

## 1. Non-Profit Corporations Dissolution Provisions Stipulated Under Part V of the Non-Profit Entities Act 2020

### §225. Voluntary Dissolution.

(1) A domestic non-profit entity may be dissolved voluntarily by a resolution of two-thirds majority of its membership in a meeting called specifically for the purpose of dissolving the non-profit entity, or by a resolution signed by two-thirds majority showing consent to dissolve the domestic non-profit entity without a meeting, or in accordance with its by-laws.

(2) Subject to the articles of incorporation and bylaws, a domestic non-profit entity shall file Articles of Dissolution with the Registrar in the same manner as prescribed in §5 of the BCA and the contents shall be prescribed through regulations promulgated by the Registrar.

### §226. Involuntary Dissolution.

(1) A domestic non-profit entity may be dissolved for failure to file an annual report or maintain a registered agent, or for engaging in any improper activity or activities other than its stated purpose(s), or by a judgment of the court for fraud or other illegal activity.

(2) Involuntary dissolution of a domestic non-profit entity by the Registrar shall be in the manner prescribed by regulations promulgated by the Registrar with the approval of the Attorney General and Cabinet.

### §227. Sanctions for Violations.

(1) If any person fails to comply with, or otherwise violates, any of the provisions in this Act, the Registrar may, at any time after thirty (30) days of such default or violation, impose penalties, including a fine of up to \$50,000 per default violation, or suspend the domestic non-profit entity's corporate charter or take steps to dissolve the entity pursuant to §226 above or in a manner prescribed by regulations.

(2) If any domestic non-profit entity fails to take steps to conform to this Act, the Registrar may deregister the entity as a domestic non-profit entity, or suspend its non-profit status for a specified time period to be determined by the Registrar, or impose penalties.

(3) On failure to file an annual disclosure form, or to maintain a registered agent for a period of six (6) months, the Registrar shall cause a notification to be sent to the domestic non-profit entity 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, the relevant report has been submitted and filed or a registered agent has been appointed.

(4) If an domestic non-profit entity abuses or misuses its corporate powers, privileges or agreements, including activities stated in this Act and its regulations, the Registrar may issue a proclamation declaring that the domestic non-profit entity's articles of incorporation have been revoked and the domestic non-profit entity dissolved as of the date stated in the proclamation. The proclamation of the Registrar shall be filed and the date of revocation and dissolution shall be marked on the record of the articles of incorporation of the non-profit entity named in the proclamation. Notice of such shall be given to the last recorded registered agent and the affairs of the domestic non-profit entity shall be wound up in accordance with §105 of

the BCA.

§228. Distribution of Assets.

A domestic non-profit entity shall, upon dissolution, continue for a period of three years for the purpose of winding up its affairs in accordance with §105 of the BCA or its bylaws. Any property or asset remaining after the winding up period and payment of all debts and liabilities are settled shall be conveyed or transferred to another charitable organization or non-profit entity engaging in the same activity or purpose(s).

**2. For-Profit Corporations Dissolution Provisions Stipulated Under Division 8 of the Limited Liability Company Act 1990**

§46. Dissolution

(1) A limited liability company is dissolved and its affairs shall be wound up upon the first to occur of the following:

- (a) at the time specified in the certificate of formation; or
- (b) upon the happening of events specified in a limited liability company agreement; or
- (c) the written consent of all members; or, if there is more than one (1) class or group of members, then by each class or group of members, in either case, by members who own more than two-thirds (2/3) of the then current percentage or other interest in the profits of the limited liability company owned by all of the members or by the members in each class or group, as appropriate; or
- (d) the entry of a decree of judicial dissolution under section 47 of this division.

(2) Upon dissolution, a certificate of cancellation shall be filed in accordance to section 11 of this Act.

(3) Dissolution on failure to pay annual registration fee or appoint or maintain registered agent.

(c) Procedure for Dissolution. On failure of a limited liability company to pay the annual registration fee or to maintain a registered agent for a period of one (1) year, the Registrar of Corporations on or about the first day of November of each year or on such other date as shall be determined by regulation, shall cause a notification to be sent to the limited liability company through its last recorded registered agent that its certificate of formation will be revoked unless within ninety (90) days of the date of the notice, payment of the annual registration fee has been received or a registered agent has been appointed, as the case may be. On the expiration of the ninety (90) day period, the Registrar of Corporations, in the event the limited liability company has not remedied its default, shall issue a proclamation declaring that the certificate of formation has been revoked and the limited liability company dissolved as of the date started in the proclamation. The proclamation of the Registrar of Corporations shall be filed in his office and he shall mark on the record of the certificate of formation named the proclamation the date of revocation and dissolution, and shall give notice to the last recorded registered agent. Thereupon the affairs of the corporation shall be wound up in accordance with the procedures provided in section 48 of the division.

(d) Erroneous dissolution. Whenever it is established to the satisfaction of the Registrar of Corporations that the certificate of formation was erroneously revoked by the Registrar of Corporations, he may restore the limited liability company to full existence by publishing and filing in his office a proclamation to that effect.

(e) Reinstatement of Dissolved Limited Liability Company. Whenever the certificate of formation of a limited liability company has been revoked by the Registrar of Corporations pursuant to subsection (3) of this section, the limited liability company may request that the Registrar of Corporations reinstate its certificate of formation. After being satisfied that all statutory arrears to the Republic of the Marshall Islands have been paid, that the limited liability company has again retained a qualified registered agent and paid any arrears to the same, the limited liability company may be restored to full existence in the same manner and with the same effect as provided by subsection (3) of this section. Requests for reinstatement may not be submitted after three (3) years from the date of the proclamation which revoked the certificate of formation.

