



# House of Representatives

General Assembly

**File No. 688**

January Session, 2017

Substitute House Bill No. 7311

*House of Representatives, April 24, 2017*

The Committee on Judiciary reported through REP. TONG of the 147th Dist., Chairperson of the Committee on the part of the House, that the substitute bill ought to pass.

***AN ACT CONCERNING LIMITED LIABILITY COMPANIES AND BUSINESS CORPORATIONS.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2018*) Sections 1 to 33,  
2 inclusive, of this act may be cited as the Limited Liability Company  
3 Protected Series Act.

4 Sec. 2. (NEW) (*Effective October 1, 2018*) As used in sections 1 to 33,  
5 inclusive, of this act:

6 (1) "Asset" means property:

7 (A) In which a series limited liability company or protected series  
8 has rights; or

9 (B) As to which the company or protected series has the power to  
10 transfer rights.

11 (2) "Associated asset" means an asset that meets the requirements in

12 section 16 of this act.

13 (3) "Associated member" means, with respect to a protected series, a  
14 member that meets the requirements in section 17 of this act.

15 (4) "Foreign protected series" means a protected series established  
16 by a foreign limited liability company and having attributes  
17 comparable to a protected series established under sections 1 to 33,  
18 inclusive, of this act. The term applies whether or not the law under  
19 which the foreign company is organized refers to protected series or  
20 series.

21 (5) "Foreign series limited liability company" means a foreign  
22 limited liability company having at least one foreign protected series.

23 (6) "Non-associated asset" means an asset of a series limited liability  
24 company or protected series of the company which is not an associated  
25 asset of the company or protected series.

26 (7) "Person" has the same meaning as provided in section 34-243a of  
27 the general statutes, as amended by this act, except that "person"  
28 includes a protected series, whether referred to as a protected series or  
29 series.

30 (8) "Protected series", except in the phrase "foreign protected series",  
31 means a protected series established under section 10 of this act.

32 (9) "Protected series manager" means a person under whose  
33 authority the powers of a protected series are exercised and under  
34 whose direction the activities and affairs of the protected series are  
35 managed under the operating agreement, sections 1 to 33, inclusive, of  
36 this act and sections 34-243 to 34-283d, inclusive, of the general  
37 statutes.

38 (10) "Protected series transferable interest" means a right to receive a  
39 distribution from a protected series.

40 (11) "Protected series transferee" means a person to which all or part

41 of a protected series transferable interest has been transferred. The  
42 term includes a person that owns a protected series transferable  
43 interest as a result of ceasing to be an associated member of a protected  
44 series.

45 (12) "Series limited liability company", except in the phrase "foreign  
46 series limited liability company", means a limited liability company  
47 having at least one protected series.

48 Sec. 3. (NEW) (*Effective October 1, 2018*) (a) Subject to subsection (b)  
49 of this section and for the purposes of applying subsection (c) of  
50 section 7 of this act, section 8 of this act, subparagraph (A)(i) of  
51 subdivision (4) of section 24 of this act and subsection (a) of section 25  
52 of this act, the following rules apply:

53 (1) A protected series of a series limited liability company is deemed  
54 to be a limited liability company, organized separately from the series  
55 limited liability company that established the protected series and  
56 distinct from the company and any other protected series of the  
57 company;

58 (2) Any associated member of the protected series is deemed to be a  
59 member of the company deemed to exist under subdivision (1) of this  
60 subsection;

61 (3) Any protected series transferee of the protected series is deemed  
62 to be a transferee of the company deemed to exist under subdivision  
63 (1) of this subsection;

64 (4) Any protected series transferable interest of the protected series  
65 is deemed to be a transferable interest of the company deemed to exist  
66 under subdivision (1) of this subsection;

67 (5) A series manager of the protected series is deemed to be a person  
68 managing the company deemed to exist under subdivision (1) of this  
69 subsection;

70 (6) Any asset of the protected series is deemed to be an asset of the

71 company deemed to exist under subdivision (1) of this subsection,  
72 whether or not the asset is an associated asset of the protected series;  
73 and

74 (7) Any creditor or other obligee of the protected series is deemed to  
75 be a creditor or obligee of the company deemed to exist under  
76 subdivision (1) of this subsection.

77 (b) Subsection (a) of this section does not apply if its application  
78 would:

79 (1) Vary the effect of section 8 of this act or section 34-243d of the  
80 general statutes; or

81 (2) Require the Secretary of the State to:

82 (A) Accept for filing a type of record that neither sections 1 to 33,  
83 inclusive, of this act nor sections 34-243 to 34-283d, inclusive, of the  
84 general statutes authorize or require a person to deliver to the  
85 Secretary of the State for filing; or

86 (B) Make or deliver a record that neither sections 1 to 33, inclusive,  
87 of this act nor sections 34-243 to 34-283d, inclusive, of the general  
88 statutes authorize or require the Secretary of the State to make or  
89 deliver.

90 Sec. 4. (NEW) (*Effective October 1, 2018*) A protected series of a series  
91 limited liability company is a person distinct from:

92 (1) The company, except as otherwise provided in subdivision (1) of  
93 subsection (c) of section 5 of this act;

94 (2) Another protected series of the company;

95 (3) A member of the company, whether or not the member is an  
96 associated member of the protected series;

97 (4) A protected series transferee of any protected series of the  
98 company; or

99 (5) A transferee of a transferable interest of the company.

100 Sec. 5. (NEW) (*Effective October 1, 2018*) (a) A protected series has the  
101 capacity to sue and be sued in its own name.

102 (b) Except as otherwise provided in subsection (c) of this section, a  
103 protected series has the same powers that a limited liability company  
104 has under section 34-243h of the general statutes, as amended by this  
105 act.

106 (c) A protected series of a series limited liability company may not:

107 (1) Continue to exist after the series limited liability company that  
108 established the protected series has completed its winding up;

109 (2) Be a member of the company;

110 (3) Establish a protected series;

111 (4) Have a protected series transferable interest, management or  
112 voting right or any other right in another protected series of the  
113 company;

114 (5) Be a party to a merger, interest exchange, conversion,  
115 domestication or comparable transaction; or

116 (6) Except as permitted by law of this state other than sections 1 to  
117 33, inclusive, of this act, do anything or have any purpose that the law  
118 of this state other than sections 1 to 33, inclusive, of this act prohibit a  
119 limited liability company from doing or having.

120 Sec. 6. (NEW) (*Effective October 1, 2018*) The law of this state governs:

121 (1) The internal affairs of a protected series;

122 (2) The relations between a protected series and:

123 (A) The series limited liability company that established the  
124 protected series;

125 (B) Another protected series of the company;

126 (C) A member that is not an associated member of the protected  
127 series;

128 (D) A protected series manager that is not a protected series  
129 manager of the protected series; and

130 (E) A protected series transferee that is not a protected series  
131 transferee of the protected series;

132 (3) The liability of a person for a debt, obligation or other liability of  
133 a protected series if the debt, obligation or other liability is asserted  
134 solely by reason of the person being or acting as:

135 (A) An associated member, protected series transferee or protected  
136 series manager of the protected series;

137 (B) A member of the limited liability company that established the  
138 protected series which is not an associated member of the protected  
139 series;

140 (C) A protected series manager that is not a protected series  
141 manager of the protected series;

142 (D) A protected series transferee that is not a protected series  
143 transferee of the protected series;

144 (E) A person managing the company; or

145 (F) A transferee of a transferable interest of the company;

146 (4) The liability of a series limited liability company for a debt,  
147 obligation or other liability of a protected series established by the  
148 company if the debt, obligation or other liability is asserted solely by  
149 reason of the company:

150 (A) Having established the protected series;

151 (B) Being or acting as a protected series manager of the protected

152 series;

153 (C) Having the protected series be or act as the person managing the  
154 company; or

155 (D) Owning a protected series transferable interest of the protected  
156 series; and

157 (5) The liability of a protected series for a debt, obligation or other  
158 liability of the series limited liability company that established the  
159 protected series or for a debt, obligation or other liability of another  
160 protected series of the company if the debt, obligation or other liability  
161 is asserted solely by reason of:

162 (A) The protected series:

163 (i) Being a protected series of the company or having as a protected  
164 series manager the company or another protected series of the  
165 company; or

166 (ii) Being or acting as a protected series manager of another  
167 protected series of the company or as a person managing the company;  
168 or

169 (B) The company owning a protected series transferable interest of  
170 the protected series.

171 Sec. 7. (NEW) (*Effective October 1, 2018*) (a) Except as otherwise  
172 provided in this section and subject to sections 8 and 9 of this act, the  
173 operating agreement of a series limited liability company governs:

174 (1) The internal affairs of a protected series;

175 (2) Relations among the protected series, the company and any  
176 other protected series of the company; and

177 (3) Relations between the protected series, its protected series  
178 manager, any associated member of the protected series or any  
179 protected series transferee of the protected series and another person

180 in the other person's capacity as:

181 (A) A member of the company which is not an associated member  
182 of the protected series;

183 (B) A protected series transferee or protected series manager of  
184 another protected series; or

185 (C) A transferee of the company.

186 (b) If the operating agreement of a series limited liability company  
187 does not provide for a matter described in subsection (a) of this  
188 section, sections 1 to 33, inclusive, of this act govern the matter.

189 (c) If neither the operating agreement nor sections 1 to 33, inclusive,  
190 of this act provides for a matter described in subsection (a) of this  
191 section, sections 34-243 to 34-283d, inclusive, of the general statutes  
192 govern the matter according to the rules in section 3 of this act.

193 (d) Subsection (c) of this section does not apply if its application  
194 would:

195 (1) Vary the effect of section 8 or 9 of this act; or

196 (2) Require the Secretary of the State to:

197 (A) Accept for filing a type of record that neither sections 1 to 33,  
198 inclusive, of this act nor sections 34-243 to 34-283d, inclusive, of the  
199 general statutes expressly authorize or require a person to deliver to  
200 the Secretary of the State for filing; or

201 (B) Make or deliver a record that neither sections 1 to 33, inclusive,  
202 of this act nor sections 34-243 to 34-283d, inclusive, of the general  
203 statutes expressly authorize or require the Secretary of the State to  
204 make or deliver.

205 Sec. 8. (NEW) (*Effective October 1, 2018*) If any provision of  
206 subsection (c) or (e) of section 34-243d of the general statutes or  
207 subdivision (3) of subsection (d) of section 34-243d of the general



208 statutes prohibit an operating agreement from varying a provision of  
209 sections 34-243 to 34-283d, inclusive, of the general statutes, limit the  
210 extent to which the agreement may vary a provision or restrict the  
211 agreement in any other way, the prohibition, limitation or restriction  
212 applies to a matter under sections 1 to 33, inclusive, of this act  
213 according to the rules in section 3 of this act.

214 Sec. 9. (NEW) (*Effective October 1, 2018*) An operating agreement  
215 may not vary:

216 (1) This section;

217 (2) The nature of a protected series as stated in section 4 of this act;

218 (3) The capacity of a protected series to sue and be sued in its own  
219 name under subsection (a) of section 5 of this act;

220 (4) Subsection (b) of section 5 of this act to provide a protected series  
221 a power in addition to the powers provided to a limited liability  
222 company under sections 34-243 to 34-283d, inclusive, of the general  
223 statutes;

224 (5) The limitations in subsection (c) of section 5 of this act on the  
225 powers of a protected series;

226 (6) The law applicable under section 6 of this act;

227 (7) The application under section 8 of this act of prohibitions,  
228 limitations and restrictions on the operating agreement;

229 (8) The requirements and procedures under section 10 of this act for  
230 establishing a protected series, except that the operating agreement  
231 may vary the manner in which a limited liability company authorizes  
232 the establishment of a protected series;

233 (9) The requirements in section 11 of this act for the name of a  
234 protected series;

235 (10) The requirements and procedures in section 16 of this act for

236 making an asset an associated asset;

237 (11) The requirements under section 17 of this act that:

238 (A) A person be a member of a series limited liability company in  
239 order to be an associated member of a protected series of the company;  
240 and

241 (B) A person's dissociation as a member simultaneously causes the  
242 person to cease to be an associated member of any protected series of  
243 the company;

244 (12) The requirement under subsection (a) of section 18 of this act  
245 that a protected series transferable interest must be owned initially by  
246 an associated member of the protected series or the series limited  
247 liability company that established the protected series;

248 (13) The principles identified in subsection (b) of section 21 of this  
249 act as governing claims to disregard a limitation of liability in  
250 subsection (a) of section 21 of this act;

251 (14) The procedures and requirements under section 22 of this act to  
252 enforce claims against non-associated assets;

253 (15) The rights under section 23 of this act of a judgment creditor;

254 (16) The circumstances in subdivisions (1) and (4) of section 24 of  
255 this act as causing dissolution of a protected series;

256 (17) Section 25 of this act, pertaining to winding up of a dissolved  
257 protected series, except to designate a different person to manage  
258 winding up;

259 (18) Sections 26 to 30, inclusive, of this act;

260 (19) Sections 31 to 33, inclusive, of this act;

261 (20) Any provision of sections 1 to 33, inclusive, of this act  
262 pertaining to:

263 (A) Registered agents; or

264 (B) The Secretary of the State, including provisions pertaining to  
265 records authorized or required to be delivered to the Secretary of the  
266 State for filing under sections 1 to 33, inclusive, of this act; or

267 (21) The rights under sections 1 to 33, inclusive, of this act of a  
268 person other than a series limited liability company, a protected series,  
269 a protected series manager or a member, whether or not an associated  
270 member of a protected series, to the prejudice of the person, except to  
271 the extent that sections 34-243 to 34-283d, inclusive, of the general  
272 statutes permits the operating agreement to vary the rights of a person  
273 not a member or manager of a limited liability company.

274 Sec. 10. (NEW) (*Effective October 1, 2018*) (a) With the affirmative  
275 vote or consent of all members of a limited liability company, the  
276 company may establish a protected series.

277 (b) To establish a protected series, a limited liability company must  
278 deliver to the Secretary of the State for filing a protected series  
279 designation, signed by the company, stating the name of the company  
280 and the name of the protected series to be established.

281 (c) A protected series is established when the protected series  
282 designation becomes effective under section 34-247f of the general  
283 statutes, as amended by this act.

284 (d) A series limited liability company may amend a protected series  
285 designation by delivering to the Secretary of the State for filing a  
286 statement of designation change that changes the name of the  
287 company or the name of the protected series to which the designation  
288 applies, or both. The change takes effect when the statement of  
289 designation change becomes effective under section 34-247f of the  
290 general statutes, as amended by this act.

291 Sec. 11. (NEW) (*Effective October 1, 2018*) (a) Except as otherwise  
292 provided in subsection (b) of this section, the name of a protected  
293 series must comply with section 34-243k of the general statutes.

294 (b) The name of a protected series of a series limited liability  
295 company must:

296 (1) Begin or end with the name of the company, including any word  
297 or abbreviation required by subsection (a) of section 34-243k of the  
298 general statutes to designate that the company is a limited liability  
299 company; and

300 (2) Contain the phrase "Protected Series" or "protected series" or the  
301 abbreviation "P.S." or "PS".

302 (c) If a series limited liability company changes its name, the  
303 company shall deliver to the Secretary of the State for filing a  
304 statement of designation change for each of the company's protected  
305 series that changes the name of each protected series to comply with  
306 this section.

307 Sec. 12. (NEW) (*Effective October 1, 2018*) (a) Unless otherwise  
308 designated, the registered agent in this state for a series limited  
309 liability company is the registered agent in this state for each protected  
310 series of the company.

311 (b) Before delivering a protected series designation to the Secretary  
312 of the State for filing, a limited liability company shall contract with a  
313 registered agent for the agent to serve as the registered agent in this  
314 state for both the company and the protected series.

315 (c) A person that signs a protected series designation delivered to  
316 the Secretary of the State for filing affirms as a fact that the limited  
317 liability company on whose behalf the designation is delivered has  
318 complied with subsection (b) of this section.

319 (d) A person that ceases to be the registered agent for a series  
320 limited liability company ceases to be the registered agent for each  
321 protected series of the company.

322 (e) A person that ceases to be the registered agent for a protected  
323 series of a series limited liability company ceases to be the registered

324 agent of the company and any other protected series of the company.

325 (f) Except as otherwise agreed by a series limited liability company  
326 and its registered agent, the agent is not obligated to distinguish  
327 between a process, notice, demand or other record concerning the  
328 company and a process, notice, demand or other record concerning a  
329 protected series of the company.

330 Sec. 13. (NEW) (*Effective October 1, 2018*) (a) A protected series may  
331 be served with any process, notice, demand or other record required or  
332 permitted by law by:

333 (1) Serving the series limited liability company that established the  
334 protected series;

335 (2) Serving the registered agent of the protected series; or

336 (3) Other means authorized by law of this state other than sections 1  
337 to 33, inclusive, of this act.

338 (b) Service of a summons and complaint on a series limited liability  
339 company or foreign series limited liability company is notice to each  
340 protected series of the company or foreign protected series of the  
341 foreign company of service of the summons and complaint and the  
342 contents of the complaint. Service of a summons and complaint on a  
343 protected series of a series limited liability company or foreign  
344 protected series of a foreign series limited liability company is notice to  
345 the company and any other protected series of the company, or the  
346 foreign company and any other foreign protected series of the foreign  
347 company of service of the summons and complaint and the contents of  
348 the complaint.

349 (c) Notice to a person under subsection (b) of this section is effective  
350 whether or not the summons and complaint identify the person if the  
351 summons and complaint name as a party and identify:

352 (1) The series limited liability company or a protected series of the  
353 company; or

354 (2) The foreign series limited liability company or a foreign  
355 protected series of the foreign company.

356 Sec. 14. (NEW) (*Effective October 1, 2018*) (a) On request of any  
357 person, the Secretary of the State shall issue a certificate of good  
358 standing for a protected series. The certificate shall state:

359 (1) The name of the protected series and the name of the series  
360 limited liability company that established the protected series;

361 (2) That a certificate of designation pertaining to the protected series  
362 has been filed and taken effect;

363 (3) The date the certificate took effect;

364 (4) If any statement of designation change pertaining to the  
365 protected series has taken effect, the effective date and contents of the  
366 statement;

367 (5) That no statement of termination of the protected series has been  
368 filed;

369 (6) That all fees, taxes, interest and penalties owed to this state by  
370 the protected series and collected through the Secretary of the State  
371 have been paid; if:

372 (A) Payment is reflected in the records of the Secretary of the State;  
373 and

374 (B) Nonpayment affects the good standing of the protected series;

375 (7) That the most recent annual report required by sections 34-243 to  
376 34-283d, inclusive, of the general statutes includes the name of the  
377 protected series and has been delivered to the Secretary of the State for  
378 filing; and

379 (8) Other facts reflected in the records of the Secretary of the State  
380 pertaining to the protected series which the person requesting the  
381 certificate reasonably requests.

382 (b) Subject to any qualification stated in the certificate, a certificate  
383 issued by the Secretary of the State under subsection (a) of this section  
384 may be relied on as conclusive evidence of the facts stated in the  
385 certificate.

386 Sec. 15. (NEW) (*Effective October 1, 2018*) The annual report required  
387 under sections 34-243 to 34-283d, inclusive, of the general statutes to be  
388 delivered to the Secretary of the State for filing must, in the case of a  
389 series limited liability company, also include the name of each  
390 protected series of the company. Failure of the company to include the  
391 name of a protected series does not dissolve or otherwise affect the  
392 protected series but does prevent issuance of a certificate of good  
393 standing pertaining to the protected series.

394 Sec. 16. (NEW) (*Effective October 1, 2018*) (a) Only property that is an  
395 asset of a protected series may be an associated asset of the protected  
396 series. Only property that is an asset of a series limited liability  
397 company may be an associated asset of the company.

398 (b) An asset of a protected series is an associated asset of the  
399 protected series only if the series limited liability company that  
400 established the protected series creates and maintains a record or set of  
401 records that identifies the protected series and:

402 (1) Describes the asset with sufficient specificity to permit a  
403 disinterested, reasonable individual to identify the asset and  
404 distinguish it from:

405 (A) Other assets of the protected series, whether or not the other  
406 assets are associated assets of the protected series;

407 (B) Assets of any other protected series of the series limited liability  
408 company, whether or not the assets are associated assets of the other  
409 protected series; and

410 (C) Assets of the company, whether or not the assets are associated  
411 assets of the company;

412 (2) If the protected series transfers the asset, or any part of the asset,  
413 states when and to what person the protected series made the transfer;  
414 and

415 (3) If the protected series transferred the asset to the company or  
416 another protected series of the company, states the consideration  
417 received, the payee and the payer.

418 (c) To the extent permitted by law of this state other than sections 1  
419 to 33, inclusive, of this act and subject to subsections (a) and (b) of this  
420 section, a protected series may hold an associated asset directly or  
421 indirectly, through a representative, nominee or otherwise, but may  
422 not hold the asset in the name of the series limited liability company or  
423 another protected series of the company.

424 (d) A series limited liability company may make an asset an  
425 associated asset of the company in accordance with this section.

