\_  
 \_\_\_\_\_

Date:

Title: \_\_\_\_\_  
Schedule 8  
Form 2

EXPATRIATE WORKER AUTHORIZATION (EWA)  
APPROVAL FORM

Approved by:

FSM Department of Economic Affairs  
State of \_\_\_\_\_  
\_\_\_\_\_

Name of Enterprise: \_\_\_\_\_

Foreign Investment Permit: \_\_\_\_\_ Date: \_\_\_\_\_

Pending: \_\_\_\_\_

Address:

EWA Approval For:

Automatic EWA (1)  
Job Title:

Additional EWA

No.

Job Title:

1. \_\_\_\_\_ 2. \_\_\_\_\_

3. \_\_\_\_\_ 4. \_\_\_\_\_

Signed: \_\_\_\_\_  
Date: \_\_\_\_\_

Title: \_\_\_\_\_

Schedule 9 --  
Form for Annual Reports by  
FSM Foreign Investment Permit Holders

FOREIGN INVESTMENT ANNUAL REPORT AND RENEWAL FOR FISCAL YEAR:

SECTION A - GENERAL

1. Name of Business:  
Address:  
Telephone No: \_\_\_\_\_ Fax: \_\_\_\_\_
2. Permit No.: \_\_\_\_\_ Date of Issuance: \_\_\_\_\_
3. Registered Agent in the FSM:  
\_\_\_\_\_  
Position: \_\_\_\_\_
4. Date business operation began: \_\_\_\_\_
5. State in which the Business is conducted:  

STATE	( )	LOCATION
Chuuk	( )	
Kosrae	( )	
Pohnpei	( )	
Yap	( )	
6. Current percentage ownership held by FSM citizens: \_\_\_\_\_
7. Economic Sector / Type of Business:  
Products Manufactured/Services Provided: \_\_\_\_\_
8. Did you file a "Report" for last year? Yes ( ) No ( )  
If "No", explain why: \_\_\_\_\_
9. Name of your Banks: \_\_\_\_\_
10. Membership in the Chamber of Commerce: Yes ( ) No ( )  
If "Yes" state address: \_\_\_\_\_

SECTION B - FOR ALL ORGANIZATIONS

1. Form of Organization:  
a) Sole Proprietorship ( )

- b) Partnership: ( )
- c) Foreign Corporation: ( )
- d) Joint Venture (FSM & Foreign) ( )
- e) FSM Corporation ( )
- f) Non-Profit Corporation ( )

2. Date of Incorporation/registration:

3. Names and Addresses of Sole Proprietors, Partners/Board of Directors:

- a)
- b)
- c)
- d)
- e)
- f)
- g)
- h)
- i)
- j)

Principal Personnel:

- a)
- b)
- c)
- d)

4. Capitalization:

- a) Authorized Capital:            Foreign Amount %:  
Local Amount %:  
Total Amount %:
- b) Paid Up Capital:            Foreign/Amount %:  
Local/Amount %:  
Total Amount %:
- c) Do you intend promoting unsold shares? Yes    ( )            No    ( )  
If "Yes", how?

d) List of Names and Amounts of Shareholding: (attach list if necessary)

Name	Amount
1)	
2)	
3)	
4)	
5)	

e) State any Dividend Payments during the last years:

Year	Rate	Amount Paid
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f) List any Equity Investment during the year:            Amount:

\_\_\_\_\_  
Place/Project:

g) State total Assets for the Corporation as at the end of Reporting Period:

SECTION C - MANPOWER UTILIZATION (This should be filled by all enterprises).

1. Number of Employees:
- |                         | Nos. of FSM | No of Foreigner | Total |
|-------------------------|-------------|-----------------|-------|
| a) Executive/Managerial |             |                 |       |
| b) Clerical/Office      |             |                 |       |
| c) Skilled              |             |                 |       |
| d) Unskilled            |             |                 |       |
| e) Other (Specify)      |             |                 |       |

2. Indicate the Highest/Lowest Wages paid:
- |               | Rate/Hour: | FSM | Foreigner |
|---------------|------------|-----|-----------|
| Highest Wage: |            | ( ) | ( )       |
| Lowest Wage:  |            | ( ) | ( )       |

3. Indicate the Manpower growth during the Reporting period:  
 Beginning of Year:  
 End of Report Period:
4. Indicate any Training offered to the staff during the year: Please specify and attach separate sheet if necessary.
5. What training needs exist in your Corporation?:

How do you plan to accomplish it?:

6. Category of Employees:
- a) Permanent Regular
  - b) Temporary
  - c) Piecerate
  - d) Other
  - e) Total

SECTION D - MARKETING (Sales) (For all Enterprises).

