

ASSEMBLY BILL

No. 2238

Introduced by Assembly Member Allen

February 21, 2014

An act to amend Section 1600 of the Corporations Code, relating to corporations.

LEGISLATIVE COUNSEL'S DIGEST

AB 2238, as introduced, Allen. Shareholder: rights of inspection.

Existing law, the General Corporation Law, provides for the regulation of corporations. Existing law, among other things, requires the record of shareholders to be open to inspection and copying by any shareholder or holder of a voting trust certificate at any time during usual business hours upon written demand on the corporation for a specified purpose.

This bill would make a nonsubstantive change to that provision.

Vote: majority. Appropriation: no. Fiscal committee: no.
State-mandated local program: no.

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

1 SECTION 1. Section 1600 of the Corporations Code is
2 amended to read:
3 1600. (a) A shareholder or shareholders holding at least 5
4 percent in the aggregate of the outstanding voting shares of a
5 corporation or who hold at least 1 percent of those voting shares
6 and have filed a Schedule 14A with the United States Securities
7 and Exchange Commission (or in case the corporation is a bank
8 the deposits of which are insured in accordance with the Federal
9 Deposit Insurance Act, have filed a Form F-6 with the appropriate

1 federal bank regulatory agency) shall have an absolute right to do
 2 either or both of the following: ~~(1) inspect and~~
 3 *(1) Inspect and* copy the record of shareholders' names and
 4 addresses and shareholdings during usual business hours upon five
 5 business days' prior written demand upon the corporation, ~~or (2)~~
 6 ~~obtain from~~ *corporation.*
 7 *(2) Obtain from* the transfer agent for the corporation, upon
 8 written demand and upon the tender of its usual charges for such
 9 a list (the amount of which charges shall be stated to the
 10 shareholder by the transfer agent upon request), a list of the
 11 shareholders' names and addresses, who are entitled to vote for
 12 the election of directors, and their shareholdings, as of the most
 13 recent record date for which it has been compiled or as of a date
 14 specified by the shareholder subsequent to the date of demand.
 15 The list shall be made available on or before the later of five
 16 business days after the demand is received or the date specified
 17 therein as the date as of which the list is to be compiled. A
 18 corporation shall have the responsibility to cause its transfer agent
 19 to comply with this subdivision.
 20 (b) Any delay by the corporation or the transfer agent in
 21 complying with a demand under subdivision (a) beyond the time
 22 limits specified therein shall give the shareholder or shareholders
 23 properly making the demand a right to obtain from the superior
 24 court, upon the filing of a verified complaint in the proper county
 25 and after a hearing, notice of which shall be given to ~~such~~ *those*
 26 persons and in ~~such~~ *a* manner as the court may direct, an order
 27 postponing any shareholders' meeting previously noticed for a
 28 period equal to the period of ~~such~~ *this* delay. ~~Such~~ *This* right shall
 29 be in addition to any other legal or equitable remedies to which
 30 the shareholder may be entitled.
 31 (c) The record of shareholders shall also be open to inspection
 32 and copying by any shareholder or holder of a voting trust
 33 certificate at any time during usual business hours upon written
 34 demand on the corporation, for a purpose reasonably related to
 35 ~~such~~ *that* holder's interests as a shareholder or holder of a voting
 36 trust certificate.
 37 (d) Any inspection and copying under this section may be made
 38 in person or by agent or attorney. The rights provided in this section
 39 may not be limited by the articles or bylaws. This section applies
 40 to any domestic corporation and to any foreign corporation having

- 1 its principal executive office in this state or customarily holding
- 2 meetings of its board in this state.

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