426 Sec. 17. (NEW) (*Effective October 1, 2018*) (a) Only a member of a  
427 series limited liability company may be an associated member of a  
428 protected series of the company. If a person is dissociated from a series  
429 limited liability company, the person immediately ceases to be an  
430 associated member of any protected series of the company.

431 (b) A member of a series limited liability company becomes an  
432 associated member of a protected series of the company when the  
433 operating agreement or a procedure established by the agreement: (1)  
434 Identifies the member as an associated member of the protected series;  
435 and (2) states what, if any, protected series transferable interest the  
436 associated member has in connection with becoming or being an  
437 associated member.

438 Sec. 18. (NEW) (*Effective October 1, 2018*) (a) A protected series  
439 transferable interest of a protected series must be owned initially by an  
440 associated member of the protected series or the series limited liability  
441 company that established the protected series.

442 (b) If a protected series has no associated members when



443 established, the series limited liability company owns the protected  
444 series transferable interests in the protected series.

445 (c) A series limited liability company may acquire a protected series  
446 transferable interest through a transfer from another person or as  
447 provided in the operating agreement.

448 Sec. 19. (NEW) (*Effective October 1, 2018*) (a) A protected series  
449 manager in that capacity owes duties only to the protected series and  
450 any associated members of the protected series. A protected series may  
451 have simultaneously more than one protected series manager.

452 (b) Whenever a protected series has no associated members, the  
453 series limited liability company is the protected series manager.

454 (c) An associated member of a protected series is by statute an agent  
455 for the protected series with statutory power to bind the protected  
456 series to the same extent, if any, that a member of a limited liability  
457 company is by statute an agent for the company with statutory power  
458 to bind the company.

459 Sec. 20. (NEW) (*Effective October 1, 2018*) (a) A member of a series  
460 limited liability company which is not an associated member of a  
461 protected series of the company has a right to information concerning  
462 the protected series to the same extent, in the same manner and under  
463 the same conditions that a nonmanager member of a manager-  
464 managed limited liability company has a right to information  
465 concerning the company under subdivisions (2) and (3) of subsection  
466 (b) of section 34-255i of the general statutes.

467 (b) A person that was formerly an associated member of a protected  
468 series has a right to information concerning the protected series to the  
469 same extent, in the same manner and under the same conditions that a  
470 person dissociated as a member of a limited liability company has a  
471 right to information concerning the company under subsection (c) of  
472 section 34-255i of the general statutes.

473 (c) If an associated member of the protected series dies, the legal

474 representative of the deceased associated member has a right to  
475 information concerning the protected series to the same extent, in the  
476 same manner and under the same conditions that the legal  
477 representative of a deceased member has a right to information  
478 concerning the company under section 34-259c of the general statutes.

479 Sec. 21. (NEW) (*Effective October 1, 2018*) (a) Subject to subsection (b)  
480 of this section and section 22 of this act:

481 (1) A debt, obligation or other liability of a series limited liability  
482 company is solely the debt, obligation or other liability of the  
483 company;

484 (2) A debt, obligation or other liability of a protected series is solely  
485 the debt, obligation or other liability of the protected series;

486 (3) A series limited liability company is not liable, directly or  
487 indirectly, by way of contribution or otherwise, for a debt, obligation  
488 or other liability of a protected series of the company solely by reason  
489 of the company:

490 (A) Having established the protected series;

491 (B) Being or acting as a protected series manager of the protected  
492 series;

493 (C) Having the protected series manage the company; or

494 (D) Owning a protected series transferable interest in the protected  
495 series;

496 (4) A protected series is not liable, directly or indirectly, by way of  
497 contribution or otherwise, for a debt, obligation or other liability of the  
498 series limited liability company that established the protected series or  
499 another protected series of the company solely by reason of:

500 (A) Being a protected series of the company;

501 (B) Being or acting as a person managing the company or a

502 protected series manager of another protected series of the company;  
503 or

504 (C) Having the company or another protected series of the company  
505 be or act as a protected series manager of the protected series; and

506 (5) A person is not liable, directly or indirectly, by way of  
507 contribution or otherwise, for a debt, obligation or other liability of:

508 (A) A protected series solely by reason of being or acting as an  
509 associated member of the protected series, a series manager of the  
510 protected series, a member of the series limited liability company that  
511 established the protected series or a person managing the company or  
512 by having a protected series transferable interest in the protected  
513 series; or

514 (B) A series limited liability company solely by reason of being or  
515 acting as an associated member or protected series manager of a  
516 protected series of the company.

517 (b) A claim to disregard a limitation under subsection (a) of this  
518 section is governed by the principles of law and equity, including  
519 principles providing rights to creditors or holding a person liable for a  
520 debt, obligation or other liability of another person, which would  
521 apply if each protected series of the series limited liability company  
522 were a limited liability company, organized separately from the  
523 company that established the protected series and distinct from the  
524 company and any other protected series of the company.

525 Sec. 22. (NEW) (*Effective October 1, 2018*) (a) For the purposes of this  
526 section, a claimant first seeks enforcement of a claim against an asset  
527 when the claimant first serves process on the owner of the asset,  
528 seeking enforcement of the claim under this section by attachment,  
529 levy or the like.

530 (b) Subject to subsection (c) of this section, the following rules apply:

531 (1) A claim against a series limited liability company may be

532 enforced against an asset of a protected series of the company only if:

533 (A) When enforcement is first sought, the asset is a non-associated  
534 asset of the protected series; or

535 (B) When the liability giving rise to the claim was incurred, the  
536 protected series owned the asset but the asset was a non-associated  
537 asset of the protected series.

538 (2) A claim against a protected series may be enforced against an  
539 asset of the series limited liability company only if:

540 (A) When enforcement is first sought, the asset is a non-associated  
541 asset of the company; or

542 (B) When the liability giving rise to the claim was incurred, the  
543 company owned the asset but the asset was a non-associated asset of  
544 the company.

545 (3) A claim against a protected series may be enforced against an  
546 asset of another protected series of the company only if, when  
547 enforcement is first sought, the asset is a non-associated asset of the  
548 other protected series.

549 (c) In a proceeding under this section, the party asserting that an  
550 asset is an associated asset of a series limited liability company or a  
551 protected series of the company has the burden of proof on the issue.

552 (d) A proceeding under this section is an action to enforce a  
553 judgment.

554 (e) This section supplements and does not displace the principles of  
555 law and equity concerning:

556 (1) A fraudulent or voidable conveyance, transfer or transaction;

557 (2) A lien, mortgage, security interest or other encumbrance; or

558 (3) The determination of ownership of property.

559 Sec. 23. (NEW) (*Effective October 1, 2018*) Any provision of section  
560 34-259b of the general statutes which provides or restricts remedies  
561 available to a judgment creditor of a member of a limited liability  
562 company or owner of a transferable interest of the company applies to  
563 a judgment creditor of:

564 (1) An associated member or protected series transferee of a  
565 protected series; or

566 (2) The series limited liability company, to the extent it owns a  
567 protected series transferable interest of the protected series.

568 Sec. 24. (NEW) (*Effective October 1, 2018*) A protected series is  
569 dissolved, and its activities and affairs must be wound up, upon:

570 (1) Dissolution of the series limited liability company that  
571 established the protected series;

572 (2) Occurrence of an event or circumstance the operating agreement  
573 states causes dissolution of the protected series;

574 (3) Affirmative vote or consent of all the members; or

575 (4) Entry by the Superior Court of an order dissolving the protected  
576 series on application by:

577 (A) An associated member or protected series manager of the  
578 protected series: (i) In accordance with the rules in section 3 of this act;  
579 and (ii) to the same extent, in the same manner and on the same  
580 grounds the court would enter an order dissolving a limited liability  
581 company on application by a member of or a person managing the  
582 company; or

583 (B) The company or a member of the company on the grounds that  
584 the conduct of all or substantially all the activities and affairs of the  
585 protected series is illegal.

586 Sec. 25. (NEW) (*Effective October 1, 2018*) (a) Subject to subsection (b)  
587 of this section and in accordance with section 3 of this act:

588 (1) A dissolved protected series shall wind up its activities and  
589 affairs in the same manner that a limited liability company winds up  
590 its affairs under section 34-267a of the general statutes; and

591 (2) Judicial supervision or other judicial remedy is available in the  
592 winding up of the protected series to the same extent, in the same  
593 manner and under the same conditions that apply under sections 34-  
594 243 to 34-283d, inclusive, of the general statutes in the winding up of a  
595 limited liability company.

596 (b) When a protected series has completed winding up, the series  
597 limited liability company that established the protected series may  
598 deliver to the Secretary of the State for filing a statement of designation  
599 cancellation stating the name of the protected series and that the  
600 protected series is terminated.

601 (c) A series limited liability company does not complete its winding  
602 up until each of its protected series has completed its winding up.

603 Sec. 26. (NEW) (*Effective October 1, 2018*) (a) The law of the  
604 jurisdiction of formation of a foreign series limited liability company  
605 governs:

606 (1) The internal affairs of a foreign protected series of the company;

607 (2) Relations between the protected series and: (A) The company; (B)  
608 another protected series of the company; (C) a member of the company  
609 which is not an associated member of the protected series; (D) a  
610 protected series transferee of another protected series of the company;  
611 (E) a transferee of a transferable interest of the company; and

612 (3) Subject to subsection (b) of this section and section 28 of this act:

613 (A) The liability of a person for a debt, obligation or other liability of  
614 a foreign protected series of a foreign series limited liability company if  
615 the debt, obligation or other liability is asserted solely by reason of the  
616 person being or acting as:

617 (i) An associated member, series transferee or protected series  
618 manager of the protected series;

619 (ii) A member of the company not an associated member of the  
620 protected series;

621 (iii) A series transferee of another protected series of the company;

622 (iv) A protected series manager of another protected series of the  
623 company;

624 (v) A person managing the company; or

625 (vi) A transferee of a transferable interest of the company;

626 (B) The liability of the company for a debt, obligation or other  
627 liability of a protected series if the debt, obligation or other liability is  
628 asserted solely by reason of the company:

629 (i) Having established the protected series;

630 (ii) Being or acting as a protected series manager of the protected  
631 series;

632 (iii) Having the protected series manage the company; or

633 (iv) Owning a protected series transferable interest in the protected  
634 series; and

635 (C) The liability of a foreign protected series for a debt, obligation or  
636 other liability of the company or another protected series of the  
637 company if the debt, obligation or other liability is asserted solely by  
638 reason of the protected series:

639 (i) Being a protected series of the company or having the company  
640 or another protected series of the company be or act as protected series  
641 manager of the protected series; or

642 (ii) Managing the company or being or acting as a series manager of  
643 another protected series of the company.

644 (b) In determining a claim under subparagraph (B) or (C) of  
645 subdivision (3) of subsection (a) of this section, a court may apply the  
646 law of this state instead of the law of the foreign jurisdiction of the  
647 foreign series limited liability company if the court determines that  
648 applying the law of the foreign jurisdiction advances a policy or  
649 produces a result repugnant to the public policy of this state. In  
650 making the determination, the court shall consider:

651 (1) The specificity, clarity and forcefulness with which the law of  
652 this state reflects a contrary public policy;

653 (2) Whether the claimant is a resident of this state or for another  
654 reason reasonably might expect the law of this state to apply; and

655 (3) Any relevant choice-of-law rule of law of this state.

656 Sec. 27. (NEW) (*Effective October 1, 2018*) In determining whether a  
657 foreign limited liability company or foreign protected series of the  
658 company has transacted business in this state or is subject to the  
659 jurisdiction of the courts of this state:

660 (1) The activities and affairs of the company are not attributable to a  
661 protected series of the company solely because the company  
662 established the protected series; and

663 (2) The activities and affairs of a protected series are not attributable  
664 to the company or another protected series of the company solely  
665 because the company established the protected series or the other  
666 protected series.

667 Sec. 28. (NEW) (*Effective October 1, 2018*) Sections 16 and 22 of this  
668 act apply to any asset located in this state owned by a foreign series  
669 limited liability company or foreign protected series subject to the  
670 personal jurisdiction of the courts of this state.

671 Sec. 29. (NEW) (*Effective October 1, 2018*) (a) Except as otherwise  
672 provided in this section and subject to section 27 of this act, the law of  
673 this state governing the registration of a foreign limited liability



674 company to do business in this state applies to a foreign protected  
675 series as if the foreign protected series were a foreign limited liability  
676 company organized separately from the foreign series limited liability  
677 company that established the foreign protected series and distinct from  
678 the foreign company and any other foreign protected series of the  
679 foreign company.

680 (b) An application by a foreign protected series for registration to do  
681 business in this state must include:

682 (1) The name and jurisdiction of formation of the foreign series  
683 limited liability company that established the foreign protected series  
684 applying for registration; and

685 (2) If the company has other protected series, the name, street,  
686 mailing and electronic mail address of an individual who knows the  
687 name, street mailing and electronic mail address of each other foreign  
688 protected series and the protected series manager of and agent for  
689 process for each other foreign protected series.

690 (c) The name of a foreign protected series applying for registration  
691 or registered to do business in this state must comply with section 11  
692 of this act. A foreign protected series may comply with section 11 of  
693 this act pursuant to section 34-275e of the general statutes.

694 (d) The requirement in section 34-275c of the general statutes, as  
695 amended by this act, to amend a foreign registration certificate to  
696 update information applies to the information required by subsection  
697 (b) of this section.

698 Sec. 30. (NEW) (*Effective October 1, 2018*) (a) Not later than thirty  
699 days after becoming a party to a proceeding before a civil, criminal,  
700 administrative or other adjudicative tribunal of this state or a tribunal  
701 of the United States located in this state:

702 (1) A foreign series limited liability company shall disclose to each  
703 other party the name, street, mailing and electronic mail address of:

704 (A) Each foreign protected series of the company; and

705 (B) Each protected series manager of and an agent for service of  
706 process for each foreign protected series of the company; and

707 (2) A foreign protected series shall disclose to each other party the  
708 name, street, mailing and electronic mail address of:

709 (A) The foreign series limited liability company that established the  
710 foreign protected series, each person managing the company and an  
711 agent for service of process for the company; and

712 (B) Each other foreign protected series, if any, and the protected  
713 series manager of and an agent for service of process for each other  
714 protected series.

715 (b) The time to make disclosure under subsection (a) of this section  
716 is tolled if the foreign series limited liability company or foreign  
717 protected series challenges the personal jurisdiction of the tribunal. If  
718 the tribunal rules in favor of its jurisdiction, the tolling ends.

719 (c) If a foreign series limited liability company or foreign protected  
720 series does not comply with subsection (a) of this section, a party to the  
721 proceeding may:

722 (1) Move the tribunal to treat the noncompliance as a failure to  
723 comply with the tribunal's discovery rules; or

724 (2) Bring a separate proceeding in the Superior Court to enforce the  
725 requirements in subsection (a) of this section.

726 Sec. 31. (NEW) (*Effective October 1, 2018*) In applying and construing  
727 the provisions of sections 1 to 33, inclusive, of this act, consideration  
728 must be given to the need to promote uniformity of the law with  
729 respect to its subject matter among states that enact such provisions.

730 Sec. 32. (NEW) (*Effective October 1, 2018*) Sections 1 to 33, inclusive,  
731 of this act modify, limit and supersede the Electronic Signatures in  
732 Global and National Commerce Act, 15 USC Section 7001 et seq., but

733 do not modify, limit or supersede Section 101(c) of that act, 15 USC  
734 Section 7001(c), or authorize electronic delivery of any of the notices  
735 described in Section 103(b) of that act, 15 USC Section 7003(b).

736 Sec. 33. (NEW) (*Effective October 1, 2018*) Sections 1 to 32, inclusive,  
737 of this act do not affect an action commenced, proceeding brought or  
738 right accrued before October 1, 2018.

739 Sec. 34. Section 33-756 of the general statutes is repealed and the  
740 following is substituted in lieu thereof (*Effective October 1, 2017*):

741 (a) [A director shall discharge his duties as a director, including his  
742 duties as a member of a committee] Each member of the board of  
743 directors, when discharging the duties of a director, shall act: (1) In  
744 good faith; [(2) with the care an ordinarily prudent person in a like  
745 position would exercise under similar circumstances; and (3)] and (2)  
746 in a manner [he] the director reasonably believes to be in the best  
747 interests of the corporation.

748 [(b) In discharging his duties a director is entitled to rely on  
749 information, opinions, reports or statements, including financial  
750 statements and other financial data, if prepared or presented by: (1)  
751 One or more officers or employees of the corporation whom the  
752 director reasonably believes to be reliable and competent in the  
753 matters presented; (2) legal counsel, public accountants or other  
754 persons as to matters the director reasonably believes are within the  
755 person's professional or expert competence; or (3) a committee of the  
756 board of directors of which he is not a member if the director  
757 reasonably believes the committee merits confidence.

758 (c) A director is not acting in good faith if he has knowledge  
759 concerning the matter in question that makes reliance otherwise  
760 permitted by subsection (b) of this section unwarranted.

761 (d) For purposes of sections 33-817, 33-830, 33-831, 33-841 and 33-  
762 844, a director of a corporation which has a class of voting stock  
763 registered pursuant to Section 12 of the Securities Exchange Act of

764 1934, as the same has been or hereafter may be amended from time to  
765 time, in addition to complying with the provisions of subsections (a) to  
766 (c), inclusive, of this section, may consider, in determining what he  
767 reasonably believes to be in the best interests of the corporation, (1) the  
768 long-term as well as the short-term interests of the corporation, (2) the  
769 interests of the shareholders, long-term as well as short-term,  
770 including the possibility that those interests may be best served by the  
771 continued independence of the corporation, (3) the interests of the  
772 corporation's employees, customers, creditors and suppliers, and (4)  
773 community and societal considerations including those of any  
774 community in which any office or other facility of the corporation is  
775 located. A director may also in his discretion consider any other factors  
776 he reasonably considers appropriate in determining what he  
777 reasonably believes to be in the best interests of the corporation.

778 (e) A director is not liable for any action taken as a director, or any  
779 failure to take any action, if he performed the duties of his office in  
780 compliance with this section.

781 (f) A director is not liable under this section for any act or omission  
782 in the course of performing the duties of a director under subsection  
783 (a) of section 33-1358 if the director performed such duties in  
784 compliance with this section and section 33-1358.]

785 (b) The members of the board of directors or a board committee,  
786 when becoming informed in connection with their decision-making  
787 function or devoting attention to their oversight function, shall  
788 discharge their duties with the care that a person in a like position  
789 would reasonably believe appropriate under similar circumstances.

790 (c) In discharging board or committee duties, a director shall  
791 disclose, or cause to be disclosed, to the other board or committee  
792 members information not already known by them but known by the  
793 director to be material to the discharge of their decision-making or  
794 oversight functions, except that disclosure is not required to the extent  
795 that the director reasonably believes that doing so would violate a  
796 duty imposed under law, a legally enforceable obligation of

797 confidentiality, or a professional ethics rule.

798 (d) In discharging board or committee duties, a director who does  
799 not have knowledge that makes reliance unwarranted is entitled to  
800 rely on the performance by any of the persons specified in subdivision  
801 (1) or (3) of subsection (f) of this section to whom the board may have  
802 delegated, formally or informally by course of conduct, the authority  
803 or duty to perform one or more of the board's functions that are  
804 delegable under applicable law.

805 (e) In discharging board or committee duties, a director who does  
806 not have knowledge that makes reliance unwarranted is entitled to  
807 rely on information, opinions, reports or statements, including  
808 financial statements and other financial data, prepared or presented by  
809 any of the persons specified in subsection (f) of this section.

810 (f) A director is entitled to rely, in accordance with subsection (d) or  
811 (e) of this section, on: (1) One or more officers or employees of the  
812 corporation whom the director reasonably believes to be reliable and  
813 competent in the functions performed or the information, opinions,  
814 reports or statements provided; (2) legal counsel, public accountants or  
815 other persons retained by the corporation as to matters involving skills  
816 or expertise the director reasonably believes are matters (A) within the  
817 particular person's professional or expert competence, or (B) as to  
818 which the particular person merits confidence; or (3) a board  
819 committee of which the director is not a member if the director  
820 reasonably believes the committee merits confidence.

821 (g) For the purposes of sections 33-817, as amended by this act, 33-  
822 830, 33-831, 33-841 and 33-844, a director of a corporation that has a  
823 class of voting stock registered pursuant to Section 12 of the Securities  
824 Exchange Act of 1934, as the same has been or hereafter may be  
825 amended from time to time, in addition to complying with the  
826 provisions of subsections (a) to (c), inclusive, of this section, may  
827 consider, in determining what the director reasonably believes to be in  
828 the best interests of the corporation, (1) the long-term as well as the  
829 short-term interests of the corporation, (2) the interests of the

830 shareholders, long-term as well as short-term, including the possibility  
831 that those interests may be best served by the continued independence  
832 of the corporation, (3) the interests of the corporation's employees,  
833 customers, creditors and suppliers, and (4) community and societal  
834 considerations, including those of any community in which any office  
835 or other facility of the corporation is located. A director may also  
836 consider, in the discretion of such director, any other factors the  
837 director reasonably considers appropriate in determining what the  
838 director reasonably believes to be in the best interests of the  
839 corporation.