1. Total Sales during the Report Period:
- | No. of Units (Products/Services) | Total Value (\$) |
|----------------------------------|------------------|
| a)                               |                  |
| b)                               |                  |
| c)                               |                  |
| d)                               |                  |
| e)                               |                  |
2. Last Year Sales:
- | No. of Units (Products/Services) | Total Value (\$) |
|----------------------------------|------------------|
| a)                               |                  |
| b)                               |                  |

- c)
- d)
- e)

(add additional sheets if needed)

- 3. Indicate the Value of Imported/Local Sales:  
Imported:  
Local:
- 4. What Steps have been taken to increase local sales or substitute imports?
- 5. External Trade:
  - a) Indicate Principal Export Items:
  - b) Total Export Value of Reporting Period:
  - c) Exported to:

**SECTION E - FINANCIAL STATEMENT (For all Enterprises).**

Please provide the following:

- 1. Financial Statement (including Balance Sheet and Income Statement for the reporting period).
- 2. Provide Audited Statements and Reports:
- 3. Total Working Capital during the Year.
- 4. Annual Taxes paid.
- 5. Indicate any long-term borrowing.

**SECTION F - PROBLEM ASSESSMENT**

- 1. Indicate any Constraints, Problems, etc., that affected your business enterprise during the reporting period:
- 2. What other prospects exist to diversify your business:
- 3. What is your future business plan:
- 4. Other comments or suggestions

WE HEREBY CERTIFY THAT NONE IS A MINOR OR AN INCOMPETENT PERSON.

WE FURTHER CERTIFY THAT ALL OF THE ANSWERS MADE IN THIS STATEMENT ARE TRUE, COMPLETE AND CORRECT TO THE BEST OF OUR KNOWLEDGE.

By: \_\_\_\_\_

—

By:

Date: \_\_\_\_\_  
\_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Date:

By:

Date:

THIS STATEMENT MUST BE SIGNED BY ALL SHAREHOLDERS IN THE COMPANY AND ACKNOWLEDGED BEFORE A NOTARY PUBLIC, CLERK OF COURTS OR OTHER PERSON AUTHORIZED TO TAKE ACKNOWLEDGEMENT.

ACKNOWLEDGEMENT

Personally appeared before me the above name \_\_\_\_\_ ,  
\_\_\_\_\_, persons who executed the foregoing instrument and acknowledged to me that they executed the same as their free act and deed.

Subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_ , 19 \_\_\_\_\_ .

Signature

Notary Public in and for

My Commission expires on the \_\_\_\_\_ day of \_\_\_\_\_ , 19 \_\_\_\_\_ .

Schedule 10 --  
Fines and Penalties

Administrative Fines and Penalties [Section 220(2)(b)]:

The Secretary may impose the following administrative fines and penalties pursuant to Section 220(2)(b) of Act:

1. An administrative fine not exceeding \$100 for failure to comply with the reporting requirements under Section 213 of the Act and Section 11 of these Regulations.
2. An administrative fine not exceeding \$500 for failure or refusal to comply with any restrictions or conditions included in an FSM Foreign Investment Permit or for engaging in activities not authorized by the Permit.
3. An administrative fine not exceeding \$100 for any other violations of the Act or these Regulations.

PROMULGATION OF FOREIGN INVESTMENT REGULATIONS

Pursuant to the authority vested in them by the laws of the Federated States of Micronesia, including 32 FSMC §206(1)(d) as enacted by Public Law No. 10-49, and in accordance with the procedural requirements of 17 FSMC §102(1), the above Foreign Investment Regulations are hereby adopted and shall have the force and effect of law.

\_\_\_\_\_  
Hon. Sebastian Anefal  
Secretary  
Department of Economic Affairs

Date: \_\_\_\_\_

\_\_\_\_\_  
H.E. Jacob Nena  
President

Date: \_\_\_\_\_

Approved as to legal sufficiency:

\_\_\_\_\_  
Hon. Emilio C. Musrasrik  
Secretary, Department of Justice

Date: \_\_\_\_\_