



International Registries, Inc.
The Marshall Islands Maritime and Corporate Administrators

WHY CHOOSE THE MARSHALL ISLANDS?

By Clay Maitland, Managing Partner, International Registries, Inc.

Marshall Islands companies are legally structured to be particularly well-suited to the management of shipping enterprises, and are easily adapted to the world's diverse commercial systems. Since the mid-1990s, the number of shipping and offshore oil and gas companies that have gone public has grown rapidly. In addition, with the changes in the markets and in asset values, institutional investors have expressed considerable interest in private equity transactions in the shipping industry. Moreover, the rights and benefits of an investor, like the ownership of a vessel, depend upon local as well as international recognition of their validity. Gary Wolfe, Esq., the head of the Capital Markets Group at Seward & Kissel LLP has had years of experience in the shipping and offshore oil and gas drilling areas. He notes that:

"We have found that the Marshall Islands is the premier jurisdiction for these types of companies for a number of reasons:

- The Marshall Islands has a close relationship with the United States with which it has a Compact of Free Association.
- The Marshall Islands corporate, limited partnership and limited liability company laws are based on similar laws of leading U.S. jurisdictions such as Delaware and New York. For that reason, investors can easily understand how such Marshall Islands entities function and how their constitutive documents are likely to be interpreted.
- The Marshall Islands corporate and maritime registries are top notch. They are managed from Reston, Virginia, and New York City. It is as easy and quick to form a Marshall Islands corporation as it is to establish a Delaware corporation.

- Marshall Islands entities are efficient from a tax point of view. The Marshall Islands imposes no income tax on nonresident corporations. The U.S. Internal Revenue Service includes Marshall Islands corporations, limited partnerships and limited liability companies as foreign entities that can "check the box".

- The staff of the Marshall Islands corporate and maritime registries understand the industries on which they are focused.

The most important thing to remember about Marshall Islands corporations, partnerships, and limited liability companies (LLCs) is that the underlying legal system developed over a long period of time in the hands of lawyers in New York and London. Based upon their experience, the Marshall Islands legal framework is specifically tailored to the needs of companies that own and operate ships, although many non-maritime clients have found them equally useful. I am often asked whether or why the Marshall Islands is preferable to, for example, Delaware as a domicile. Although the two jurisdictions have quite a lot in common, the presence of Marshall Islands representative offices in many locations throughout the world makes for a more speedy and effective processing of time-sensitive documentation. In addition, a great many of the services provided by the Marshall Islands corporate registry are cost-free to the user. When the Marshall Islands corporate laws were developed, the use of tried-and-true United States and British legal and financial terminology, and the fact that the Marshall Islands is an independent nation closely aligned with the United States, has made this form of corporation highly popular with existing publicly held corporations, or corporations going public for the first time.

As Mr. Wolfe, an experienced lawyer, puts it, "All in all, for us and our clients in the shipping and offshore oil and gas industries, the Marshall Islands is a top choice."

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