840 Sec. 35. (NEW) (*Effective October 1, 2017*) (a) A director shall not be  
841 liable to the corporation or its shareholders for any decision to take or  
842 not to take action, or any failure to take any action, as a director, unless  
843 the party asserting liability in a proceeding establishes that:

844 (1) No defense interposed by the director based on (A) any  
845 provision in the certificate of incorporation authorized by subdivision  
846 (4) or (6) of subsection (b) of section 33-636 of the general statutes, as  
847 amended by this act, or (B) the protection afforded by section 33-782 of  
848 the general statutes, for action taken in compliance with section 33-783  
849 or 33-784 of the general statutes, as amended by this act, or (C) the  
850 protection afforded by section 33-785 of the general statutes, as  
851 amended by this act, precludes liability of the director; and

852 (2) The challenged conduct consisted of or was the result of (A) an  
853 action not in good faith; (B) a decision (i) which the director did not  
854 reasonably believe to be in the best interests of the corporation, or (ii)  
855 as to which the director was not informed to an extent the director  
856 reasonably believed appropriate in the circumstances; (C) a lack of  
857 objectivity due to the director's familial, financial or business  
858 relationship with, or a lack of independence due to the director's  
859 domination or control by, another person having a material interest in  
860 the challenged conduct (i) which relationship or which domination or  
861 control could reasonably be expected to have affected the director's  
862 judgment respecting the challenged conduct in a manner adverse to

863 the corporation, and (ii) after a reasonable expectation to such effect  
864 has been established, the director has not established that the  
865 challenged conduct was reasonably believed by the director to be in  
866 the best interests of the corporation; (D) a sustained failure of the  
867 director to devote attention to ongoing oversight of the business and  
868 affairs of the corporation, or a failure to devote timely attention, by  
869 making, or causing to be made, appropriate inquiry, when particular  
870 facts and circumstances of significant concern materialize that would  
871 alert a reasonably attentive director to the need for such inquiry; or (E)  
872 the receipt of a financial benefit to which the director was not entitled  
873 or any other breach of the director's duties to deal fairly with the  
874 corporation and its shareholders that is actionable under applicable  
875 law.

876 (b) The party seeking to hold the director liable:

877 (1) For money damages, shall also have the burden of establishing  
878 that (A) harm to the corporation or its shareholders has been suffered,  
879 and (B) the harm suffered was proximately caused by the director's  
880 challenged conduct;

881 (2) For other money payment under a legal remedy, such as  
882 compensation for the unauthorized use of corporate assets, shall also  
883 have whatever persuasion burden may be called for to establish that  
884 the payment sought is appropriate in the circumstances; or

885 (3) For other money payment under an equitable remedy, such as  
886 profit recovery by or disgorgement to the corporation, shall also have  
887 whatever persuasion burden may be called for to establish that the  
888 equitable remedy sought is appropriate in the circumstances.

889 (c) Nothing in this section shall:

890 (1) In any instance where fairness is at issue, such as consideration  
891 of the fairness of a transaction to the corporation under subdivision (3)  
892 of subsection (b) of section 33-782 of the general statutes, alter the  
893 burden of proving the fact or lack of fairness otherwise applicable;

894 (2) Alter the fact or lack of liability of a director under any provision  
895 in sections 33-600 to 33-998, inclusive, of the general statutes such as  
896 the provisions governing the consequences of an unlawful distribution  
897 under section 33-757 of the general statutes or a transactional interest  
898 under section 33-782 of the general statutes; or

899 (3) Affect any rights to which the corporation or a shareholder may  
900 be entitled under another chapter of the general statutes or a section of  
901 the United States Code.

902 Sec. 36. (NEW) (*Effective October 1, 2017*) As used in this section and  
903 sections 37 to 43, inclusive, of this act:

904 (1) "Corporate action" means any action taken by or on behalf of the  
905 corporation, including any action taken by the incorporator, the board  
906 of directors, a committee of the board of directors, an officer or agent  
907 of the corporation or the shareholders.

908 (2) "Date of the defective corporate action" means the date, or the  
909 approximate date if the exact date is unknown, the defective corporate  
910 action was purported to have been taken.

911 (3) "Defective corporate action" means (A) any corporate action  
912 purportedly taken that is, and at the time such corporate action was  
913 purportedly taken would have been, within the power of the  
914 corporation, but that is void or voidable due to a failure of  
915 authorization, and (B) an overissue.

916 (4) "Failure of authorization" means the failure to authorize,  
917 approve or otherwise effect a corporate action in compliance with the  
918 provisions of sections 33-600 to 33-998, inclusive, of the general  
919 statutes, the certificate of incorporation or bylaws of the corporation, a  
920 corporate resolution or any plan or agreement to which the  
921 corporation is a party, if and to the extent such failure would render  
922 such corporate action void or voidable.

923 (5) "Overissue" means the purported issuance of: (A) Shares of a  
924 class or series in excess of the number of shares of a class or series the



925 corporation has the power to issue under section 33-665 of the general  
926 statutes at the time of such issuance; or (B) shares of any class or series  
927 that is not then authorized for issuance by the certificate of  
928 incorporation.

929 (6) "Putative shares" means the shares of any class or series,  
930 including shares issued upon exercise of rights, options, warrants or  
931 other securities convertible into shares of the corporation, or interests  
932 with respect to such shares, that were created or issued as a result of a  
933 defective corporate action, that (A) but for any failure of authorization  
934 would constitute valid shares, or (B) cannot be determined by the  
935 board of directors to be valid shares.

936 (7) "Valid shares" means the shares of any class or series that have  
937 been duly authorized and validly issued in accordance with sections  
938 33-600 to 33-998, inclusive, of the general statutes, including as a result  
939 of ratification or validation under this section and sections 37 to 43,  
940 inclusive, of this act.

941 (8) "Validation effective time" means, with respect to any defective  
942 corporate action ratified under this section and sections 37 to 43,  
943 inclusive, of this act, the later of (A) the time at which the ratification of  
944 the defective corporate action is approved by the shareholders, or if  
945 approval of shareholders is not required, the time at which the notice  
946 required by section 40 of this act becomes effective in accordance with  
947 section 33-603 of the general statutes; and (B) the time at which any  
948 certificate of validation filed in accordance with section 42 of this act  
949 becomes effective. The validation effective time shall not be affected by  
950 the filing or pendency of a judicial proceeding under section 43 of this  
951 act or any other provision of law, unless otherwise ordered by the  
952 Superior Court.

953 Sec. 37. (NEW) (*Effective October 1, 2017*) (a) A defective corporate  
954 action shall not be void or voidable if ratified in accordance with  
955 section 38 of this act or validated in accordance with section 43 of this  
956 act.

957 (b) Ratification under section 38 of this act or validation under  
958 section 43 of this act shall not be deemed to be the exclusive means of  
959 ratifying or validating any defective corporate action, and the absence  
960 or failure of ratification in accordance with sections 36 to 43, inclusive,  
961 of this act shall not, of itself, affect the validity or effectiveness of any  
962 corporate action ratified under common law or otherwise, nor shall it  
963 create a presumption that any such corporate action is or was a  
964 defective corporate action or void or voidable.

965 (c) In the case of an overissue, putative shares shall be valid shares  
966 effective as of the date originally issued or purportedly issued upon:  
967 (1) The effectiveness under sections 36 to 43, inclusive, of this act, and  
968 under sections 33-795 to 33-809, inclusive, of the general statutes of an  
969 amendment to the certificate of incorporation authorizing, designating  
970 or creating such shares; or (2) the effectiveness of any other corporate  
971 action under sections 36 to 43, inclusive, of this act, ratifying the  
972 authorization, designation or creation of such shares.

973 Sec. 38. (NEW) (*Effective October 1, 2017*) (a) To ratify a defective  
974 corporate action under this section, other than the ratification of an  
975 election of the initial board of directors under subsection (b) of this  
976 section, the board of directors shall take action ratifying the action in  
977 accordance with section 39 of this act, stating: (1) The defective  
978 corporate action to be ratified and, if the defective corporate action  
979 involved the issuance of putative shares, the number and type of  
980 putative shares purportedly issued; (2) the date of the defective  
981 corporate action; (3) the nature of the failure of authorization with  
982 respect to the defective corporate action to be ratified; and (4) that the  
983 board of directors approves the ratification of the defective corporate  
984 action.

985 (b) In the event that a defective corporate action to be ratified relates  
986 to the election of the initial board of directors of the corporation under  
987 subdivision (2) of subsection (a) of section 33-639 of the general  
988 statutes, a majority of the persons who, at the time of the ratification,  
989 are exercising the powers of directors may take an action, stating: (1)

990 The name of the person or persons who first took action in the name of  
991 the corporation as the initial board of directors of the corporation; (2)  
992 the earlier of the date on which such persons first took such action or  
993 were purported to have been elected as the initial board of directors;  
994 and (3) that the ratification of the election of such person or persons as  
995 the initial board of directors is approved.

996 (c) If any provision of sections 33-600 to 33-998, inclusive, of the  
997 general statutes, the certificate of incorporation or bylaws, any  
998 corporate resolution or any plan or agreement to which the  
999 corporation is a party in effect at the time action under subsection (a)  
1000 of this section is taken requires shareholder approval or would have  
1001 required shareholder approval at the date of the defective corporate  
1002 action, the ratification of the defective corporate action approved in the  
1003 action taken by the directors under subsection (a) of this section shall  
1004 be submitted to the shareholders for approval in accordance with  
1005 section 39 of this act.

1006 (d) Unless otherwise provided in the action taken by the board of  
1007 directors under subsection (a) of this section, after the action by the  
1008 board of directors has been taken and, if required, approved by the  
1009 shareholders, the board of directors may abandon the ratification at  
1010 any time before the validation effective time without further action of  
1011 the shareholders.

1012 Sec. 39. (NEW) (*Effective October 1, 2017*) (a) The quorum and voting  
1013 requirements applicable to a ratifying action by the board of directors  
1014 under subsection (a) of section 38 of this act shall be the quorum and  
1015 voting requirements applicable to the corporate action proposed to be  
1016 ratified at the time such ratifying action is taken.

1017 (b) If the ratification of the defective corporate action requires  
1018 approval by the shareholders under subsection (c) of section 38 of this  
1019 act, and if the approval is to be given at a meeting, the corporation  
1020 shall notify each holder of valid and putative shares, regardless of  
1021 whether entitled to vote, of the record date for notice of the meeting  
1022 and of the date of the defective corporate action, except that notice

1023 shall not be required to be given to holders of valid or putative shares  
1024 whose identities or addresses for notice cannot be determined from the  
1025 records of the corporation. The notice must state that the purpose, or  
1026 one of the purposes, of the meeting is to consider ratification of a  
1027 defective corporate action and must be accompanied by (1) either a  
1028 copy of the action taken by the board of directors in accordance with  
1029 subsection (a) of section 38 of this act or the information required by  
1030 subdivisions (1) to (4), inclusive, of subsection (a) of section 38 of this  
1031 act, and (2) a statement that any claim that the ratification of such  
1032 defective corporate action and any putative shares issued as a result of  
1033 such defective corporate action should not be effective, or should be  
1034 effective only on certain conditions, shall be brought not later than one  
1035 hundred twenty days after the applicable validation effective time.

1036 (c) Except as provided in subsection (d) of this section with respect  
1037 to the voting requirements to ratify the election of a director, the  
1038 quorum and voting requirements applicable to the approval by the  
1039 shareholders required by subsection (c) of section 38 of this act shall be  
1040 the quorum and voting requirements applicable to the corporate action  
1041 proposed to be ratified at the time of such shareholder approval.

1042 (d) The approval by shareholders to ratify the election of a director  
1043 requires that the votes cast within the voting group favoring such  
1044 ratification exceed the votes cast opposing such ratification of the  
1045 election at a meeting at which a quorum is present.

1046 (e) Putative shares on the record date for determining the  
1047 shareholders entitled to vote on any matter submitted to shareholders  
1048 under subsection (c) of section 38 of this act, and without giving effect  
1049 to any ratification of putative shares that becomes effective as a result  
1050 of such vote, shall neither be entitled to vote nor counted for quorum  
1051 purposes in any vote to approve the ratification of any defective  
1052 corporate action.

1053 (f) If the approval under this section of putative shares would result  
1054 in an overissue, in addition to the approval required by section 38 of  
1055 this act, approval of an amendment to the certificate of incorporation

1056 under sections 33-795 to 33-809, inclusive, of the general statutes to  
1057 increase the number of shares of an authorized class or series or to  
1058 authorize the creation of a class or series of shares so there would be  
1059 no overissue shall also be required.

1060       Sec. 40. (NEW) (*Effective October 1, 2017*) (a) Unless shareholder  
1061 approval is required under subsection (c) of section 38 of this act,  
1062 prompt notice of an action taken under said section shall be given to  
1063 each holder of valid and putative shares, regardless of whether entitled  
1064 to vote, as of (1) the date of such action by the board of directors, and  
1065 (2) the date of the defective corporate action ratified under sections 36  
1066 to 43, inclusive, of this act, provided notice shall not be required to be  
1067 given to holders of valid and putative shares whose identities or  
1068 addresses for notice cannot be determined from the records of the  
1069 corporation.

1070       (b) The notice must contain (1) either a copy of the action taken by  
1071 the board of directors in accordance with subsection (a) or (b) of  
1072 section 38 of this act, or the information required by subdivisions (1) to  
1073 (4), inclusive, of subsection (a) of said section or subdivisions (1) to (3),  
1074 inclusive, of subsection (b) of said section, as applicable, and (2) a  
1075 statement that any claim that the ratification of the defective corporate  
1076 action and any putative shares issued as a result of such defective  
1077 corporate action should not be effective, or should be effective only on  
1078 certain conditions, shall be brought not later than one hundred twenty  
1079 days after the applicable validation effective time.

1080       (c) No notice under this section is required with respect to any  
1081 action required to be submitted to shareholders for approval under  
1082 subsection (c) of section 38 of this act if notice is given in accordance  
1083 with subsection (b) of section 39 of this act.

1084       (d) A notice required by this section may be given in any manner  
1085 permitted by section 33-603 of the general statutes and, for any  
1086 corporation subject to the reporting requirements of Section 13 or 15(d)  
1087 of the Securities Exchange Act of 1934, as from time to time amended,  
1088 may be given by means of a filing or furnishing of such notice with the

1089 United States Securities and Exchange Commission.

1090 Sec. 41. (NEW) (*Effective October 1, 2017*) From and after the  
1091 validation effective time, and without regard to the one-hundred-  
1092 twenty-day period during which a claim may be brought under  
1093 section 43 of this act: (1) Each defective corporate action ratified in  
1094 accordance with section 38 of this act shall not be void or voidable as a  
1095 result of the failure of authorization identified in the action taken  
1096 under subsection (a) or (b) of said section and shall be deemed a valid  
1097 corporate action effective as of the date of the defective corporate  
1098 action; (2) the issuance of each putative share or fraction of a putative  
1099 share purportedly issued pursuant to a defective corporate action  
1100 identified in the action taken under section 38 of this act shall not be  
1101 void or voidable, and each such putative share or fraction of a putative  
1102 share shall be deemed to be an identical share or fraction of a valid  
1103 share as of the time it was purportedly issued; and (3) any corporate  
1104 action taken subsequent to the defective corporate action ratified in  
1105 accordance with sections 36 to 43, inclusive, of this act, in reliance on  
1106 such defective corporate action having been validly effected and any  
1107 subsequent defective corporate action resulting directly or indirectly  
1108 from such original defective corporate action, shall be valid as of the  
1109 time taken.

1110 Sec. 42. (NEW) (*Effective October 1, 2017*) (a) If the defective  
1111 corporate action ratified under sections 36 to 43, inclusive, of this act  
1112 would have required under any other provision of sections 33-600 to  
1113 33-998, inclusive, of the general statutes a filing in accordance with  
1114 sections 33-600 to 33-998, inclusive, of the general statutes, then,  
1115 whether or not a filing was previously made in respect to such  
1116 defective corporate action and in lieu of a filing otherwise required by  
1117 said sections of the general statutes, the corporation shall file a  
1118 certificate of validation in accordance with this section, and such  
1119 certificate of validation shall serve to amend or substitute for any other  
1120 filing with respect to such defective corporate action required by said  
1121 sections of the general statutes.

1122 (b) The certificate of validation must set forth: (1) The defective  
1123 corporate action that is the subject of the certificate of validation  
1124 including, in the case of any defective corporate action involving the  
1125 issuance of putative shares, the number and type of putative shares  
1126 issued and the date or dates upon which such putative shares were  
1127 purported to have been issued; (2) the date of the defective corporate  
1128 action; (3) the nature of the failure of authorization in respect of the  
1129 defective corporate action; (4) a statement that the defective corporate  
1130 action was ratified in accordance with section 38 of this act, including  
1131 the date on which the board of directors ratified such defective  
1132 corporate action and the date, if any, on which the shareholders  
1133 approved the ratification of such defective corporate action; and (5) the  
1134 information required by subsection (c) of this section.

1135 (c) The certificate of validation must also contain the following  
1136 information: (1) If a filing was previously made in respect to the  
1137 defective corporate action and no changes to such filing are required to  
1138 give effect to the ratification of such defective corporate action in  
1139 accordance with section 38 of this act, the certificate of validation must  
1140 set forth (A) the name, title and filing date of the filing previously  
1141 made and any certificate of correction to that filing, and (B) a statement  
1142 that a copy of the filing previously made, together with any certificate  
1143 of correction to that filing, is attached as an exhibit to the certificate of  
1144 validation; (2) if a filing was previously made in respect of the  
1145 defective corporate action and such filing requires any change to give  
1146 effect to the ratification of such defective corporate action in  
1147 accordance with section 38 of this act, the certificate of validation must  
1148 set forth (A) the name, title and filing date of the filing previously  
1149 made and any certificate of correction to that filing, (B) a statement that  
1150 a filing containing all of the information required to be included under  
1151 the applicable provisions of sections 33-600 to 33-998, inclusive, of the  
1152 general statutes to give effect to such defective corporate action is  
1153 attached as an exhibit to the certificate of validation, and (C) the date  
1154 and time that such filing is deemed to have become effective; or (3) if a  
1155 filing was not previously made in respect of the defective corporate  
1156 action and the defective corporate action ratified under section 38 of

1157 this act would have required a filing under any other provision of  
1158 sections 33-600 to 33-998, inclusive, of the general statutes, the  
1159 certificate of validation must set forth (A) a statement that a filing  
1160 containing all of the information required to be included under the  
1161 applicable provision or provisions of sections 33-600 to 33-998,  
1162 inclusive, of the general statutes to give effect to such defective  
1163 corporate action is attached as an exhibit to the certificate of validation,  
1164 and (B) the date and time that such filing is deemed to have become  
1165 effective.

1166 Sec. 43. (NEW) (*Effective October 1, 2017*) (a) Upon application by the  
1167 corporation, any successor entity to the corporation, a director of the  
1168 corporation, any shareholder, beneficial shareholder or unrestricted  
1169 voting trust beneficial owner of the corporation, including any such  
1170 shareholder, beneficial shareholder or unrestricted voting trust  
1171 beneficial owner as of the date of the defective corporate action ratified  
1172 under section 38 of this act, or any other person claiming to be  
1173 substantially and adversely affected by a ratification under section 38  
1174 of this act, the Superior Court may (1) determine the validity and  
1175 effectiveness of any corporate action or defective corporate action; (2)  
1176 determine the validity and effectiveness of any ratification under  
1177 section 38 of this act; (3) determine the validity of any putative shares;  
1178 and (4) modify or waive any of the procedures specified in sections 38  
1179 and 39 of this act to ratify a defective corporate action.

1180 (b) In connection with an action under this section, the Superior  
1181 Court may make such findings or orders, and take into account any  
1182 factors or considerations, regarding such matters, as it deems proper  
1183 under the circumstances.

1184 (c) Service of process of the application under subsection (a) of this  
1185 section on the corporation may be made in any manner provided by  
1186 any provision of the general statutes or by rule of the applicable court,  
1187 and no other party need be joined in order for the Superior Court to  
1188 adjudicate the matter. In an action filed by the corporation, the  
1189 Superior Court may require notice of the action to be provided to other



1190 persons specified by the Superior Court and permit such other persons  
1191 to intervene in the action.

1192 (d) Notwithstanding any provision of the general statutes, any  
1193 action asserting that the ratification of any defective corporate action  
1194 and any putative shares issued as a result of such defective corporate  
1195 action should not be effective, or should be effective only on certain  
1196 conditions, shall be brought not later than one hundred twenty days  
1197 after the validation effective time.

