



SB 963

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An Act Concerning the Connecticut Business Corporation Act

#84
55B440 (08)

Connecticut adopted the Model Business Corporation Act (MBCA) in 1994. This proposed bill is part of the ongoing process of updating Connecticut's corporation statutes and keeping them current with the MBCA. There are distinct advantages to Connecticut's adoption of the MBCA in its most current version. First, the model act promotes uniformity among the states. As Connecticut is a small state with relatively little corporate case law, case law from other states can provide valuable insight to assist with interpreting the statute. Second, like the Uniform Commercial Code, the MBCA has an official commentary. These comments are a useful source of information to lawyers and the courts about the meaning and interpretation of the law. As the MBCA is updated, the official comments are updated as well.

The bill itself is quite lengthy, but the changes fall into several categories and can be summarized fairly succinctly. The bill:

- clarifies the information to be included in the form supplied to shareholders with notice of the availability of appraisal rights;
- simplifies the procedure for shareholder action by written consent of fewer than all of the shareholders;
- provides that if directors are elected by written consent, a corporation is not required to hold an annual meeting of the shareholders;
- permits public corporations to adopt a bylaw that would allow the corporation's Board of Directors or shareholders to adopt a majority voting standard for the election of directors (without changing the current plurality voting default rule of the CBCA);
- adopts a universal definition of "expenses" and makes other conforming revisions to the CBCA to reflect this definition;
- enables a corporation to deliver one copy of documents to a "household," if multiple shareholders share a common address and consent to such delivery arrangements;
- limits shareholder suits for the judicial dissolution of a corporation to private corporations and affords shareholders the right to seek judicial dissolution when actual or threatened irreparable injury to the corporation is demonstrated in the context of a directors' deadlock, and
- clarifies that a domestic parent corporation may merge a subsidiary in which it has 90 percent of the voting power into itself or into another such subsidiary without the approval of the Board of Directors or shareholders of the subsidiary unless the certificate of incorporation provides otherwise or, in the case of a foreign subsidiary, such foreign subsidiary's jurisdiction so requires.