

AMENDED IN ASSEMBLY APRIL 28, 2004

AMENDED IN ASSEMBLY APRIL 14, 2004

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

ASSEMBLY BILL

No. 2752

Introduced by Assembly Member Chu

February 20, 2004

An act to add Section 301.2 to the Corporations Code, relating to corporations.

LEGISLATIVE COUNSEL'S DIGEST

AB 2752, as amended, Chu. Corporations: elections.

Existing law, the General Corporation Law, generally provides for the election of a corporation's directors at its annual shareholders' meeting.

This bill would require a corporation that is a publicly traded company, as defined, to have in place corporate election procedures for shareholders to ~~nominate~~ *recommend* candidates for election as directors. The bill would require these corporations to file a copy of these procedures with the Secretary of State, ~~to post them on the corporation's Internet Web site~~, and to make them available to a shareholder upon his or her *written request to the corporation's investor relations department. The bill would require a domestic corporation to post its procedures on the corporation's Internet Web site if it has a Web site.*

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

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

1 SECTION 1. This act shall be known, and may be cited as, the
2 Corporate Elections Fairness Act of 2004.

3 SEC. 2. Section 301.2 is added to the Corporations Code, to
4 read:

5 301.2. (a) If a corporation is publicly traded company, it shall
6 have in place a process for its shareholders to ~~nominate~~ *recommend*
7 a candidate or candidates for election as directors. This process
8 shall be known as its corporate election procedures.

9 (b) For purposes of this section, “publicly traded company” or
10 “company” means an issuer, as defined in paragraph (8) of
11 subsection (a) of Section 78c of Title 15 of the United States Code,
12 that meets either of the following requirements:

13 (1) Its securities are registered under Section 78l of Title 15 of
14 the United States Code.

15 (2) It is required to file reports under subsection (d) of Section
16 78o of Title 15 of the United States Code.

17 (c) A domestic corporation or foreign corporation, other than
18 a foreign association, qualified to transact ~~intrastate~~ *interstate*
19 business shall file a copy of its corporate election procedures with
20 the Secretary of State within 120 days after the end of its 2004-05
21 fiscal year or within 120 days of the effective date of this section,
22 whichever is later, and again whenever the corporate election
23 procedures are changed or amended.

24 (d) A corporation described in subdivision (c) shall make
25 available a copy of its corporate election procedures to a
26 ~~shareholder, upon the shareholder’s request, and shall post its~~
27 ~~corporate election procedures on the corporation’s Internet Web~~
28 ~~site.~~ *shareholder upon receipt of a written request from the*
29 *shareholder to the investor relations department of the*
30 *corporation.*

31 (e) *A domestic corporation, if the corporation has an Internet*
32 *Web site, shall post its corporate elections procedures on the*
33 *corporation’s Internet Web site.*

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