1198 Sec. 44. Subsection (a) of section 33-605 of the general statutes is  
1199 repealed and the following is substituted in lieu thereof (*Effective*  
1200 *October 1, 2017*):

1201 (a) For purposes of sections 33-600 to 33-998, inclusive, a qualified  
1202 director is a director who, at the time action is to be taken under:

1203 (1) Subdivision (6) of subsection (b) of section 33-636, as amended  
1204 by this act, is not a director (A) to whom the limitation or elimination  
1205 of the duty of an officer to offer potential business opportunities to the  
1206 corporation would apply, or (B) who has a material relationship with  
1207 any other person to whom the limitation or elimination would apply;

1208 [(1)] (2) Section 33-724, does not have (A) a material interest in the  
1209 outcome of the proceeding, or (B) a material relationship with a person  
1210 who has such an interest;

1211 [(2)] (3) Section 33-773 or 33-775, (A) is not a party to the proceeding,  
1212 (B) is not a director [who sought approval for] as to whom the  
1213 transaction is a director's conflicting interest transaction [under section  
1214 33-783] or who sought a disclaimer of the corporation's interest in a  
1215 business opportunity under section 33-785, as amended by this act,  
1216 which [approval] transaction or disclaimer is challenged in the  
1217 proceeding, and (C) does not have a material relationship with a  
1218 director described in either subparagraph (A) or (B) of this  
1219 subdivision;

1220 [(3)] (4) Section 33-783, is not a director (A) as to whom the

1221 transaction is a director's conflicting interest transaction, or (B) who  
1222 has a material relationship with another director as to whom the  
1223 transaction is a director's conflicting interest transaction; or

1224 [(4)] (5) Section 33-785, [would be a qualified director under  
1225 subdivision (3) of this subsection if the business opportunity were a  
1226 director's conflicting interest transaction] as amended by this act, is not  
1227 a director who (A) pursues or takes advantage of the business  
1228 opportunity, directly, or indirectly through or on behalf of another  
1229 person, or (B) has a material relationship with a director or officer who  
1230 pursues or takes advantage of the business opportunity, directly, or  
1231 indirectly through or on behalf of another person.

1232 Sec. 45. Section 33-636 of the general statutes is repealed and the  
1233 following is substituted in lieu thereof (*Effective October 1, 2017*):

1234 (a) The certificate of incorporation shall set forth: (1) A corporate  
1235 name for the corporation that satisfies the requirements of section 33-  
1236 655; (2) the number of shares the corporation is authorized to issue; (3)  
1237 the street and mailing address of the corporation's initial registered  
1238 office and the name of its initial registered agent at that office; and (4)  
1239 the name and address of each incorporator.

1240 (b) The certificate of incorporation may set forth: (1) The names and  
1241 addresses of the individuals who are to serve as the initial directors; (2)  
1242 provisions not inconsistent with law regarding: (A) The purpose or  
1243 purposes for which the corporation is organized; (B) managing the  
1244 business and regulating the affairs of the corporation; (C) defining,  
1245 limiting and regulating the powers of the corporation, its board of  
1246 directors and shareholders; (D) a par value for authorized shares or  
1247 classes of shares; or (E) the imposition of personal liability on  
1248 shareholders for the debts of the corporation to a specified extent and  
1249 upon specified conditions; (3) any provision that under sections 33-600  
1250 to 33-998, inclusive, is required or permitted to be set forth in the  
1251 bylaws; (4) a provision limiting the personal liability of a director to  
1252 the corporation or its shareholders for [monetary] money damages for  
1253 breach of duty as a director to an amount that is not less than the

1254 compensation received by the director for serving the corporation  
1255 during the year of the violation if such breach did not (A) involve a  
1256 knowing and culpable violation of law by the director, (B) enable the  
1257 director or an associate, as defined in section 33-840, to receive an  
1258 improper personal economic gain, (C) show a lack of good faith and a  
1259 conscious disregard for the duty of the director to the corporation  
1260 under circumstances in which the director was aware that his conduct  
1261 or omission created an unjustifiable risk of serious injury to the  
1262 corporation, (D) constitute a sustained and unexcused pattern of  
1263 inattention that amounted to an abdication of the director's duty to the  
1264 corporation, or (E) create liability under section 33-757, provided no  
1265 such provision shall limit or preclude the liability of a director for any  
1266 act or omission occurring prior to the effective date of such provision;  
1267 [and] (5) a provision permitting or making obligatory indemnification  
1268 of a director for liability, as defined in section 33-770, to any person for  
1269 any action taken, or any failure to take any action, as a director, except  
1270 liability that (A) involved a knowing and culpable violation of law by  
1271 the director, (B) enabled the director or an associate, as defined in  
1272 section 33-840, to receive an improper personal gain, (C) showed a lack  
1273 of good faith and a conscious disregard for the duty of the director to  
1274 the corporation under circumstances in which the director was aware  
1275 that his conduct or omission created an unjustifiable risk of serious  
1276 injury to the corporation, (D) constituted a sustained and unexcused  
1277 pattern of inattention that amounted to an abdication of the director's  
1278 duty to the corporation, or (E) created liability under section 33-757,  
1279 provided no such provision shall affect the indemnification of or  
1280 advance of expenses to a director for any liability stemming from acts  
1281 or omissions occurring prior to the effective date of such provision;  
1282 and (6) a provision limiting or eliminating any duty of a director or  
1283 any other person to offer the corporation the right to have or  
1284 participate in any, or one or more classes or categories of, business  
1285 opportunities, before the pursuit or taking of the opportunity by the  
1286 director or other person; provided that any application of such a  
1287 provision to an officer or a related person of that officer (A) also  
1288 requires approval of that application by the board of directors,

1289 subsequent to the effective date of the provision, by action of qualified  
1290 directors taken in compliance with the same procedures as are set forth  
1291 in section 33-783, and (B) may be limited by the authorizing action of  
1292 the board. As used in this subsection "related person" has the same  
1293 meaning as provided in section 33-781, as amended by this act.

1294 (c) The certificate of incorporation need not set forth any of the  
1295 corporate powers enumerated in sections 33-600 to 33-998, inclusive.

1296 (d) Provisions of the certificate of incorporation may be made  
1297 dependent upon facts objectively ascertainable outside the certificate of  
1298 incorporation in accordance with subsection (l) of section 33-608.

1299 Sec. 46. Subdivision (5) of section 33-781 of the general statutes is  
1300 repealed and the following is substituted in lieu thereof (*Effective*  
1301 *October 1, 2017*):

1302 (5) "Related person" means: (A) The [director's] individual's spouse;  
1303 [, or a parent or sibling thereof;] (B) a child, stepchild, grandchild,  
1304 parent, [or] stepparent, grandparent, sibling, stepsibling, half-sibling,  
1305 aunt, uncle, niece or nephew, or the spouse of any such person, of the  
1306 [director, or the spouse of any thereof] individual or of the individual's  
1307 spouse; (C) [an individual (i) living in the same home as the director,  
1308 or (ii) a trust or estate of which a person specified in subparagraph (A)  
1309 or (B) of this subdivision or clause (i) of this subparagraph is a  
1310 substantial beneficiary] a natural person living in the same home as the  
1311 individual; (D) an entity, other than the corporation or an entity  
1312 controlled by the corporation, controlled by the [director] individual or  
1313 any person specified in subparagraphs (A) to (C), inclusive, of this  
1314 subdivision; (E) a domestic or foreign (i) business or [nonprofit]  
1315 nonstock corporation, other than the corporation or an entity  
1316 controlled by the corporation, of which the [director] individual is a  
1317 director, (ii) unincorporated entity of which the [director] individual is  
1318 a general partner or a member of the governing body, or (iii)  
1319 individual, trust or estate for whom or of which the [director]  
1320 individual is a trustee, guardian, personal representative or like  
1321 fiduciary; or (F) a person that is, or an entity that is controlled by, an

1322 employer of the [director] individual.

1323 Sec. 47. Section 33-785 of the general statutes is repealed and the  
1324 following is substituted in lieu thereof (*Effective October 1, 2017*):

1325 (a) [A director's taking] If a director or officer pursues or takes  
1326 advantage [, directly or indirectly,] of a business opportunity directly,  
1327 or indirectly through or on behalf of another person, that action may  
1328 not be the subject of equitable relief, or give rise to an award of  
1329 damages or other sanctions against the director, officer or other  
1330 person, in a proceeding by or in the right of the corporation on the  
1331 ground that such opportunity should have first been offered to the  
1332 corporation, if (1) before [becoming] the director, officer or other  
1333 person becomes legally obligated respecting the opportunity, the  
1334 director or officer brings it to the attention of the corporation and  
1335 either: [(1)] (A) Action by qualified directors disclaiming the  
1336 corporation's interest in the opportunity is taken in compliance with  
1337 the same procedures as are set forth in section 33-783; [as if the  
1338 decision being made concerned a director's conflicting interest  
1339 transaction;] or [(2)] (B) shareholders' action disclaiming the  
1340 corporation's interest in the opportunity is taken in compliance with  
1341 the procedures set forth in section 33-784, as amended by this act, in  
1342 either case as if the decision being made concerned a director's  
1343 conflicting interest transaction, [;] except that, rather than making  
1344 required disclosure, as defined in section 33-781, as amended by this  
1345 act, [in each case] the director or officer shall have made prior  
1346 disclosure to those acting on behalf of the corporation of all material  
1347 facts concerning the business opportunity [that are then] known to the  
1348 director or officer; or (2) the duty to offer the corporation the business  
1349 opportunity has been limited or eliminated pursuant to a provision of  
1350 the certificate of incorporation adopted, and where required, made  
1351 effective by action of qualified directors, in accordance with  
1352 subdivision (6) of subsection (b) of section 33-636, as amended by this  
1353 act.

1354 (b) In any proceeding seeking equitable relief or other remedies

1355 based upon an alleged improper pursuit or taking advantage of a  
1356 business opportunity by a director or officer directly, or indirectly  
1357 through or on behalf of another person, the fact that the director or  
1358 officer did not employ the procedure described in subparagraph (A) or  
1359 (B) of subdivision (1) of subsection (a) of this section before pursuing  
1360 or taking advantage of the opportunity shall not create an [inference]  
1361 implication that the opportunity should have been first presented to  
1362 the corporation or alter the burden of proof otherwise applicable to  
1363 establish that the director or officer breached a duty to the corporation  
1364 in the circumstances.

1365 Sec. 48. Section 33-817 of the general statutes is repealed and the  
1366 following is substituted in lieu thereof (*Effective October 1, 2017*):

1367 In the case of a domestic corporation that is a party to a merger or  
1368 the acquired corporation in a share exchange, the plan of merger or  
1369 share exchange shall be adopted in the following manner:

1370 (1) The plan of merger or share exchange [must] shall first be  
1371 adopted by the board of directors.

1372 (2) Except as provided in [subdivision (7)] subdivisions (8), (10) and  
1373 (12) of this section and section 33-818, [after adopting] the plan of  
1374 merger or share exchange [, the board of directors must submit the  
1375 plan to the shareholders for their approval. The board of directors  
1376 must also transmit to the shareholders a recommendation] shall then  
1377 be approved by the shareholders. In submitting the plan of merger or  
1378 share exchange to the shareholders for approval, the board of directors  
1379 shall recommend that the shareholders approve the plan, or, in the  
1380 case of an offer referred to in subparagraph (B) of subdivision (10) of  
1381 this section, that the shareholders tender their shares to the offeror in  
1382 response to the offer, unless (A) the board of directors makes a  
1383 determination that because of conflicts of interest or other special  
1384 circumstances it should not make such a recommendation, or (B)  
1385 section 33-754 applies. If either subparagraph (A) or (B) of this  
1386 subdivision applies, the board of directors [must transmit to] shall  
1387 inform the shareholders of the basis for its so proceeding.

1388 (3) The board of directors may [condition its submission] set  
1389 conditions for the approval of the plan of merger or share exchange  
1390 [to] by the shareholders [on any basis] or the effectiveness of the plan  
1391 of merger or share exchange.

1392 (4) If the plan of merger or share exchange is required to be  
1393 approved by the shareholders, and if the approval is to be given at a  
1394 meeting, the corporation shall notify each shareholder, regardless of  
1395 whether [or not] entitled to vote, of the meeting of shareholders at  
1396 which the plan is to be submitted for approval. The notice [shall also]  
1397 must state that the purpose, or one of the purposes, of the meeting is to  
1398 consider the plan and [shall] must contain or be accompanied by a  
1399 copy or summary of the plan. If the corporation is to be merged into an  
1400 existing foreign or domestic corporation, the notice [shall] must also  
1401 include or be accompanied by a copy or summary of the certificate of  
1402 incorporation [of such existing] and bylaws of that corporation. If the  
1403 corporation is to be merged [into a corporation that] with a domestic or  
1404 foreign corporation and a new domestic or foreign corporation is to be  
1405 created pursuant to the merger, the notice [shall] must include or be  
1406 accompanied by a copy or a summary of the certificate of  
1407 incorporation and bylaws of the new corporation.

1408 (5) [Unless sections 33-600 to 33-998, inclusive, the certificate of  
1409 incorporation or the board of directors acting pursuant to subdivision  
1410 (3) of this section requires a greater vote or a vote by voting groups,  
1411 and except as provided in subdivision (9) of this section, the plan of  
1412 merger or share exchange to be authorized must be approved by each  
1413 voting group entitled to vote separately on the plan by a majority of all  
1414 the votes entitled to be cast on the plan by that voting group.] Unless  
1415 the certificate of incorporation, or the board of directors acting  
1416 pursuant to subdivision (3) of this section, requires a greater vote or a  
1417 greater quorum, approval of the plan of merger or share exchange  
1418 requires the approval of the shareholders at a meeting at which a  
1419 quorum exists consisting of a majority of the votes entitled to be cast  
1420 on the plan, and, if any class or series of shares is entitled to vote as a  
1421 separate group on the plan of merger or share exchange, the approval

1422 of each such separate voting group at a meeting at which a quorum of  
1423 the voting group is present consisting of a majority of the votes  
1424 entitled to be cast on the plan of merger or share exchange by that  
1425 voting group.

1426 (6) [Separate] Subject to subdivision (7) of this section, separate  
1427 voting by voting groups is required: (A) On a plan of merger, by each  
1428 class or series of shares that: (i) [are] Are to be converted [, pursuant to  
1429 the provisions of] under the plan of merger [,] into shares, [or] other  
1430 securities, interests, obligations, rights to acquire shares or other  
1431 securities or interests, cash, [or] other property, or any combination  
1432 thereof; [,] or (ii) [would have a right] are entitled to vote as a separate  
1433 group on a provision in the plan that, [if contained in] constitutes a  
1434 proposed amendment to the certificate of incorporation [, would  
1435 require] of a surviving corporation that requires action by separate  
1436 voting groups under section 33-798; (B) on a plan of share exchange, by  
1437 each class or series of shares included in the exchange, with each class  
1438 or series constituting a separate voting group; and (C) on a plan of  
1439 merger or share exchange, if the voting group is entitled under the  
1440 certificate of incorporation to vote as a voting group to approve a plan  
1441 of merger or share exchange, respectively.

1442 (7) The certificate of incorporation may expressly limit or eliminate  
1443 the separate voting rights provided in subparagraph (A) (i) of  
1444 subdivision (6) of this section and in subparagraph (B) of subdivision  
1445 (6) of this section as to any class or series of shares, except when the  
1446 plan of merger or share exchange (A) includes what is or would be in  
1447 effect an amendment subject to subparagraph (A) (ii) of subdivision (6)  
1448 of this section, and (B) will not effect a substantive business  
1449 combination.

1450 [(7)] (8) Unless the certificate of incorporation otherwise provides,  
1451 approval by the corporation's shareholders of a plan of merger [or  
1452 share exchange] is not required if: (A) The corporation will [be the  
1453 survivor in the merger or is the acquiring corporation in the share  
1454 exchange] survive the merger; (B) except for amendments permitted



1455 by section 33-796, its certificate of incorporation will not be changed;  
1456 and (C) each shareholder of the corporation whose shares were  
1457 outstanding immediately before the effective date of the merger [or the  
1458 share exchange] will hold the same number of shares, with identical  
1459 preferences, rights and limitations, [and relative rights,] immediately  
1460 after the effective date of the merger. [or the share exchange.]

1461 [(8)] (9) If, as a result of a merger or a share exchange, one or more  
1462 shareholders of a domestic corporation would become subject to  
1463 personal liability for the obligations or liabilities of any other person or  
1464 entity, approval of the plan of merger or share exchange [shall require]  
1465 requires the [execution] signing in connection with the transaction, by  
1466 each such shareholder, of a separate written consent to become subject  
1467 to such personal liability.

1468 (10) Unless the certificate of incorporation otherwise provides,  
1469 approval by the shareholders of a plan of merger or share exchange is  
1470 not required if: (A) The plan of merger or share exchange expressly (i)  
1471 permits or requires the merger or share exchange to be effected under  
1472 this subdivision, and (ii) provides that, if the merger or share exchange  
1473 is to be effected under this subdivision, the merger or share exchange  
1474 will be effected as soon as practicable following the satisfaction of the  
1475 requirement set forth in subparagraph (F) of this subdivision; (B)  
1476 another party to the merger, the acquiring corporation in the share  
1477 exchange, or a parent of another party to the merger or the acquiring  
1478 corporation in the share exchange, makes an offer to purchase, on the  
1479 terms provided in the plan of merger or share exchange, any and all of  
1480 the outstanding shares of the corporation that, absent the provisions of  
1481 this subdivision, would be entitled to vote on the plan of merger or  
1482 share exchange, except that the offer may exclude shares of the  
1483 corporation that are owned at the commencement of the offer by the  
1484 corporation, the offeror or any parent of the offeror, or by any wholly  
1485 owned subsidiary of the corporation, the offeror or by any wholly  
1486 owned subsidiary of any of them; (C) the offer discloses that the plan  
1487 of merger or share exchange provides that the merger or share  
1488 exchange will be effected as soon as practicable following the

1489 satisfaction of the requirement set forth in subparagraph (F) of this  
1490 subdivision and that the shares of the corporation that are not  
1491 tendered in response to the offer will be treated as set forth in  
1492 subparagraph (H) of this subdivision; (D) the offer remains open for at  
1493 least ten days; (E) the offeror purchases all shares properly tendered in  
1494 response to the offer and not properly withdrawn; (F) the shares set  
1495 forth in this subparagraph are collectively entitled to cast at least the  
1496 minimum number of votes on the merger or share exchange that,  
1497 absent the provisions of this subdivision, would be required by  
1498 sections 33-814 to 33-821a, inclusive, as amended by this act, and by  
1499 the certificate of incorporation for the approval of the merger or share  
1500 exchange by the shareholders and by any other voting group entitled  
1501 to vote on the merger or share exchange at a meeting at which all  
1502 shares entitled to vote on the approval were present and voted: (i)  
1503 Shares purchased by the offeror in accordance with the offer; (ii) shares  
1504 otherwise owned by the offeror or by any parent of the offeror or any  
1505 wholly owned subsidiary of the offeror or by any parent of the offeror;  
1506 and (iii) shares subject to an agreement that are to be transferred,  
1507 contributed or delivered to the offeror, any parent of the offeror or any  
1508 wholly owned subsidiary of any of them in exchange for shares in such  
1509 offeror, parent or subsidiary; (G) the offeror or a wholly owned  
1510 subsidiary of the offeror merges with or into, or effects a share  
1511 exchange in which it acquires shares of the corporation; and (H) each  
1512 outstanding share of each class or series of shares of the corporation  
1513 that the offeror is offering to purchase in accordance with the offer,  
1514 and that is not purchased in accordance with the offer, is to be  
1515 converted in the merger into, or into the right to receive, or is to be  
1516 exchanged in the share exchange for, or for the right to receive, the  
1517 same amount and kind of securities, interests, obligations, rights, cash  
1518 or other property to be paid or exchanged in accordance with the offer  
1519 for each share of that class or series of shares that is tendered in  
1520 response to the offer, except that shares of the corporation that are  
1521 owned by the corporation or that are described in subparagraph (F)(ii)  
1522 or (iii) of this subdivision need not be converted into or exchanged for  
1523 the consideration described in this subparagraph.

1524 (11) As used in subdivision (10) of this section, (A) "offer" means the  
1525 offer referred to in subparagraph (B) of subdivision (10) of this section;  
1526 (B) "offeror" means the person making the offer; (C) "parent" of a  
1527 corporation means a person that owns, directly or indirectly, through  
1528 one or more wholly owned subsidiaries, all of the outstanding shares  
1529 of that corporation; (D) shares tendered in response to the offer shall  
1530 be deemed to have been "purchased" in accordance with the offer at  
1531 the earliest time as of which (i) the offeror has irrevocably accepted  
1532 those shares for payment, and (ii) either (I) in the case of shares  
1533 represented by certificates, the offeror, or the offeror's designated  
1534 depository or other agent, has physically received the certificates  
1535 representing those shares, or (II) in the case of shares without  
1536 certificates, those shares have been transferred into the account of the  
1537 offeror or its designated depository or other agent, or an agent's  
1538 message relating to those shares has been received by the offeror or its  
1539 designated depository or other agent; and (E) "wholly owned  
1540 subsidiary" of a person means an entity of or in which that person  
1541 owns, directly or indirectly, through one or more wholly owned  
1542 subsidiaries, all of the outstanding shares or interests.