(4) Unless otherwise provided in a limited liability company agreement, the death, retirement, resignation, expulsion, bankruptcy or dissolution of any member or the occurrence of any other event that terminates the continued membership of any member shall not cause the limited liability company to be dissolved or its affairs to be wound up, and upon the occurrence of any such event, the limited liability company shall be continued without dissolution, unless within ninety (90) days following the occurrence of such event, members of the limited liability company or, if there is more than one (1) class or group of members, then each class or group of members, in either case, by members who own more than fifty percent (50%) of the then current percentage or other interest in the profits of the limited liability company owned by all of the members or by the members in each class or group, as appropriate, agree in writing to dissolve the limited liability company.

#### §47. Judicial dissolution.

On application by or for a member or manager, the High Court of the Republic may decree dissolution of a limited liability company whenever it is not reasonably practicable to carry on the business in conformity with a limited liability company agreement.

#### §48. Winding up.

(1) Unless otherwise provided in a limited liability company agreement, a manager who has not wrongfully dissolved a limited liability company or, if none, the members or a person approved by the members or, if there is more than one class or group of members, then by each class or group of members, in either case, by members who own more than fifty percent (50%) of the then current percentage or other interest in the profits of the limited liability company owned by all of the members or by the members in each class or group, as appropriate, may wind up the limited liability company's affairs; but the High Court of the Republic, upon cause shown, may wind up the limited liability company's affairs upon application of any member or manager, the member's or manager's personal representative or assignee, and in connection therewith, may appoint a liquidating trustee.

(2) Upon dissolution of a limited liability company and until the filing of a certificate of cancellation as provided in section 11 of this Act, the persons winding up the limited liability company's affairs may, in the name of, and for and on behalf of, the limited liability company, prosecute and defend suits, whether civil, criminal or administrative, gradually settle and close

the limited liability company's business, dispose of and convey the limited liability company's property, discharge or make reasonable provision for the limited liability company's liabilities, and distribute to the members any remaining assets of the limited liability company, all without affecting the liability of members and managers and without imposing liability on a liquidating trustee.

#### §49. Distribution of assets.

(1) Upon the winding up of a limited liability company, the assets shall be distributed as follows:

(e) to creditors, including members and managers who are creditors, to the extent otherwise permitted by law, in satisfaction of liabilities of the limited liability company (whether by payment or the making of reasonable provision for payment thereof) other than liabilities for which reasonable provision for payment has been made and liabilities for distributions to members under sections 34 or 37 of this Act;

(f) unless otherwise provided in a limited liability company agreement, to members and former members in satisfaction of liabilities for distributions under section 34 or 37 of this Act; and

(g) unless otherwise provided in a limited liability company agreement, to members first for the return of their contributions and second respecting their limited liability company interests, in the proportions in which the members share in distributions.

(2) A limited liability company which has dissolved shall pay or make reasonable provision to pay all claims and obligations, including all contingent, conditional or un-matured claims and obligations, known to the limited liability company and all claims and obligations which are known to the limited liability company but for which the identity of the claimant is unknown. If there are sufficient assets, such claims and obligations shall be paid in full and any such provision for payment made shall be made in full. If there are insufficient assets, such claims and obligations shall be paid or provided for according to their priority and, among claims and obligations of equal priority, ratably to the extent of assets available therefor. Unless otherwise provided in a limited liability company agreement, any remaining assets shall be distributed as provided in this Act. Any liquidating trustee winding up a limited liability company's affairs who has complied with this section shall not be personally liable to the claimants of the dissolved limited liability company by reason of such person's actions in winding up the limited liability company.

### **3. Dissolution Provisions Stipulated Under Section 114 of the Decentralized Autonomous Organization Act 2022**

(1) A decentralized autonomous organization organized under this Chapter shall be dissolved upon the occurrence of any of the following events:

(a) The period fixed for the duration of the organization expires;

(b) By vote of the members of a decentralized autonomous organization;

(c) At the time or upon the occurrence of events specified in the underlying smart contracts or as specified in the Certificate of Formation or limited liability company agreement;

(d) By order of the Registrar of Corporations if the decentralized autonomous organization is deemed to no longer perform a lawful purpose or is no longer under the control of at least one (1) natural person;

(e) Where all members of the decentralized autonomous organization have resigned in accordance with Section 36 of the Limited Liability Company Act.

(2) As soon as possible following the occurrence of any of the events specified in subsection (1) of this section causing the dissolution of a decentralized autonomous organization, the organization shall execute a statement of intent to dissolve in the form prescribed by the Registrar.

(3) Any interested party may petition a court of competent jurisdiction for dissolution of a DAO LLC once that interested party determines further efforts are futile, and upon the court finding the occurrence of one (1) or more of the events specified in subsection (1) of this section and that further efforts would be futile, the court shall enter an order dissolving the DAO LLC.

#### **4. Dissolution Provisions Stipulated Under Part IV of the Decentralized Autonomous Organization Regulations 2024**

##### 10. Statement of intent to dissolve

(1) The statement of intent to dissolve required by Section 114(2) of the Act shall be:

- (a) executed as provided in Form 3; and
- (b) submitted to the Registrar for filing by uploading it to the secure website established under §11 of these Regulations or, if such website is not available, sent via email in PDF format.

(2) Subject to subclause (3), the statement of intent to dissolve shall be executed by the Representative Agent or the Registered Agent of the DAO LLC.

(3) Where the DAO LLC is dissolved by order of the Registrar, that order shall be deemed to constitute the statement of intent to dissolve.