

corporations "generally understood and applied in the United States," these provisions would also have the effect of law. 1/ However, none of these is of any substantial use as a source of the corporate law. It is true that rules and regulations adopted by the Registrar of Corporations have the effect of law. But even if such provisions were adopted, they would be of only limited value in reducing uncertainty, because of the ease with which they might be changed.

As the most desirable means of bringing greater certainty to the law under which the corporation would be established, we strongly recommend that the Congress of Micronesia, in implementing the Policy Statement, empower the district legislatures to charter (and provide for the administration of) corporations such as the one proposed. As an alternative, the Congress of Micronesia could itself adopt a modern non-profit corporation law, such as the Model Nonprofit Corporation Act drafted by the Committee on Corporate Laws of the American Bar Association.

Either step would not only solve the immediate problem of forming this corporation, but serve a broader need; in order to encourage economic and social development in the Micronesian Islands -- both by citizens of the Islands and others -- the Trust Territory should offer the added degree of certainty available under modern corporate laws. This need is as great for non-profit corporations as for profit-making companies.

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1/ 1 T.T.C. § 103.