1543 (12) Unless the certificate of incorporation otherwise provides, (A)  
1544 approval of a plan of share exchange by the shareholders of a domestic  
1545 corporation is not required if the corporation is the acquiring  
1546 corporation in the share exchange; and (B) shares not to be exchanged  
1547 under the plan of share exchange are not entitled to vote on the plan.

1548 [(9)] (13) Notwithstanding any provision of subdivision (5) of this  
1549 section, [to the contrary,] a plan of merger or share exchange of a  
1550 corporation which was incorporated under the laws of this state,  
1551 whether under chapter 599 of the general statutes, revision of 1958,  
1552 revised to January 1, 1995, or any other general law or special act, prior  
1553 to January 1, 1997, to be authorized by such corporation, shall be  
1554 approved by (A) the affirmative vote of at least two-thirds of the  
1555 voting power of each voting group entitled to vote thereon unless (i)  
1556 the certificate of incorporation expressly provides otherwise, [provided  
1557 if such corporation is the surviving corporation of such merger and

1558 such plan of merger will not effect any change in or amendment to the  
1559 certificate of incorporation of such corporation and the shares to be  
1560 issued under the plan of merger could have been issued by the board  
1561 of directors of such corporation without further authorization of the  
1562 shareholders of such corporation, then the provisions of this  
1563 subdivision shall not require approval of such plan of merger or share  
1564 exchange by the corporation's shareholders] or (ii) approval by the  
1565 corporation's shareholders of the plan of merger or share exchange is  
1566 not required under either subdivision (8) or (10) of this section, and (B)  
1567 the affirmative vote of at least two-thirds of the voting power of each  
1568 class of stock of such corporation outstanding prior to January 1, 1997,  
1569 and not otherwise entitled to vote thereon, unless (i) the certificate of  
1570 incorporation expressly provides otherwise; [provided if such  
1571 corporation is the surviving corporation of such merger and such plan  
1572 of merger or share exchange does not contain any provisions which, if  
1573 contained in a proposed amendment to the certificate of incorporation  
1574 of such corporation, would entitle any class or series of shareholders of  
1575 such surviving corporation to vote as a class or series as provided in  
1576 subsection (f) of section 33-797 or section 33-798, then the provisions of  
1577 this subdivision shall not require approval of such plan of merger or  
1578 share exchange by the holders of such class or series not otherwise  
1579 entitled to vote thereon] or (ii) approval by the corporation's  
1580 shareholders of the plan of merger or share exchange is not required  
1581 under either subdivision (8) or (10) of this section.

1582 Sec. 49. Section 33-856 of the general statutes is repealed and the  
1583 following is substituted in lieu thereof (*Effective October 1, 2017*):

1584 (a) A shareholder is entitled to appraisal rights, and to obtain  
1585 payment of the fair value of that shareholder's shares, in the event of  
1586 any of the following corporate actions:

1587 (1) Consummation of a merger to which the corporation is a party  
1588 (A) if shareholder approval is required for the merger by section 33-  
1589 817, [and the shareholder is entitled to vote on the merger] as amended  
1590 by this act, or would be required but for the provisions of subdivision

1591 (10) of section 33-817, as amended by this act, except that appraisal  
1592 rights shall not be available to any shareholder of the corporation with  
1593 respect to shares of any class or series that remain outstanding after  
1594 consummation of the merger, or (B) if the corporation is a subsidiary  
1595 and the merger is governed by section 33-818;

1596 (2) Consummation of a share exchange to which the corporation is a  
1597 party [as the corporation whose shares will be acquired, if the  
1598 shareholder is entitled to vote on the exchange] the shares of which  
1599 will be acquired, except that appraisal rights shall not be available to  
1600 any shareholder of the corporation with respect to any class or series of  
1601 shares of the corporation that is not [exchanged] acquired in the share  
1602 exchange;

1603 (3) Consummation of a disposition of assets pursuant to section 33-  
1604 831 if the shareholder is entitled to vote on the disposition, except that  
1605 appraisal rights shall not be available to any shareholder of the  
1606 corporation with respect to shares of any class or series if (A) under the  
1607 terms of the corporate action approved by the shareholders there is to  
1608 be distributed to shareholders in cash [its] the corporation's net assets,  
1609 in excess of a reasonable amount reserved to meet claims of the type  
1610 described in sections 33-886 and 33-887, (i) within one year after the  
1611 shareholders' approval of the action, and (ii) in accordance with their  
1612 respective interests determined at the time of such distribution, and (B)  
1613 the disposition of assets is not an interested transaction;

1614 (4) An amendment of the certificate of incorporation with respect to  
1615 a class or series of shares that reduces the number of shares of a class  
1616 or series owned by the shareholder to a fraction of a share if the  
1617 corporation has the obligation or right to repurchase the fractional  
1618 share so created;

1619 (5) If the corporation is not a benefit corporation, as defined in  
1620 section 33-1351, (A) an amendment of the certificate of incorporation to  
1621 state that the corporation is a benefit corporation; (B) consummation of  
1622 a merger to which the corporation is a party in which the surviving  
1623 [entity] corporation will be a benefit corporation or in which shares in

1624 the corporation will be converted into a right to receive shares of a  
1625 benefit corporation; or (C) consummation of a share exchange to which  
1626 the corporation is a party and the shares of the corporation will be  
1627 exchanged for shares of a benefit corporation; or

1628 (6) Any other merger, share exchange, disposition of assets or  
1629 amendment to the certificate of incorporation; in each case to the  
1630 extent provided by the certificate of incorporation, the bylaws or a  
1631 resolution of the board of directors.

1632 (b) Notwithstanding subsection (a) of this section, the availability of  
1633 appraisal rights under subdivisions (1) to (5), inclusive, of subsection  
1634 (a) of this section shall be limited in accordance with the following  
1635 provisions:

1636 (1) Appraisal rights shall not be available for the holders of shares of  
1637 any class or series of shares which is:

1638 (A) A covered security under Section 18(b)(1)(A) or (B) of the  
1639 Securities Act of 1933, as amended;

1640 (B) Traded in an organized market and has at least two thousand  
1641 shareholders and a market value of at least twenty million dollars,  
1642 exclusive of the value of such shares held by the corporation's  
1643 subsidiaries, senior executives [,] and directors and by any beneficial  
1644 shareholders and any voting trust beneficial owner owning more than  
1645 ten per cent of such shares; or

1646 (C) Issued by an open-end management investment company  
1647 registered with the Securities and Exchange Commission under the  
1648 Investment Company Act of 1940 and which may be redeemed at the  
1649 option of the holder at net asset value.

1650 (2) The applicability of subdivision (1) of this subsection shall be  
1651 determined as of: (A) The record date fixed to determine the  
1652 shareholders entitled to receive notice of the meeting of shareholders  
1653 to act upon the corporate action requiring appraisal rights or, in the  
1654 case of an offer made pursuant to subdivision (10) of section 33-817, as

1655 amended by this act, the date of such offer; or (B) [the day before the  
1656 effective date of such corporate action if there is no meeting of  
1657 shareholders] if there is no meeting of shareholders and no offer made  
1658 pursuant to subdivision (10) of section 33-817, as amended by this act,  
1659 the day before the consummation of the corporate action or effective  
1660 date of the amendment of the certificate of incorporation, as applicable.

1661 (3) Subdivision (1) of this subsection shall not be applicable and  
1662 appraisal rights shall be available pursuant to subsection (a) of this  
1663 section for the holders of any class or series of shares (A) who are  
1664 required by the terms of the corporate action requiring appraisal rights  
1665 to accept for such shares anything other than cash or shares of any  
1666 class or any series of shares of any corporation, or any other  
1667 proprietary interest of any other entity, that satisfies the standards set  
1668 forth in subdivision (1) of this subsection at the time the corporate  
1669 action becomes effective, or (B) in the case of the consummation of a  
1670 disposition of assets pursuant to section 33-831, unless [such] the cash,  
1671 shares or proprietary interests received in the disposition are, under  
1672 the terms of the corporate action approved by the shareholders, to be  
1673 distributed to the shareholders, as part of a distribution to  
1674 shareholders of the net assets of the corporation in excess of a  
1675 reasonable amount to meet claims of the type described in sections 33-  
1676 886 and 33-887, (i) not later than one year after the shareholders'  
1677 approval of the action, and (ii) in accordance with their respective  
1678 interests determined at the time of the distribution.

1679 (4) Subdivision (1) of this subsection shall not be applicable and  
1680 appraisal rights shall be available pursuant to subsection (a) of this  
1681 section for the holders of any class or series of shares where the  
1682 corporate action is an interested transaction.

1683 (c) Notwithstanding any other provision of this section, the  
1684 certificate of incorporation as originally filed or any amendment  
1685 [thereto] to the certificate of incorporation may limit or eliminate  
1686 appraisal rights for any class or series of preferred shares, [but] except  
1687 that (1) no such limitation or elimination shall be effective if the class

1688 or series does not have the right to vote separately as a voting group,  
1689 alone or as part of a group, on the action, and (2) any such limitation or  
1690 elimination contained in an amendment to the certificate of  
1691 incorporation that limits or eliminates appraisal rights for any of such  
1692 shares that are outstanding immediately [prior to] before the effective  
1693 date of such amendment or that the corporation is or may be required  
1694 to issue or sell thereafter pursuant to any conversion, exchange or  
1695 other right existing immediately before the effective date of such  
1696 amendment shall not apply to any corporate action that becomes  
1697 effective within one year of [that date] the effective date of such  
1698 amendment if such action would otherwise afford appraisal rights.

1699 (d) Where the right to be paid the value of shares is made available  
1700 to a shareholder by this section, such remedy shall be the exclusive  
1701 remedy as holder of such shares against the corporate actions  
1702 described in this section, whether or not the shareholder proceeds as  
1703 provided in sections 33-855 to 33-872, inclusive, as amended by this  
1704 act.

1705 Sec. 50. Section 33-860 of the general statutes is repealed and the  
1706 following is substituted in lieu thereof (*Effective October 1, 2017*):

1707 (a) Where any corporate action specified in subsection (a) of section  
1708 33-856, as amended by this act, is to be submitted to a vote at a  
1709 shareholders' meeting, the meeting notice, or where no approval of  
1710 such action is required pursuant to subdivision (10) of section 33-817,  
1711 as amended by this act, the offer made pursuant to subdivision (10) of  
1712 section 33-817, as amended by this act, must state that the corporation  
1713 has concluded that the [shareholders] appraisal rights are, are not or  
1714 may be [entitled to assert appraisal rights] available under sections 33-  
1715 855 to 33-872, inclusive, as amended by this act. If the corporation  
1716 concludes that appraisal rights are or may be available, a copy of  
1717 sections 33-855 to 33-872, inclusive, as amended by this act, must  
1718 accompany the meeting notice or offer sent to those record  
1719 shareholders entitled to exercise appraisal rights.

1720 (b) In a merger pursuant to section 33-818, the parent corporation



1721 [must] shall notify in writing all record shareholders of the subsidiary  
1722 who are entitled to assert appraisal rights that the corporate action  
1723 became effective. Such notice [must] shall be sent within ten days after  
1724 the corporate action became effective and include the materials  
1725 described in section 33-862, as amended by this act.

1726 (c) Where any corporate action specified in subsection (a) of section  
1727 33-856, as amended by this act, is to be approved by written consent of  
1728 the shareholders pursuant to section 33-698:

1729 (1) Written notice that appraisal rights are, are not or may be  
1730 available [must] shall be sent to each record shareholder from whom a  
1731 consent is solicited at the time consent of such shareholder is first  
1732 solicited and, if the corporation has concluded that appraisal rights are  
1733 or may be available, the notice must be accompanied by a copy of  
1734 sections 33-855 to 33-872, inclusive, as amended by this act; and

1735 (2) Written notice that appraisal rights are, are not or may be  
1736 available must be delivered together with the notice to nonconsenting  
1737 and nonvoting [and nonconsenting] shareholders required by  
1738 subsections (e) and (f) of section 33-698, may include the materials  
1739 described in section 33-862, as amended by this act, and, if the  
1740 corporation has concluded that appraisal rights are or may be  
1741 available, must be accompanied by a copy of sections 33-855 to 33-872,  
1742 inclusive, as amended by this act.

1743 (d) Where [any] corporate action [specified] described in subsection  
1744 (a) of section 33-856, as amended by this act, is proposed, or a merger  
1745 pursuant to section 33-818 is effected, the notice referred to in  
1746 subsection (a) or (c) of this section, if the corporation concludes that  
1747 appraisal rights are or may be available, and in subsection (b) of this  
1748 section, shall be accompanied by:

1749 (1) [The annual financial statements specified in subsection (a) of  
1750 section 33-951] Financial statements of the corporation that issued the  
1751 shares that may be subject to appraisal, [which shall be as of a date]  
1752 consisting of a balance sheet as of the end of the fiscal year ending not

1753 more than sixteen months before the date of the notice, [and shall  
1754 comply with subsection (b) of section 33-951, except that,] an income  
1755 statement for that fiscal year and a cash flow statement for that fiscal  
1756 year, provided if such [annual] financial statements are not reasonably  
1757 available, the corporation shall provide reasonably equivalent financial  
1758 information; and

1759 (2) The latest [available quarterly] interim financial statements of  
1760 such corporation, if any.

1761 (e) The right to receive the information described in subsection (d)  
1762 of this section may be waived in writing by a shareholder before or  
1763 after the corporate action.

1764 Sec. 51. Section 33-861 of the general statutes is repealed and the  
1765 following is substituted in lieu thereof (*Effective October 1, 2017*):

1766 (a) If a corporate action specified in subsection (a) of section 33-856,  
1767 as amended by this act, is submitted to a vote at a shareholders'  
1768 meeting, a shareholder who wishes to assert appraisal rights with  
1769 respect to any class or series of shares: (1) [Must] Shall deliver to the  
1770 corporation, before the vote is taken, written notice of the  
1771 shareholder's intent to demand payment if the proposed action is  
1772 effectuated, and (2) [must] shall not vote, or cause or permit to be  
1773 voted, any shares of such class or series in favor of the proposed  
1774 action.

1775 (b) If a corporate action specified in subsection (a) of section 33-856,  
1776 as amended by this act, is to be approved by [less than unanimous]  
1777 written consent, a shareholder who wishes to assert appraisal rights  
1778 with respect to any class or series of shares [must] shall not sign a  
1779 consent in favor of the proposed action with respect to that class or  
1780 series of shares.

1781 (c) If a corporate action specified in subsection (a) of section 33-856,  
1782 as amended by this act, does not require shareholder approval  
1783 pursuant to subdivision (10) of section 33-817, as amended by this act,

1784 a shareholder who wishes to assert appraisal rights with respect to any  
1785 class or series of shares (1) shall deliver to the corporation before the  
1786 shares are purchased pursuant to the offer written notice of the  
1787 shareholder's intent to demand payment if the proposed action is  
1788 effected; and (2) shall not tender, or cause to permit to be tendered, any  
1789 shares of such class or series in response to such offer.

1790 [(c)] (d) A shareholder who fails to satisfy the requirements of  
1791 subsection (a), [or] (b) or (c) of this section is not entitled to payment  
1792 under sections 33-855 to 33-872, inclusive, as amended by this act.

1793 Sec. 52. Section 33-862 of the general statutes is repealed and the  
1794 following is substituted in lieu thereof (*Effective October 1, 2017*):

1795 (a) If [proposed] a corporate action requiring appraisal rights under  
1796 subsection (a) of section 33-856, as amended by this act, becomes  
1797 effective, the corporation [must send] shall deliver a written appraisal  
1798 notice and the form required by [subdivision (1) of] subsection (b) of  
1799 this section to all shareholders who [satisfied] satisfy the requirements  
1800 of subsection (a), (b) or (c) of section 33-861, as amended by this act. In  
1801 the case of a merger under section 33-818, the parent [must] shall  
1802 deliver an appraisal notice and form to all record shareholders who  
1803 may be entitled to assert appraisal rights.

1804 (b) The appraisal notice [must] shall be delivered no earlier than the  
1805 date the corporate action specified in subsection (a) of section 33-856,  
1806 as amended by this act, became effective and no later than ten days  
1807 after such date, and [shall] must:

1808 (1) Supply a form that (A) specifies the first date of any  
1809 announcement to shareholders made [prior to] before the date the  
1810 corporate action became effective of the principal terms of the  
1811 proposed corporate action, (B) if such announcement was made,  
1812 requires the shareholder asserting appraisal rights to certify whether  
1813 beneficial ownership of those shares for which appraisal rights are  
1814 asserted was acquired before that date, and (C) requires the  
1815 shareholder asserting appraisal rights to certify that such shareholder

1816 did not vote for or consent to the transaction as to the class or series of  
1817 shares for which appraisal is sought;

1818 (2) State:

1819 (A) Where the form [must] shall be sent and where certificates for  
1820 certificated shares [must] shall be deposited and the date by which  
1821 those certificates must be deposited, which date may not be earlier  
1822 than the date [for receiving] by which the corporation must receive the  
1823 required form under subparagraph (B) of this subdivision;

1824 (B) A date by which the corporation must receive the form which  
1825 date may not be fewer than forty nor more than sixty days after the  
1826 date the appraisal notice under subsection (a) of this section is sent,  
1827 and state that the shareholder shall have waived the right to demand  
1828 appraisal with respect to the shares unless the form is received by the  
1829 corporation by such specified date;

1830 (C) The corporation's estimate of the fair value of the shares;

1831 (D) That, if requested in writing, the corporation will provide, to the  
1832 shareholder so requesting, within ten days after the date specified in  
1833 subparagraph (B) of this subdivision, the number of shareholders who  
1834 return the forms by the specified date and the total number of shares  
1835 owned by them; and

1836 (E) The date by which the notice to withdraw under section 33-863  
1837 must be received, which date must be within twenty days after the  
1838 date specified in subparagraph (B) of this subdivision; and

1839 (3) Be accompanied by a copy of sections 33-855 to 33-872, inclusive,  
1840 as amended by this act.

1841 Sec. 53. (NEW) (*Effective October 1, 2017*) (a) The certificate of  
1842 incorporation or the bylaws of a corporation may require that any or  
1843 all internal corporate claims be brought exclusively in any specified  
1844 court or courts of this state and, if so specified, in any additional courts  
1845 in this state or in any other jurisdictions with which the corporation

1846 has a reasonable relationship.

1847 (b) A provision of the certificate of incorporation or the bylaws  
1848 adopted under subsection (a) of this section shall not have the effect of  
1849 conferring jurisdiction on any court or over any person or claim, and  
1850 shall not apply if none of the courts specified by such provision have  
1851 the requisite personal and subject matter jurisdiction. If the court or  
1852 courts of this state specified in a provision adopted under subsection  
1853 (a) of this section do not have the requisite personal and subject matter  
1854 jurisdiction and another court of this state does have such jurisdiction,  
1855 then the internal corporate claim may be brought in such other court of  
1856 this state, notwithstanding that such other court of this state is not  
1857 specified in such provision, and in any other court specified in such  
1858 provision that has the requisite jurisdiction.

1859 (c) No provision of the certificate of incorporation or the bylaws  
1860 may prohibit bringing an internal corporate claim in the courts of this  
1861 state or require such claims to be determined by arbitration.

1862 (d) As used in this section, "internal corporate claim" means, (1) any  
1863 claim that is based upon a violation of a duty under the laws of this  
1864 state by a current or former director, officer or shareholder in such  
1865 capacity, (2) any derivative action or proceeding brought on behalf of  
1866 the corporation, (3) any action asserting a claim arising pursuant to  
1867 any provision of sections 33-600 to 33-998, inclusive, of the general  
1868 statutes, or the certificate of incorporation or bylaws, or (4) any action  
1869 asserting a claim governed by the internal affairs doctrine that is not  
1870 included in subdivisions (1) to (3), inclusive, of this subsection.

1871 Sec. 54. Section 33-602 of the general statutes is repealed and the  
1872 following is substituted in lieu thereof (*Effective October 1, 2017*):

1873 As used in sections 33-600 to 33-998, inclusive:

1874 (1) "Address" means location as described by the full street number,  
1875 if any, street, city or town, state or country and not a mailing address  
1876 such as a post office box.

1877 (2) "Authorized shares" means the shares of all classes a domestic or  
1878 foreign corporation is authorized to issue.

1879 (3) "Beneficial shareholder" means a person who owns the beneficial  
1880 interest in shares, which may be a record shareholder or a person on  
1881 whose behalf shares are registered in the name of an intermediary or  
1882 nominee.

