

Assembly Bill No. 457

Passed the Assembly April 11, 2013

Chief Clerk of the Assembly

Passed the Senate July 8, 2013

Secretary of the Senate

This bill was received by the Governor this _____ day
of _____, 2013, at _____ o'clock ____M.

Private Secretary of the Governor

CHAPTER _____

An act to amend Section 603 of the Corporations Code, relating to corporations.

LEGISLATIVE COUNSEL'S DIGEST

AB 457, Torres. Shareholders.

Existing law sets forth requirements for the governance of various business entities, including, but not limited to, corporations. Existing law authorizes certain actions that may be taken at any annual or special meeting of shareholders to be taken with written consent of the shareholders outside of a meeting under specific requirements and circumstances.

This bill would remove a requirement that unanimous written consent for a reorganization, as specified, be given at least 10 days before the consummation of that action.

The people of the State of California do enact as follows:

SECTION 1. Section 603 of the Corporations Code is amended to read:

603. (a) Unless otherwise provided in the articles, any action that may be taken at any annual or special meeting of shareholders may be taken without a meeting and without prior notice, if a consent in writing, as specified in Section 195, setting forth the action so taken, shall be provided by the holders of outstanding shares having not less than the minimum number of votes that would be necessary to authorize or take that action at a meeting at which all shares entitled to vote thereon were present and voted.

(b) Unless the consents of all shareholders entitled to vote have been solicited in writing, both of the following shall apply:

(1) Notice of any shareholder approval pursuant to Section 310, 317, 1152, 1201 (except for a reorganization as to which shareholders have the right, pursuant to Chapter 13 (commencing with Section 1300) to demand payment of cash for their shares), or 2007 without a meeting by less than unanimous written consent shall be given at least 10 days before the consummation of the

action authorized by that approval. Notice shall be given as provided in subdivision (b) of Section 601.

(2) Prompt notice shall be given of the taking of any other corporate action approved by shareholders without a meeting by less than unanimous written consent, to those shareholders entitled to vote who have not consented in writing. Notice shall be given as provided in subdivision (b) of Section 601.

(c) Any shareholder giving a written consent, or the shareholder's proxyholders, or a transferee of the shares or a personal representative of the shareholder or their respective proxyholders, may revoke the consent personally or by proxy by a writing received by the corporation prior to the time that written consents of the number of shares required to authorize the proposed action have been filed with the secretary of the corporation, but may not do so thereafter. The revocation is effective upon its receipt by the secretary of the corporation.

(d) Notwithstanding subdivision (a), directors may not be elected by written consent except by unanimous written consent of all shares entitled to vote for the election of directors; provided that the shareholders may elect a director to fill a vacancy, other than a vacancy created by removal, by the written consent of a majority of the outstanding shares entitled to vote.

Approved _____, 2013

Governor