

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007**

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SENATE BILL 576

Short Title: Business Entity Clarifications.

(Public)

Sponsors: Senator Clodfelter.

Referred to: Judiciary 1 (Civil).

March 7, 2007

A BILL TO BE ENTITLED
AN ACT TO AMEND THE LAWS GOVERNING BUSINESS ENTITIES TO MAKE
VARIOUS CLARIFYING AND TECHNICAL CHANGES REGARDING
MERGERS AND THE AUTHORITY OF BOARD COMMITTEES.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 55-8-25(e) reads as rewritten:

"(e) A committee shall not, however, do any of the following:

- (1) Authorize distributions. or approve distributions, except according to a formula or method, or within limits, prescribed by the board of directors.
- (2) Approve or propose to shareholders action that this act requires be approved by shareholders.
- (3) Fill vacancies on the board of directors or on any of its committees.
- (4) Amend articles of incorporation pursuant to G.S. 55-10-02.
- (5) Adopt, amend, or repeal bylaws.
- (6) Approve a plan of merger not requiring shareholder approval."

SECTION 2. G.S. 55-11-10(e)(6) reads as rewritten:

"(6) The interests in each merging business entity that are to be converted into interests, obligations, or securities of the surviving business entity or into the right to receive cash or other property are thereupon so converted, and the former holders of the interests are entitled only to the rights provided to them in the ~~articles~~ plan of merger or, in the case of former holders of shares in a domestic corporation, any rights they may have under Article 13 of this Chapter; and".

SECTION 3. G.S. 55A-11-09(e)(6) reads as rewritten:

"(6) The interests in each merging business entity that are to be converted into interests, obligations, or securities of the surviving business entity or into the right to receive cash or other property are thereupon so converted, and the former holders of the interests are entitled only to

1 the rights provided to them in the ~~articles~~ plan of merger or, in the case
2 of former holders of shares in a domestic business corporation, any
3 rights they may have under Article 13 of Chapter 55 of the General
4 Statutes; and".

5 **SECTION 4.** G.S. 57C-9A-23(a)(6) reads as rewritten:

6 "(6) The interests in each merging business entity that are to be converted
7 into interests, obligations, or securities of the surviving business entity
8 or into the right to receive cash or other property are thereupon so
9 converted, and the former holders of the interests are entitled only to
10 the rights provided to them in the ~~articles~~ plan of merger or, in the case
11 of former holders of shares in a domestic corporation, any rights they
12 may have under Article 13 of Chapter 55 of the General Statutes; and".

13 **SECTION 5.** G.S. 59-73.33(a)(5) reads as rewritten:

14 "(5) The interests in each merging business entity that are to be converted
15 into interests, obligations, or securities of the surviving business entity
16 or into the right to receive cash or other property are thereupon so
17 converted, and the former holders of the interests ~~in each merging~~
18 ~~business entity~~ are entitled only to the rights provided to them in the
19 ~~articles~~ plan of merger or, in the case of former holders of shares in a
20 domestic ~~corporation (as defined in G.S. 55-1-40),~~ corporation, as
21 defined in G.S. 55-1-40, any rights they may have under Article 13 of
22 Chapter 55 of the General Statutes; and".

23 **SECTION 6.** G.S. 59-1073(a)(6) reads as rewritten:

24 "(6) The interests in each merging business entity that are to be converted
25 into interests, obligations, or securities of the surviving business entity
26 or into the right to receive cash or other property are thereupon so
27 converted, and the former holders of the interests are entitled only to
28 the rights provided to them in the ~~articles~~ plan of merger or, in the
29 case of former holders of shares in a domestic corporation as defined
30 in G.S. 55-1-40, any rights they have under Article 13 of Chapter 55 of
31 the General Statutes; and".

32 **SECTION 7.** The Revisor of Statutes may cause to be printed all
33 explanatory comments of the drafters of the act as the Revisor deems appropriate.

34 **SECTION 8.** This act is effective when it becomes law.