1883 [(3)] (4) "Certificate of incorporation" means the original certificate  
1884 of incorporation or restated certificate of incorporation, and all  
1885 amendments thereto, and all certificates of merger or consolidation. In  
1886 the case of a specially chartered corporation, "certificate of  
1887 incorporation" means the special charter of the corporation, including  
1888 any portions of the charters of its predecessor companies which have  
1889 continuing effect, and any amendments to the charter made by special  
1890 act or pursuant to general law. In the case of a corporation formed  
1891 before January 1, 1961, or of a specially chartered corporation,  
1892 "certificate of incorporation" includes those portions of any other  
1893 corporate instruments or resolutions of current application in which  
1894 are set out provisions of the sort which either (A) are required by  
1895 sections 33-600 to 33-998, inclusive, to be embodied in the certificate of  
1896 incorporation, or (B) are expressly permitted by sections 33-600 to 33-  
1897 998, inclusive, to be operative only if included in the certificate of  
1898 incorporation. It also includes what were, prior to January 1, 1961,  
1899 designated at law as agreements of association, articles of  
1900 incorporation, charters and other such terms.

1901 [(4)] (5) "Conspicuous" means so written, displayed or presented  
1902 that a reasonable person against whom the writing is to operate should  
1903 have noticed it. For example, text in italics, boldface, contrasting color,  
1904 capitals or underlined is conspicuous.

1905 [(5)] (6) "Corporation" or "domestic corporation" means a stock  
1906 corporation, [with capital stock,] which is not a foreign corporation,  
1907 incorporated under the laws of this state, whether general law or  
1908 special act and whether before or after January 1, 1997.

1909        [(6)] (7) "Deliver" or "delivery" means any method of delivery used  
1910 in conventional commercial practice including delivery by hand, mail,  
1911 commercial delivery and, if authorized in accordance with section 33-  
1912 603, electronic transmission.

1913        [(7)] (8) "Distribution" means a direct or indirect transfer of money  
1914 or other property, except its own shares, or incurrence of indebtedness  
1915 by a corporation to or for the benefit of its shareholders in respect of  
1916 any of its shares. A distribution may be in the form of a declaration or  
1917 payment of a dividend; a purchase, redemption or other acquisition of  
1918 shares; a distribution of indebtedness; or otherwise.

1919        [(8)] (9) "Document" means (A) any tangible medium on which  
1920 information is inscribed, and includes any writing or written  
1921 instrument, or (B) an electronic record.

1922        (10) "Domestic", with respect to an entity, means an entity governed  
1923 as to its internal affairs by the law of this state.

1924        [(9)] (11) "Effective date of notice" is defined in section 33-603.

1925        [(10)] (12) (A) "Electronic" means relating to technology having  
1926 electrical, digital, magnetic, wireless, optical, electromagnetic or  
1927 similar capabilities.

1928        (B) "Electronic record" means information that is stored in an  
1929 electronic or other medium and is retrievable in paper form through an  
1930 automated process used in conventional commercial practice, unless  
1931 otherwise authorized in accordance with subsection (j) of section 33-  
1932 603.

1933        (C) "Electronic transmission" or "electronically transmitted" means  
1934 any form or process of communication not directly involving the  
1935 physical transfer of paper or another tangible medium, which (i) is  
1936 suitable for the retention, retrieval and reproduction of information by  
1937 the recipient, and (ii) is retrievable in paper form by the recipient  
1938 through an automated process used in conventional commercial  
1939 practice, unless otherwise authorized in accordance with subsection (j)

1940 of section 33-603.

1941 [(11)] (13) "Employee" includes an officer but not a director. A  
1942 director may accept duties that make him also an employee.

1943 [(12)] (14) "Entity" includes a corporation and foreign corporation;  
1944 nonprofit corporation; profit and nonprofit unincorporated  
1945 association; business trust, estate, partnership, limited liability  
1946 company, trust and two or more persons having a joint or common  
1947 economic interest; and state, United States or foreign government.

1948 [(13)] (15) "Expenses" means reasonable expenses of any kind that  
1949 are incurred in connection with a matter including, but not limited to,  
1950 reasonable counsel fees.

1951 [(14)] (16) "Facts objectively ascertainable" outside of a plan or filed  
1952 document is defined in subsection (l) of section 33-608.

1953 (17) "Foreign", with respect to an entity, means an entity governed  
1954 as to its internal affairs by the laws of a jurisdiction other than this  
1955 state.

1956 [(15)] (18) "Foreign corporation" means a corporation incorporated  
1957 under a law other than the law of this state.

1958 [(16)] (19) "Governmental subdivision" includes authority, county,  
1959 district and municipality.

1960 [(17)] (20) "Includes" denotes a partial definition.

1961 [(18)] (21) "Individual" includes the estate of an incompetent or  
1962 deceased individual.

1963 [(19)] (22) "Means" denotes an exhaustive definition.

1964 (23) "Merger" means a transaction pursuant to section 33-815.

1965 [(20)] (24) "Notice" is defined in section 33-603.

1966 [(21)] (25) "Person" includes individual and entity.



1967 [(22)] (26) "Principal office" of a domestic corporation means the  
1968 address of the principal office of such corporation in this state, if any,  
1969 as the same appears in the last annual report, if any, filed by such  
1970 corporation with the Secretary of the State. If no principal office so  
1971 appears, the corporation's "principal office" means the address in this  
1972 state of the corporation's registered agent for service as last shown on  
1973 the records of the Secretary of the State. In the case of a domestic  
1974 corporation which has not filed such an annual report or appointment  
1975 of registered agent for service, the "principal office" means the address  
1976 of the principal place of business of such corporation in this state, if  
1977 any, and if such corporation has no place of business in this state, its  
1978 "principal office" shall be the office of the Secretary of the State.

1979 [(23)] (27) "Proceeding" includes civil suit and criminal,  
1980 administrative and investigatory action.

1981 [(24)] (28) "Public corporation" means a corporation that has shares  
1982 listed on a national securities exchange or regularly traded in a market  
1983 maintained by one or more members of a national or affiliated  
1984 securities association.

1985 [(25)] (29) "Qualified director" is defined in section 33-605, as  
1986 amended by this act.

1987 [(26)] (30) "Record date" means the date established under sections  
1988 33-665 to 33-687, inclusive, or sections 33-695 to 33-727, inclusive, on  
1989 which a corporation determines the identity of its shareholders and  
1990 their shareholdings for purposes of sections 33-600 to 33-998, inclusive.  
1991 The determinations shall be made as of the close of business on the  
1992 record date unless another time for doing so is specified when the  
1993 record date is fixed.

1994 [(27)] (31) "Secretary" means the corporate officer to whom under  
1995 the bylaws or by the board of directors is delegated responsibility  
1996 under subsection (c) of section 33-763 for custody of the minutes of the  
1997 meetings of the board of directors and of the shareholders and for  
1998 authenticating records of the corporation.

1999 [(28)] (32) "Secretary of the State" means the Secretary of the State of  
2000 Connecticut.

2001 (33) "Share exchange" means a transaction pursuant to section 33-  
2002 816.

2003 [(29)] "Shares" means the units into which the proprietary interests in  
2004 a corporation are divided.]

2005 [(30)] (34) "Shareholder" means the person in whose name shares are  
2006 registered in the records of a corporation or the beneficial owner of  
2007 shares to the extent of the rights granted by a nominee certificate on  
2008 file with a corporation.

2009 (35) "Shares" means the units into which the proprietary interests in  
2010 a corporation are divided.

2011 [(31)] (36) "Sign" or "signature" means, with present intent to  
2012 authenticate or adopt a document: (A) To execute or adopt a tangible  
2013 symbol to a document, and includes any manual, facsimile or  
2014 conformed signature; or (B) to attach to or logically associate with an  
2015 electronic transmission an electronic sound, symbol or process, and  
2016 includes an electronic signature in an electronic transmission.

2017 [(32)] (37) "State", when referring to a part of the United States,  
2018 includes a state and commonwealth, and their agencies and  
2019 governmental subdivisions, and a territory and insular possession, and  
2020 their agencies and governmental subdivisions, of the United States.

2021 [(33)] (38) "Subscriber" means a person who subscribes for shares in  
2022 a corporation, whether before or after incorporation.

2023 [(34)] (39) "United States" includes any district, authority, bureau,  
2024 commission, department and other agency of the United States.

2025 (40) "Unrestricted voting trust beneficial owner" means, with respect  
2026 to any shareholder rights, a voting trust beneficial owner whose  
2027 entitlement to exercise the shareholder right in question is not

2028 inconsistent with the voting trust agreement.

2029 [(35)] (41) "Voting group" means all shares of one or more classes or  
2030 series that under the certificate of incorporation or sections 33-600 to  
2031 33-998, inclusive, are entitled to vote and be counted together  
2032 collectively on a matter at a meeting of shareholders. All shares  
2033 entitled by the certificate of incorporation or said sections to vote  
2034 generally on the matter are for that purpose a single voting group.

2035 [(36)] (42) "Voting power" means the current power to vote in the  
2036 election of directors.

2037 (43) "Voting trust beneficial owner" means an owner of a beneficial  
2038 interest in shares of the corporation held in a voting trust established  
2039 pursuant to subsection (a) of section 33-715.

2040 [(37)] (44) "Writing" or "written" means any information in the form  
2041 of a document.

2042 Sec. 55. Section 33-814 of the general statutes is repealed and the  
2043 following is substituted in lieu thereof (*Effective October 1, 2017*):

2044 As used in this section and sections 33-815 to 33-821a, inclusive:

2045 (1) "Acquired corporation" means the domestic or foreign  
2046 corporation that will have all of one or more classes or series of its  
2047 shares acquired in a share exchange.

2048 (2) "Acquiring corporation" means the domestic or foreign  
2049 corporation that will acquire all of one or more classes or series of  
2050 shares of the acquired corporation in a share exchange.

2051 [(1)] (3) "Interests" means the proprietary interests in an other entity.

2052 [(2) "Merger" means a business combination pursuant to section 33-  
2053 815.]

2054 [(3)] (4) "Organizational documents" means the basic document or  
2055 documents that create, or determine the internal governance of, an

2056 other entity.

2057 [(4)] (5) "Other entity" means any association or legal entity, other  
2058 than a domestic or foreign corporation, organized to conduct business,  
2059 including, but not limited to, a partnership, limited partnership,  
2060 limited liability partnership, limited liability company, joint venture,  
2061 joint stock company, business trust, statutory trust and real estate  
2062 investment trust.

2063 [(5)] (6) "Party to a merger" means any domestic or foreign  
2064 corporation or other entity that will merge under a plan of merger.

2065 [(6)] (7) "Party to a share exchange" means any domestic or foreign  
2066 corporation or other entity that will: (A) Acquire shares or interests of  
2067 another corporation or an other entity in a share exchange; or (B) have  
2068 all of its shares or interests or all of one or more classes or series of its  
2069 shares or interests acquired in a share exchange.

2070 [(7) "Share exchange" means a business combination pursuant to  
2071 section 33-816.]

2072 (8) "Survivor" means, in a merger, the corporation or other entity  
2073 into which one or more other corporations or other entities are merged.  
2074 A survivor of a merger may preexist the merger or be created by the  
2075 merger.

2076 Sec. 56. Section 33-855 of the general statutes is repealed and the  
2077 following is substituted in lieu thereof (*Effective October 1, 2017*):

2078 As used in this section and sections [33-855] 33-856 to 33-872,  
2079 inclusive, as amended by this act:

2080 (1) "Affiliate" means a person that directly or indirectly through one  
2081 or more intermediaries controls, is controlled by or is under common  
2082 control with another person or is a senior executive thereof. For  
2083 purposes of subdivision (4) of subsection (b) of section 33-856, as  
2084 amended by this act, a person is deemed to be an affiliate of its senior  
2085 executives.

2086 [(2) "Beneficial shareholder" means a person who is the beneficial  
2087 owner of shares held in a voting trust or by a nominee on the beneficial  
2088 owner's behalf.]

2089 [(3)] (2) "Corporation" means the issuer of the shares held by a  
2090 shareholder demanding appraisal and, for purposes of sections 33-862  
2091 to 33-872, inclusive, as amended by this act, includes the surviving  
2092 entity in a merger.

2093 [(4)] (3) "Fair value" means the value of the corporation's shares  
2094 determined: (A) Immediately before the effectuation of the corporate  
2095 action to which the shareholder objects, (B) using customary and  
2096 current valuation concepts and techniques generally employed for  
2097 similar businesses in the context of the transaction requiring appraisal,  
2098 and (C) without discounting for lack of marketability or minority  
2099 status except, if appropriate, for amendments to the certificate of  
2100 incorporation pursuant to subdivision (5) of subsection (a) of section  
2101 33-856, as amended by this act.

2102 [(5)] (4) "Interest" means interest from the effective date of the  
2103 corporate action until the date of payment, at the rate of interest on  
2104 judgments in this state on the effective date of the corporate action.

2105 [(6)] (5) "Interested transaction" means a corporate action specified  
2106 in subsection (a) of section 33-856, as amended by this act, other than a  
2107 merger pursuant to section 33-818, involving an interested person in  
2108 which any of the shares or assets of the corporation are being acquired  
2109 or converted. As used in this definition: (A) "Interested person" means  
2110 a person, or an affiliate of a person, who at any time during the one-  
2111 year period immediately preceding approval by the board of directors  
2112 of the corporate action: (i) Was the beneficial owner of twenty per cent  
2113 or more of the voting power of the corporation, excluding any shares  
2114 acquired pursuant to an offer for all shares having voting power if the  
2115 offer was made within one year prior to the corporate action for  
2116 consideration of the same kind and of a value equal to or less than that  
2117 paid in connection with the corporate action; (ii) had the power,  
2118 contractually or otherwise, to cause the appointment or election of

2119 twenty-five per cent or more of the directors to the board of directors  
2120 of the corporation; or (iii) was a senior executive or director of the  
2121 corporation or a senior executive of any affiliate thereof, and that  
2122 senior executive or director will receive, as a result of the corporate  
2123 action, a financial benefit not generally available to other shareholders  
2124 as such, other than: (I) Employment, consulting, retirement or similar  
2125 benefits established separately and not as part of or in contemplation  
2126 of the corporate action; or (II) employment, consulting, retirement or  
2127 similar benefits established in contemplation of, or as part of, the  
2128 corporate action that are not more favorable than those existing before  
2129 the corporate action or, if more favorable, that have been approved on  
2130 behalf of the corporation in the same manner as is provided in section  
2131 33-783; or (III) in the case of a director of the corporation who will, in  
2132 the corporate action, become a director of the acquiring entity in the  
2133 corporate action or one of its affiliates, rights and benefits as a director  
2134 that are provided on the same basis as those afforded by the acquiring  
2135 entity generally to other directors of such entity or such affiliate; and  
2136 (B) "beneficial owner" means any person who, directly or indirectly,  
2137 through any contract, arrangement or understanding, other than a  
2138 revocable proxy, has or shares the power to vote, or to direct the  
2139 voting of, shares; except that a member of a national securities  
2140 exchange is not deemed to be a beneficial owner of securities held  
2141 directly or indirectly by it on behalf of another person solely because  
2142 the member is the record holder of the securities if the member is  
2143 precluded by the rules of the exchange from voting without instruction  
2144 on contested matters or matters that may affect substantially the rights  
2145 or privileges of the holders of the securities to be voted. When two or  
2146 more persons agree to act together for the purpose of voting their  
2147 shares of the corporation, each member of the group formed thereby is  
2148 deemed to have acquired beneficial ownership, as of the date of the  
2149 agreement, of all voting shares of the corporation beneficially owned  
2150 by any member of the group.

2151 [(7)] (6) "Preferred shares" means a class or series of shares whose  
2152 holders have preference over any other class or series with respect to  
2153 distributions.

2154 [(8)] (7) "Record shareholder" means the person in whose name  
2155 shares are registered in the records of the corporation or the beneficial  
2156 owner of shares to the extent of the rights granted by a nominee  
2157 certificate on file with the corporation.

2158 [(9)] (8) "Senior executive" means the chief executive officer, chief  
2159 operating officer, chief financial officer and any individual in charge of  
2160 a principal business unit or function.

2161 [(10)] (9) "Shareholder" means both a record shareholder and a  
2162 beneficial shareholder.

2163 Sec. 57. Subdivision (2) of subsection (a) of section 33-1358 of the  
2164 general statutes is repealed and the following is substituted in lieu  
2165 thereof (*Effective October 1, 2017*):

2166 (2) May consider (A) in the circumstances described in subsection  
2167 [(d)] (g) of section 33-756, as amended by this act, the interests referred  
2168 to in said subsection, and (B) other pertinent factors or the interests of  
2169 any other group that the board of directors, any committee of the  
2170 board and the directors of the benefit corporation deem appropriate;  
2171 and

2172 Sec. 58. Subdivision (12) of section 34-243a of the general statutes is  
2173 repealed and the following is substituted in lieu thereof (*Effective July*  
2174 *1, 2017*):

2175 (12) "Limited liability company", except in the phrase "foreign  
2176 limited liability company" and when used in sections 34-279 to 34-279i,  
2177 inclusive, as amended by this act, means an entity formed under  
2178 sections 34-243 to 34-283d, inclusive, or which becomes subject to said  
2179 sections under the Connecticut Entity Transactions Act, or section 34-  
2180 243i or 34-279h.

2181 Sec. 59. Subsection (g) of section 34-243h of the general statutes is  
2182 repealed and the following is substituted in lieu thereof (*Effective July*  
2183 *1, 2017*):

2184 (g) No limited liability company may be formed under the  
2185 provisions of sections 34-243 to 34-283d, inclusive, for the purpose of  
2186 transacting the business of an insurance company or a surety or  
2187 indemnity company, unless (1) it is an affiliate of an insurance  
2188 company chartered by, incorporated, organized or constituted within  
2189 or under the laws of this state; and (2) at the time of the filing of its  
2190 certificate of [formation] organization, there is also filed a certificate  
2191 issued by the Insurance Commissioner, pursuant to section 33-646,  
2192 authorizing the formation of the limited liability company. No limited  
2193 liability company formed under the provisions of sections 34-243 to 34-  
2194 283d, inclusive, shall have power to transact in this state the business  
2195 of any insurance company or a surety or indemnity company until it  
2196 has procured a license from the Insurance Commissioner in accordance  
2197 with the provisions of section 38a-41.

2198 Sec. 60. Section 34-243p of the general statutes is repealed and the  
2199 following is substituted in lieu thereof (*Effective July 1, 2017*):

2200 (a) A registered agent may resign as an agent for a limited liability  
2201 company or registered foreign limited liability company by delivering  
2202 to the Secretary of the State for filing a certificate of resignation that  
2203 states: (1) The name of the limited liability company or registered  
2204 foreign limited liability company; (2) the name of the agent; (3) that the  
2205 agent resigns from serving as registered agent for the limited liability  
2206 company or registered foreign limited liability company; and (4) the  
2207 address of the limited liability company or registered foreign limited  
2208 liability company to which the agent will send the notice required by  
2209 subsection (c) of this section.

2210 (b) A certificate of resignation takes effect on the earlier of: (1) The  
2211 thirty-first day after the day on which it is filed by the Secretary of the  
2212 State; or (2) the date a new registered agent is designated for the  
2213 limited liability company or registered foreign limited liability  
2214 company.

2215 (c) A registered agent shall immediately furnish to the limited  
2216 liability company or registered foreign limited liability company notice



2217 in a record of the date on which the certificate of resignation was filed.

2218 (d) When a certificate of resignation takes effect, the registered agent  
2219 ceases to have responsibility under sections 34-243 to 34-283d,  
2220 inclusive, for any matter thereafter tendered to it as agent for the  
2221 limited liability company or registered foreign limited liability  
2222 company. The resignation does not affect any contractual rights the  
2223 limited liability company or registered foreign limited liability  
2224 company has against the agent or that the agent has against the limited  
2225 liability company or registered foreign limited liability company.

2226 [(e) A registered agent may resign with respect to a limited liability  
2227 company or registered foreign limited liability company whether or  
2228 not the limited liability company or registered foreign limited liability  
2229 company is in good standing.]

2230 Sec. 61. Section 34-243u of the general statutes is repealed and the  
2231 following is substituted in lieu thereof (*Effective July 1, 2017*):

2232 The Secretary of the State shall charge and collect the following fees  
2233 and remit them to the Treasurer for the use of the state:

2234 (a) Fees for filing documents and issuing certificates: (1) Filing an  
2235 application to reserve a limited liability company name or to cancel a  
2236 reserved limited liability company name, sixty dollars; (2) filing a  
2237 transfer of reserved limited liability company name, sixty dollars; (3)  
2238 filing a certificate of organization, including appointment of registered  
2239 agent, one hundred twenty dollars; (4) filing a change of address of  
2240 agent certificate or change of agent certificate, fifty dollars; (5) filing a  
2241 notice of resignation of registered agent, fifty dollars; (6) filing an  
2242 amendment to certificate of organization, one hundred twenty dollars;  
2243 (7) filing a restated certificate of organization, one hundred twenty  
2244 dollars; (8) filing a certificate of merger, sixty dollars; (9) filing a  
2245 certificate of interest exchange, sixty dollars; (10) filing a certificate of  
2246 abandonment, fifty dollars; (11) filing a certificate of reinstatement, one  
2247 hundred twenty dollars; (12) filing a foreign registration [statement]  
2248 certificate by a foreign limited liability company to transact business in

2249 this state, one hundred twenty dollars; (13) filing an application of  
2250 foreign limited liability company for amended foreign registration  
2251 [statement] certificate, one hundred twenty dollars; (14) filing a  
2252 [statement] certificate of withdrawal of [foreign limited liability  
2253 company] registration under section 34-275h, as amended by this act,  
2254 one hundred twenty dollars; (15) filing an annual report, twenty  
2255 dollars; (16) filing an interim notice of change of manager or member,  
2256 twenty dollars; (17) filing a registration of name or a [removal] renewal  
2257 of registration of name, sixty dollars; (18) filing a statement of  
2258 correction, one hundred dollars; and (19) filing a transfer of  
2259 registration, sixty dollars plus the qualification fee.

2260 (b) Miscellaneous charges: (1) At the time of any service of process  
2261 on the Secretary of the State as registered agent of a limited liability  
2262 company, which amount may be recovered as taxable costs by the  
2263 party to the suit or action causing such service to be made if such party  
2264 prevails in the suit or action, the plaintiff in the process so served shall  
2265 pay fifty dollars; (2) for preparing and furnishing a copy of any  
2266 document, instrument or paper filed or recorded relating to a limited  
2267 liability company: For each copy of each such document thereof  
2268 regardless of the number of pages, forty dollars; for affixing his  
2269 certification thereto, fifteen dollars; (3) for the issuance of a  
2270 [certification] certificate of legal existence of a domestic or registered  
2271 foreign limited liability company, fifty dollars; (4) for the issuance of a  
2272 certificate of legal existence of a domestic or registered foreign limited  
2273 liability company which certificate may reflect any and all changes of  
2274 limited liability company names and the dates of filing thereof, fifty  
2275 dollars; (5) for the issuance of a certificate of legal existence of a  
2276 domestic limited liability company reflecting [articles] certificates  
2277 effecting fundamental changes to certificate of organization and the  
2278 date or dates of filing thereof, one hundred dollars; and (6) for other  
2279 services for which fees are not provided by the general statutes, the  
2280 Secretary of the State may charge such fees as will, in the judgment of  
2281 the Secretary of the State, cover the cost of the services provided.

2282 (c) The tax imposed under chapter 219 shall not be imposed upon

2283 any transaction for which a fee is charged under the provisions of this  
2284 section.

2285 Sec. 62. Subsection (c) of section 34-247 of the general statutes is  
2286 repealed and the following is substituted in lieu thereof (*Effective July*  
2287 *1, 2017*):

2288 (c) A certificate of organization may contain statements as to matters  
2289 other than those required by subsection (b) of this section, but may not  
2290 vary or otherwise affect the provisions specified in subsection (c) of  
2291 section 34-243d in a manner inconsistent with said section. [However,  
2292 a statement in a certificate of organization is not effective as a  
2293 statement of authority.]

2294 Sec. 63. Subsection (a) of section 34-247d of the general statutes is  
2295 repealed and the following is substituted in lieu thereof (*Effective July*  
2296 *1, 2017*):

2297 (a) If a record delivered to the Secretary of the State for filing under  
2298 sections 34-243 to 34-283d, inclusive, and filed by the Secretary of the  
2299 State contains inaccurate information, a person that suffers loss by  
2300 reliance on the information may recover damages for the loss from: (1)  
2301 A person that signed the record or caused another to sign it on the  
2302 person's behalf, and knew the information to be inaccurate at the time  
2303 the record was signed; and (2) subject to subsection (b) of this section, a  
2304 member of a member-managed limited liability company or the  
2305 manager of a manager-managed limited liability company, if: (A) The  
2306 record was delivered for filing on behalf of the company; and (B) the  
2307 member or manager had notice of the inaccuracy for a reasonably  
2308 sufficient time before the information was relied upon so that, before  
2309 the reliance, the member or manager reasonably could have:

2310 (i) Effected an amendment under section 34-247a;

2311 (ii) Filed a petition under section 34-247c; or

2312 (iii) Delivered to the Secretary of the State for filing a [statement of]  
2313 change of address of agent certificate or a change of agent certificate

2314 under section 34-243o or a statement of correction under section 34-  
2315 247h.

2316 Sec. 64. Section 34-247f of the general statutes is repealed and the  
2317 following is substituted in lieu thereof (*Effective July 1, 2017*):

2318 Except as provided in section 34-247g, as amended by this act, and  
2319 subject to the provisions of subsection (c) of section 34-247h, a  
2320 certificate of organization is effective and a foreign registration  
2321 [statement] certificate is effective on the date and at the time of its  
2322 filing by the Secretary of the State, as provided in section 34-247e. Each  
2323 other record filed under sections 34-243 to 34-283d, inclusive, is  
2324 effective on the later of:

2325 (1) On the date and at the time of its filing by the Secretary of the  
2326 State, as provided in section 34-247e;

2327 (2) On the date of filing and at the time specified in the record as its  
2328 effective time, if later than the time under subdivision (1) of this  
2329 section;

2330 (3) At a specified delayed effective date and time, which may not be  
2331 more than ninety days after the date of filing; or

2332 (4) If a delayed effective date is specified, but no time is specified, at  
2333 12:01 a.m. on the date specified, which may not be more than ninety  
2334 days after the date of filing.

2335 Sec. 65. Section 34-247g of the general statutes is repealed and the  
2336 following is substituted in lieu thereof (*Effective July 1, 2017*):

2337 (a) A record delivered to the Secretary of the State for filing may be  
2338 withdrawn before it takes effect by delivering to the Secretary of the  
2339 State for filing a [statement] certificate of withdrawal.

2340 (b) A [statement] certificate of withdrawal must: (1) Identify the  
2341 record to be withdrawn; and (2) if signed by fewer than all the persons  
2342 that signed the record being withdrawn, state that the record is

2343 withdrawn in accordance with the agreement of all the persons that  
2344 signed the record or as otherwise provided in the operating agreement  
2345 of the limited liability company.

2346 (c) On filing by the Secretary of the State of a [statement] certificate  
2347 of withdrawal, the action or transaction evidenced by the original  
2348 record shall not take effect.

2349 Sec. 66. Section 34-247j of the general statutes is repealed and the  
2350 following is substituted in lieu thereof (*Effective July 1, 2017*):

2351 [(a)] On request of any person, the Secretary of the State shall issue a  
2352 certificate of [good standing] legal existence for a domestic or  
2353 registered foreign limited liability company. [or a certificate of  
2354 registration for a registered foreign limited liability company] A  
2355 certificate issued by the Secretary of the State under this section may  
2356 be relied upon as conclusive evidence of the facts set forth in the  
2357 certificate.

2358 [(b) A certificate issued under subsection (a) of this section must  
2359 state:

2360 (1) The limited liability company's name or the registered foreign  
2361 limited liability company's name used in this state;

2362 (2) In the case of a limited liability company, that: (A) No statement  
2363 of dissolution, statement of administrative dissolution or statement of  
2364 termination has been filed; (B) the records of the Secretary of the State  
2365 do not otherwise reflect that the company has been dissolved or  
2366 terminated; (C) the limited liability company has filed all annual  
2367 reports due through the date of the certificate in compliance with  
2368 section 34-247k; and (D) a proceeding is not pending under section 34-  
2369 267g; and

2370 (3) In the case of a registered foreign limited liability company, that:  
2371 (A) It is registered to do business in this state; and (B) the registered  
2372 foreign limited liability company has filed all annual reports due  
2373 through the date of the certificate in compliance with section 34-247k.

2374 (c) A certificate issued by the Secretary of the State under subsection  
2375 (a) of this section may be relied upon as conclusive evidence of the  
2376 facts set forth in the certificate.]

2377 Sec. 67. Subdivision (5) of subsection (a) of section 34-247k of the  
2378 general statutes is repealed and the following is substituted in lieu  
2379 thereof (*Effective July 1, 2017*):

2380 (5) In the case of a foreign limited liability company, any alternate  
2381 name adopted under section 34-275e, its governing jurisdiction and  
2382 [any alternate name adopted under subsection (a) of section 34-275e] if  
2383 the law of the governing jurisdiction requires the company to maintain  
2384 an office in that jurisdiction, the street and mailing addresses of the  
2385 required office.

2386 Sec. 68. Subsections (f) and (g) of section 34-275a of the general  
2387 statutes are repealed and the following is substituted in lieu thereof  
2388 (*Effective July 1, 2017*):

2389 (f) A foreign limited liability company, by transacting business in  
2390 this state without a foreign registration [statement] certificate, appoints  
2391 the Secretary of the State as its agent for service of process with respect  
2392 to a cause of action arising out of the transaction of business in this  
2393 state. Such foreign limited liability company may be served in the  
2394 manner provided in subsection (b) of section 34-243r.

2395 (g) A foreign limited liability company which transacts business in  
2396 this state without a valid foreign registration [statement] certificate  
2397 shall be liable to this state, for each year or part thereof during which it  
2398 transacted business in this state without such certificate, in an amount  
2399 equal to: (1) All fees and taxes which would have been imposed by law  
2400 upon such limited liability company had it duly applied for and  
2401 received such registration to transact business in this state, and (2) all  
2402 interest and penalties imposed by law for failure to pay such fees and  
2403 taxes. A foreign limited liability company is further liable to this state,  
2404 for each month or part thereof during which it transacted business in  
2405 this state without a valid foreign registration [statement] certificate, in

2406 an amount equal to three hundred dollars, except that a foreign limited  
2407 liability company which has registered with the Secretary of the State  
2408 not later than ninety days after it has commenced transacting business  
2409 in this state shall not be liable for such monthly penalty. Such fees and  
2410 penalties may be levied by the Secretary of the State. The Attorney  
2411 General may bring proceedings to recover all amounts due this state  
2412 under the provisions of this subsection.

2413 Sec. 69. Section 34-275b of the general statutes is repealed and the  
2414 following is substituted in lieu thereof (*Effective July 1, 2017*):

2415 To register to do business in this state, a foreign limited liability  
2416 company must deliver a foreign registration [statement] certificate to  
2417 the Secretary of the State for filing. The [statement] certificate shall set  
2418 forth:

2419 (1) The name of the company and, if the name does not comply with  
2420 section 34-243k, an alternate name adopted pursuant to subsection (a)  
2421 of section 34-275e;

2422 (2) That the company is a foreign limited liability company;

2423 (3) The name of the company's governing jurisdiction;

2424 (4) The street and mailing addresses of the company's principal  
2425 office and, if the law of the governing jurisdiction requires the  
2426 company to maintain an office in that jurisdiction, the street and  
2427 mailing addresses of the required office;

2428 (5) The name and address of the agent in this state for service of  
2429 process on the foreign limited liability company required to be  
2430 maintained by [subdivision (4) of subsection (b) of section 34-247]  
2431 section 34-243n and an acceptance of such appointment signed by the  
2432 agent appointed if other than the Secretary of the State;

2433 (6) The name and respective business and residence addresses of a  
2434 manager or a member of the foreign limited liability company, except  
2435 that, if good cause is shown, the Secretary of the State may accept a

2436 business address in lieu of business and residence addresses of such  
2437 manager or member. For the purposes of this subdivision, a showing  
2438 of good cause shall include, but need not be limited to, a showing that  
2439 public disclosure of the residence address of the manager or member  
2440 of the foreign limited liability company may expose the personal  
2441 security of such manager or member to significant risk; and

2442 (7) The electronic mail address, if any, of the foreign limited liability  
2443 company.

2444 Sec. 70. Section 34-275c of the general statutes is repealed and the  
2445 following is substituted in lieu thereof (*Effective July 1, 2017*):

2446 A registered foreign limited liability company shall deliver to the  
2447 Secretary of the State for filing an amendment to its foreign  
2448 registration [statement] certificate if there is a change in: (1) The name  
2449 of the company; or (2) the company's governing jurisdiction; [; (3) an  
2450 address required by subdivision (4) of section 34-275b; or (4) the  
2451 information required by subdivision (5) of section 34-275b.]

2452 Sec. 71. Section 34-275f of the general statutes is repealed and the  
2453 following is substituted in lieu thereof (*Effective July 1, 2017*):

2454 (a) When a registered foreign limited liability company has merged  
2455 into a foreign [entity] limited liability company that is not registered to  
2456 transact business in this state, [or has converted to a foreign entity  
2457 required to register with the Secretary of the State to transact business  
2458 in this state,] the nonregistered foreign [entity] limited liability  
2459 company shall deliver to the Secretary of the State for filing an  
2460 application for transfer of registration. The application must state:

2461 (1) The name of the registered foreign limited liability company  
2462 before the merger or conversion;

2463 (2) That before the merger or conversion the registration pertained  
2464 to a foreign limited liability company;

2465 (3) The name of the applicant foreign [entity] limited liability



2466 company into which the foreign limited liability company has merged,  
2467 [or to which it has been converted,] and, if the name does not comply  
2468 with section 34-243k, an alternate name adopted pursuant to  
2469 subsection (a) of section 34-275e;

2470 (4) The [type of entity of the applicant foreign entity and its]  
2471 governing jurisdiction of the applicant foreign limited liability  
2472 company;

2473 (5) The street and mailing addresses of the principal office of the  
2474 applicant foreign [entity] limited liability company and, if the law of  
2475 the [entity's] foreign limited liability company's governing jurisdiction  
2476 requires the [entity] foreign limited liability company to maintain an  
2477 office in that jurisdiction, the street and mailing addresses of that  
2478 office;

2479 (6) The name and [street and mailing addresses of the applicant  
2480 foreign entity's registered agent in this state] address of the agent in  
2481 this state for service of process on the foreign limited liability company  
2482 required to be maintained by subsection (b) of section 34-247;

2483 (7) The name and respective business and residence addresses of a  
2484 manager or a member of the foreign limited liability company, except  
2485 that, if good cause is shown, the Secretary of the State may accept a  
2486 business address in lieu of business and residence addresses of such  
2487 manager or member. For the purposes of this subdivision, a showing  
2488 of good cause shall include, but need not be limited to, a showing that  
2489 public disclosure of the residence address of the manager or member  
2490 of the foreign limited liability company may expose the personal  
2491 security of such manager or member to significant risk; and

2492 (8) The electronic mail address, if any, of the foreign limited liability  
2493 company.

2494 (b) When an application for transfer of registration takes effect, the  
2495 registration of the foreign limited liability company to transact  
2496 business in this state is transferred without interruption to the foreign

2497 [entity] limited liability company into which the foreign company has  
2498 merged. [or to which it has been converted.]

2499 Sec. 72. Section 34-275g of the general statutes is repealed and the  
2500 following is substituted in lieu thereof (*Effective July 1, 2017*):

2501 (a) The foreign registration [statement] certificate of a foreign  
2502 limited liability company to transact business in this state may be  
2503 revoked by the Secretary of the State upon the conditions provided in  
2504 this section when: (1) The foreign limited liability company has failed  
2505 to file its annual report with the Secretary of the State; (2) a wilful  
2506 misrepresentation has been made of any material matter in any  
2507 application, report, affidavit or other document, submitted by such  
2508 foreign limited liability company pursuant to sections 34-275 to 34-  
2509 275i, inclusive; (3) the foreign limited liability company is exceeding  
2510 the authority conferred upon it by said sections; or (4) the foreign  
2511 limited liability company is without an agent upon whom process may  
2512 be served in this state for sixty days or more.

2513 (b) On the happening of an event set forth in subdivision (1), (2), (3)  
2514 or (4) of subsection (a) of this section, the Secretary of the State shall  
2515 give not less than twenty days' written notice to the foreign limited  
2516 liability company that the Secretary intends to revoke the foreign  
2517 registration [statement] certificate of such foreign limited liability  
2518 company for one of said causes, specifying the same. Such notice shall  
2519 be given by registered or certified mail addressed to the foreign  
2520 limited liability company at its address as last shown on the records of  
2521 the Secretary of the State. If, before expiration of the time set forth in  
2522 the notice, the foreign limited liability company establishes to the  
2523 satisfaction of the Secretary of the State that the stated cause for the  
2524 revocation of its foreign registration [statement] certificate did not exist  
2525 at the time the notice was mailed or, if it did exist at said time, has  
2526 been cured, the Secretary of the State shall take no further action.  
2527 Otherwise, on the expiration of the time set forth in the notice, the  
2528 Secretary shall revoke the foreign registration [statement] certificate of  
2529 such foreign limited liability company to transact business in this state.

2530 (c) Upon revoking the foreign registration [statement] certificate of  
2531 any foreign limited liability company, the Secretary of the State shall  
2532 file a certificate of revocation in his office and shall: (1) Mail a copy  
2533 thereof to such foreign limited liability company at its address as last  
2534 shown on the Secretary's records; and (2) cause notice of the filing of  
2535 such certificate of revocation to be posted on the office of the Secretary  
2536 of the State's Internet web site for a period of sixty days following the  
2537 date on which the Secretary of the State files the certificate of  
2538 revocation. The filing of such certificate of revocation shall cause the  
2539 authority of a foreign limited liability company to transact business in  
2540 this state to cease. Notwithstanding the filing of the certificate of  
2541 revocation, the appointment by a foreign limited liability company of  
2542 [an attorney] a registered agent upon whom process may be served  
2543 shall continue in force as long as any liability remains outstanding  
2544 against the foreign limited liability company in this state.

2545 Sec. 73. Subsection (a) of section 34-275h of the general statutes is  
2546 repealed and the following is substituted in lieu thereof (*Effective July*  
2547 *1, 2017*):

2548 (a) A registered foreign limited liability company may withdraw its  
2549 registration by delivering a [statement] certificate of withdrawal of  
2550 registration to the Secretary of the State for filing. The [statement]  
2551 certificate of withdrawal of registration must state: (1) The name of the  
2552 company and its governing jurisdiction; (2) that the company is not  
2553 transacting business in this state and that it withdraws its registration  
2554 to transact business in this state; (3) that the company revokes the  
2555 authority of its registered agent to accept service on its behalf in this  
2556 state; (4) that the company surrenders its authority to transact business  
2557 in this state; and (5) an address to which service of process may be  
2558 made under subsection (b) of this section.

2559 Sec. 74. Section 34-279i of the general statutes is repealed and the  
2560 following is substituted in lieu thereof (*Effective July 1, 2017*):

2561 (a) Unless otherwise provided in the certificate of organization or  
2562 operating agreement of the limited liability company, a plan of merger

2563 must be consented to by two-thirds in interest of the members of the  
2564 limited liability company.

2565 (b) Subject to any contractual rights, after a merger is approved, and  
2566 at any time before [articles] a certificate of merger [are delivered to the  
2567 Secretary of the State for filing under section 34-279j] becomes  
2568 effective, a merging limited liability company may amend the plan of  
2569 merger or abandon the merger: (1) As provided in the plan; or (2)  
2570 except as otherwise prohibited in the plan, with the same consent as  
2571 was required to approve the plan.

2572 Sec. 75. Subsection (d) of section 34-279j of the general statutes is  
2573 repealed and the following is substituted in lieu thereof (*Effective July*  
2574 *1, 2017*):

2575 (d) [Each merging] The surviving limited liability company shall  
2576 deliver the certificate of merger for filing in the office of the Secretary  
2577 of the State.

2578 Sec. 76. Subsection (c) of section 33-784 of the general statutes is  
2579 repealed and the following is substituted in lieu thereof (*Effective*  
2580 *October 1, 2017*):

2581 (c) For purposes of this section: (1) "Holder" means, and "held by"  
2582 refers to shares held by, both a record shareholder, as defined in  
2583 subdivision (7) of section 33-855, as amended by this act, and a  
2584 beneficial shareholder; [, as defined in subdivision (2) of section 33-  
2585 855;] and (2) "qualified shares" means all shares entitled to be voted  
2586 with respect to the transaction except for shares that the secretary or  
2587 other officer or agent of the corporation authorized to tabulate votes  
2588 either knows, or under subsection (b) of this section is notified, are  
2589 held by (A) a director who has a conflicting interest respecting the  
2590 transaction, or (B) a related person of the director, excluding a person  
2591 described in subparagraph (F) of subdivision (5) of section 33-781, as  
2592 amended by this act.

2593 Sec. 77. Subsection (b) of section 33-896 of the general statutes is

2594 repealed and the following is substituted in lieu thereof (*Effective*  
2595 *October 1, 2017*):

2596 (b) Subdivision (1) of subsection (a) of this section shall not apply in  
2597 the case of a corporation that, on the date of the filing of the  
2598 proceeding, has shares that are: (A) Listed on the New York Stock  
2599 Exchange, the American Stock Exchange or any exchange owned or  
2600 operated by the NASDAQ Stock Market LLC, or listed or quoted on a  
2601 system owned or operated by the National Association of Securities  
2602 Dealers, Inc.; or (B) not so listed or quoted, but are held by at least  
2603 three hundred shareholders and the shares outstanding have a market  
2604 value of at least twenty million dollars exclusive of the value of such  
2605 shares held by the corporation's subsidiaries, senior executives,  
2606 directors and beneficial shareholders owning more than ten per cent of  
2607 such shares. [As used in this subsection, "beneficial shareholder" has  
2608 the meaning specified in subdivision (2) of section 33-855.]

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2018</i>	New section
Sec. 2	<i>October 1, 2018</i>	New section
Sec. 3	<i>October 1, 2018</i>	New section
Sec. 4	<i>October 1, 2018</i>	New section
Sec. 5	<i>October 1, 2018</i>	New section
Sec. 6	<i>October 1, 2018</i>	New section
Sec. 7	<i>October 1, 2018</i>	New section
Sec. 8	<i>October 1, 2018</i>	New section
Sec. 9	<i>October 1, 2018</i>	New section
Sec. 10	<i>October 1, 2018</i>	New section
Sec. 11	<i>October 1, 2018</i>	New section
Sec. 12	<i>October 1, 2018</i>	New section
Sec. 13	<i>October 1, 2018</i>	New section
Sec. 14	<i>October 1, 2018</i>	New section
Sec. 15	<i>October 1, 2018</i>	New section
Sec. 16	<i>October 1, 2018</i>	New section
Sec. 17	<i>October 1, 2018</i>	New section
Sec. 18	<i>October 1, 2018</i>	New section
Sec. 19	<i>October 1, 2018</i>	New section

Sec. 20	<i>October 1, 2018</i>	New section
Sec. 21	<i>October 1, 2018</i>	New section
Sec. 22	<i>October 1, 2018</i>	New section
Sec. 23	<i>October 1, 2018</i>	New section
Sec. 24	<i>October 1, 2018</i>	New section
Sec. 25	<i>October 1, 2018</i>	New section
Sec. 26	<i>October 1, 2018</i>	New section
Sec. 27	<i>October 1, 2018</i>	New section
Sec. 28	<i>October 1, 2018</i>	New section
Sec. 29	<i>October 1, 2018</i>	New section
Sec. 30	<i>October 1, 2018</i>	New section
Sec. 31	<i>October 1, 2018</i>	New section
Sec. 32	<i>October 1, 2018</i>	New section
Sec. 33	<i>October 1, 2018</i>	New section
Sec. 34	<i>October 1, 2017</i>	33-756
Sec. 35	<i>October 1, 2017</i>	New section
Sec. 36	<i>October 1, 2017</i>	New section
Sec. 37	<i>October 1, 2017</i>	New section
Sec. 38	<i>October 1, 2017</i>	New section
Sec. 39	<i>October 1, 2017</i>	New section
Sec. 40	<i>October 1, 2017</i>	New section
Sec. 41	<i>October 1, 2017</i>	New section
Sec. 42	<i>October 1, 2017</i>	New section
Sec. 43	<i>October 1, 2017</i>	New section
Sec. 44	<i>October 1, 2017</i>	33-605(a)
Sec. 45	<i>October 1, 2017</i>	33-636
Sec. 46	<i>October 1, 2017</i>	33-781(5)
Sec. 47	<i>October 1, 2017</i>	33-785
Sec. 48	<i>October 1, 2017</i>	33-817
Sec. 49	<i>October 1, 2017</i>	33-856
Sec. 50	<i>October 1, 2017</i>	33-860
Sec. 51	<i>October 1, 2017</i>	33-861
Sec. 52	<i>October 1, 2017</i>	33-862
Sec. 53	<i>October 1, 2017</i>	New section
Sec. 54	<i>October 1, 2017</i>	33-602
Sec. 55	<i>October 1, 2017</i>	33-814
Sec. 56	<i>October 1, 2017</i>	33-855
Sec. 57	<i>October 1, 2017</i>	33-1358(a)(2)
Sec. 58	<i>July 1, 2017</i>	34-243a(12)
Sec. 59	<i>July 1, 2017</i>	34-243h(g)
Sec. 60	<i>July 1, 2017</i>	34-243p

Sec. 61	<i>July 1, 2017</i>	34-243u
Sec. 62	<i>July 1, 2017</i>	34-247(c)
Sec. 63	<i>July 1, 2017</i>	34-247d(a)
Sec. 64	<i>July 1, 2017</i>	34-247f
Sec. 65	<i>July 1, 2017</i>	34-247g
Sec. 66	<i>July 1, 2017</i>	34-247j
Sec. 67	<i>July 1, 2017</i>	34-247k(a)(5)
Sec. 68	<i>July 1, 2017</i>	34-275a(f) and (g)
Sec. 69	<i>July 1, 2017</i>	34-275b
Sec. 70	<i>July 1, 2017</i>	34-275c
Sec. 71	<i>July 1, 2017</i>	34-275f
Sec. 72	<i>July 1, 2017</i>	34-275g
Sec. 73	<i>July 1, 2017</i>	34-275h(a)
Sec. 74	<i>July 1, 2017</i>	34-279i
Sec. 75	<i>July 1, 2017</i>	34-279j(d)
Sec. 76	<i>October 1, 2017</i>	33-784(c)
Sec. 77	<i>October 1, 2017</i>	33-896(b)

**Statement of Legislative Commissioners:**

Sections 76 and 77 were added for consistency with the deletion of "beneficial shareholder" in section 56.

**JUD**      *Joint Favorable Subst.*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note**

**State Impact:**

Agency Affected	Fund-Effect	FY 18 \$	FY 19 \$
Secretary of the State	GF - Cost	None	375,000 - 650,000

Note: GF=General Fund

**Municipal Impact:** None

**Explanation**

The bill makes numerous changes to statutes governing limited liability companies (LLCs) and business corporations. The Secretary of State's CONCORD system and other online formation tools will need to be reprogrammed, resulting in an estimated cost ranging from \$375,000 to \$650,000.

**The Out Years**

There is no out-year cost as this is a one-time cost in FY 19.

Sources: Secretary of the State



**OLR Bill Analysis****sHB 7311*****AN ACT CONCERNING LIMITED LIABILITY COMPANIES AND BUSINESS CORPORATIONS.*****SUMMARY**

This bill makes numerous changes to statutes governing limited liability companies (LLCs) and business corporations. Principally, it (1) authorizes the formation of “series LLCs,” which are LLCs consisting of one or more “protected series” (§§ 1-33); (2) revises the Connecticut Business Corporation Act (§§ 34-57 & 76-77); and (3) makes minor and technical changes to the Connecticut Uniform LLC Act, which was passed in 2016 and is effective July 1, 2017 (§§ 58-75).

The bill prescribes how series LLCs may be formed and the relationship between the LLC and a protected series, as well as the relationship between each protected series. Among other things, it also does the following:

1. generally grants to a protected series the same powers that existing law grants to LLCs;
2. specifies that a (a) series LLC’s debt, obligation, or liability is solely the LLC’s and (b) protected series’ debt, obligation, or liability is solely the series’;
3. specifies conditions for when claims against a (a) series LLC may be enforced against a protected series and (b) protected series may be enforced against the series LLC or another protected series; and
4. requires a protected series of a foreign series LLC to separately register with the secretary of the state (SOTS) in order to do business in Connecticut.

With respect to corporations, the bill principally does the following:

1. establishes standards for director liability that are separate from those for director conduct (§§ 34-35),
2. establishes a statutory process for corporations to ratify and validate certain defective actions (§§ 36-43),
3. allows a corporation's certificate of incorporation to waive or limit a requirement that directors and officers disclose certain outside business opportunities (§§ 44-47),
4. establishes a process under which a merger or share exchange may be effectuated without shareholder approval (§§ 48-52),
5. allows the certificate of incorporation or bylaws to require that any or all internal corporate claims be brought exclusively in certain courts (§ 53), and
6. makes minor changes to certain definitions (§§ 54-57 & 76-77).

The bill also makes numerous minor, technical, and conforming changes.

EFFECTIVE DATE: July 1, 2017, for the Uniform LLC Act provisions; October 1, 2017, for the corporation-related provisions; and October 1, 2018, for the series LLC provisions.

## **§§ 1-33 — SERIES LIMITED LIABILITY COMPANIES**

### ***Introduction***

Generally, a "series LLC" is an LLC that serves as an umbrella organization for one or more separate entities, each called a "protected series." While a standard LLC provides its members with a "vertical" liability shield from creditors, a series LLC provides both vertical and "horizontal" shields. The horizontal shield protects certain assets of the protected series (known as "associated assets") from creditors of another protected series or of the series LLC itself.

**Formation (§§ 10-12 & 14-15)**

The bill allows an LLC to establish a protected series with the consent of all members of the company. The LLC must deliver to SOTS a protected series designation, signed by the company and stating its name and the name of the protected series. The LLC may amend a protected series designation by delivering to SOTS a statement of designation change that changes the company's name, the protected series' name, or both.

Under the bill, a protected series' name must comply with all naming requirements established in existing law for LLCs (e.g., be distinguishable from the names of other persons registered to do business in the state). Additionally, it must begin or end with the company's name and contain the phrase "Protected Series" or "protected series," or the abbreviation "PS" or "P.S." The bill requires series LLCs to include in their annual report to SOTS the name of each protected series.

Under the bill, unless otherwise designated, a series LLC's registered agent in Connecticut serves as the registered agent for each protected series. If the person ceases to be the series LLC's registered agent, then the person also ceases to be each protected series' registered agent.

The bill (1) requires SOTS to issue a certificate of good standing for a protected series upon the request of any person and (2) specifies the certificate's required contents (e.g., the effective date of the certificate of designation).

**Powers and Relationship to Company and Other Protected Series (§§ 2 & 4-5)**

Under the bill, a protected series is distinct from the series LLC (i.e., the company), any other protected series of the company, members of the company, protected series transferees of any protected series of the company, and transferees of transferable interests of the company. The bill defines a "protected series transferee" as a person to which all or part of a protected series transferable interest (i.e., the right to receive a

distribution from the series) has been transferred. It includes a person owed such an interest as a result of ceasing to be an associated member of a protected series.

The bill generally grants a protected series the same powers that existing law grants to LLCs and allows a protected series to sue and be sued in its own name. A protected series cannot (1) continue to exist after the series LLC that established it completes its winding up; (2) be a member of the company or establish a protected series; (3) have a protected series transferable interest, management or voting right, or any other right in another protected series of the company; or (4) be a party to a merger, interest exchange, conversion, domestication, or comparable transaction.

### ***Extrapolation (§ 3)***

Under specified circumstances (see below), the bill deems (1) a protected series to be an LLC organized separately from the series LLC that established it and (2) certain “constructs” at the protected series level as fulfilling the analogous construct at the LLC level. It thus deems the protected series’ associated members, transferees, transferable interests, series managers, assets, and creditors or obligees as fulfilling these constructs for an LLC.

The bill applies these provisions to (1) situations where existing LLC laws govern protected series matters, (2) limitations on operating agreement variations, and (3) certain aspects of protected series dissolutions.

The bill specifies that these provisions do not apply if their application would require SOTS to (1) accept for filing a type of record that neither the bill nor existing law governing LLCs authorizes or requires a person to file or (2) make or deliver a record that neither the bill nor existing law governing LLCs authorizes or requires SOTS to make or deliver.

### ***Governing Authority (§§ 6-7)***

Under the bill, matters involving a protected series are governed

both by state law and the series LLC’s operating agreement (i.e., an agreement of all of the company’s members that governs specified matters). Table 1 below lists the matters governed by the law and operating agreement, respectively.

**Table 1: Protected Series Governing Authority**

<b><i>Governed by Existing State Law</i></b>	<b><i>Governed by Operating Agreement</i></b>
Protected series’ internal affairs	Protected series’ internal affairs
Protected series’ relations with the following: <ul style="list-style-type: none"> <li>• the series LLC that created it</li> <li>• other protected series of the company</li> <li>• a member that is not an associated member of the protected series</li> <li>• a protected series manager that is not a protected series manager of that series</li> <li>• a protected series transferee that is not a protected series transferee of that series</li> </ul>	Relations among the protected series, series LLC, and any other protected series of the company  Relations between (1) the protected series, its protected series manager, any associated member of the protected series, or any other protected series transferee of the protected series and (2) another person in that person’s capacity as a member or transferee of the company or a protected series transferee or protected series manager of another protected series
Liability of a person, series LLC, or protected series for certain debts, obligations, and liabilities	

If the series LLC’s operating agreement does not provide for a matter listed in the table, then the bill’s provisions govern the matter. If the bill does not provide for one of these matters, then existing state LLC law governs the matter, subject to the above extrapolation rules.

***Operating Agreements (§§ 8 & 9)***

Under the bill, if existing law prohibits an operating agreement adopted under the Connecticut Uniform LLC Act from varying a provision of that act or limits the extent to which it may vary such a

provision, then the prohibition, limitation, or restriction applies to matters under the bill for series LLCs.

Additionally, the bill enumerates 21 specific provisions that a series LLC's operating agreement cannot vary. These provisions include (1) a protected series' capacity to sue and be sued in its own name; (2) requirements and procedures for establishing a protected series, making an asset an associated asset, and enforcing claims against non-associated assets (see below); and (3) judgment creditors' rights. (Please refer to § 9 of the bill for a complete list of provisions that cannot be varied.)

### **Service (§ 13)**

Under the bill, service of processes, notices, demands, or other records to a protected series may be accomplished by serving the series LLC or the protected series' registered agent, or by other means authorized by existing law. Service of a summons and complaint on a (1) series LLC constitutes notice to each protected series and (2) protected series constitutes notice to the company and any other protected series.

### **Assets (§§ 2 & 16)**

Generally, a protected series' assets must be deemed "associated assets" of the series in order to be protected from creditors of the series LLC or the company's other protected series. The bill defines "asset" as property in which a series LLC or protected series has rights or as to which the company or series may transfer rights.

The bill establishes several requirements that a protected series' assets must meet in order to be deemed associated assets of the series. Generally, the series LLC must create and maintain a record or set of records that identifies the protected series and describes the asset with sufficient specificity to permit a reasonable, disinterested individual to identify the asset and distinguish it from (1) the series' other assets, (2) the company's assets, and (3) assets of the company's other protected series.

Additionally, if the protected series transfers the associated asset, the record or set of records must state (1) when and to what person the series made the transfer and (2) if the transfer was to the company or another protected series of the company, the payer, payee, and consideration received. A protected series may hold an associated asset directly or indirectly but may not hold the asset in the name of the series LLC or another protected series.

***Members, Managers, and Transferable Interest (§§ 2 & 17-20)***

The bill creates a class of persons, known as “associated members,” that have certain powers, rights, and duties with respect to a protected series.

The bill requires that a person be a member of a series LLC in order to be an associated member of a protected series. A person becomes an associated member when the operating agreement or procedure established by the agreement (1) identifies the member as an associated member of the protected series and (2) states what, if any, protected series transferable interest the associated member has in connection with becoming or being an associated member. An associated member may bind the protected series to the same extent that an LLC member may bind the LLC.

Under the bill, only an associated member or the series LLC may initially own a protected series transferable interest. If a protected series has no associated members when it is established, then the series LLC owns the protected series transferable interests. A series LLC may acquire a protected series transferable interest through a transfer from another person or as provided in the operating agreement.

Under the bill, a protected series manager in that capacity owes duties only to the protected series and its associated members. If it has no associated members, then the series LLC serves as the manager. A protected series may have more than one manager.

The bill defines a “protected series manager” as a person under whose (1) authority the protected series’ powers are exercised and (2)

direction the series' activities and affairs are managed.

**Right to Information.** The bill establishes for certain parties rights to information about a protected series that are analogous to the rights those parties would have if the protected series were a standard LLC. Table 2 describes these rights in greater detail.

**Table 2: Information Rights**

<i>Entity</i>	<i>Information Access</i>
Series LLC member that is not an associated member of a protected series	Same manner and extent as a nonmanager member of a manager-managed LLC has to information about the LLC
Former associated member of a protected series	Same manner and extent that a dissociated member of an LLC has to information about the LLC
Legal representative of a deceased associated member of a protected series	Same manner and extent that the legal representative of a deceased member of an LLC has to information about the LLC

### ***Debts and Obligations (§ 21)***

Under the bill, a series LLC's debt, obligation, or liability is solely the LLC's, and a protected series' debt, obligation, or liability is solely the series'.

Specifically, the series LLC is not liable for the protected series' debts, obligations, and liabilities solely because it (1) established or managed the protected series; (2) had the protected series manage the company; or (3) owned a transferable interest in the protected series. Similarly, a protected series is not liable for the debts, obligations, or liabilities of the series LLC or another protected series solely because it (1) is a protected series of the company or (2) managed, or was managed by, the company or another protected series.

The bill specifies that a person is not liable for (1) a series LLC's debts, obligations, and liabilities solely because of being a manager or associated member of a protected series or (2) a protected series' debts, obligations, and liabilities solely because of being a manager or



associated member of a protected series, a member of the series LLC, a manager of the LLC, or having a transferable interest in the protected series.

Under the bill, a claim to disregard these limitations is governed by principles of law and equity that would apply as if the protected series were its own separate LLC.

### **Claims (§§ 22-23)**

The bill specifies conditions for when claims against (1) a series LLC may be enforced against a protected series and (2) protected series may be enforced against the series LLC or another protected series, as shown in Table 3.

**Table 3: Claims Against Series LLCs and Protected Series**

<b>Entity claim was made against</b>	<b>Entity whose assets are sought</b>	<b>Conditions under which claim may be enforced against the assets</b>
Series LLC	Protected series	(1) Asset is a non-associated asset when enforcement is first sought or (2) the protected series owned the asset when liability was incurred, but the asset was a non-associated asset
Protected series	Series LLC	(1) Asset is a non-associated asset when enforcement is first sought or (2) the company owned the asset when liability was incurred, but the asset was a non-associated asset
Protected series	Another protected series	Asset is a non-associated asset when enforcement is first sought

Under the bill, provisions in existing law that provide or restrict remedies available to judgment creditors with respect to standard LLCs likewise apply to judgment creditors of (1) protected series associated members or transferees or (2) a series LLC to the extent it owns a protected series transferable interest.

### **Dissolution (§§ 24 & 25)**

The bill requires that a protected series dissolve and wind up its

activities and affairs upon (1) the series LLC dissolving, (2) the occurrence of an event or circumstance that the operating agreement identifies as triggering dissolution, (3) all members of the protected series affirmatively voting or consenting, or (4) the Superior Court entering an order dissolving the protected series. Under specified circumstances, the court may issue such an order upon the application of (1) a manager or associated member of the protected series or (2) the series LLC or member of the series LLC.

The bill requires a dissolved protected series to wind up its activities and affairs in the same manner that an LLC winds up its affairs under existing law. It specifies that judicial remedies, including judicial supervision, are available to the same extent and under the same conditions as they are to LLCs under existing law. A series LLC does not complete its winding up until each protected series completes winding up.

When a protected series has completed winding up, the series LLC may deliver to SOTS a statement of designation cancellation.

### ***Foreign Series LLCs (§§ 26-30)***

The bill requires a protected series of a foreign series LLC to separately register with SOTS in order to do business in Connecticut (i.e., it must register as if it were its own separate LLC). The protected series must provide SOTS, among other things, the name and home jurisdiction (i.e., the jurisdiction in which it was formed) of the foreign series LLC that established it. The foreign protected series' name must comply with the naming conventions that apply to domestic protected series (see § 11).

Under the bill, a foreign series LLC is generally governed by the law of its home jurisdiction. The home jurisdiction's law governs, among other things, (1) a foreign protected series' internal affairs, (2) relations between the protected series and various other entities (e.g., the company and other protected series of the company), and (3) liability for certain debts and obligations.

The bill allows a court to apply Connecticut law rather than the home jurisdiction's law if the court determines that applying the home jurisdiction's law advances a policy or produces a result repugnant to Connecticut's public policy. It also applies its provisions defining protected assets (§ 16) and claims (§ 22) to assets in Connecticut owned by a foreign series LLC or a foreign protected series.

The bill requires a foreign series LLC or foreign protected series that is party to certain litigation matters to disclose certain information to other parties in the litigation. It must do so within 30 days after it becomes a party to a proceeding before a civil, criminal, administrative, or other adjudicative tribunal of Connecticut, or a federal tribunal located in Connecticut. Generally, a foreign series LLC must disclose information about each of its protected series, and a protected series must disclose information about the series LLC and the company's other protected series.

### ***Prospective Application (§ 33)***

The bill specifies that its provisions do not affect an action commenced, proceeding brought, or right accrued before October 1, 2018.

## **§§ 34-57 & 76-77 — CONNECTICUT BUSINESS CORPORATION ACT**

### ***Standards for Director Conduct and Liability (§§ 34-35)***

Current law prescribes standards of conduct that corporate directors must follow and generally provides that a director is not liable for actions, or failure to take actions, if he or she acted in conformance with these standards. The bill (1) instead establishes standards for director liability that are separate from those for director conduct and (2) makes minor changes to the conduct standards (e.g., explicitly requires a director to disclose certain material information to other board or committee members if not known to them).

With respect to liability, the bill requires that the party asserting liability against a director establish that no defenses interposed by the

director preclude liability. These defenses are based on the following:

1. provisions in the certificate of incorporation that (a) limit the amount of money damages a director may personally be liable for or (b) allow him or her to pursue outside business opportunities (see §§ 44-47 below) and
2. provisions in existing law that allow a director, under certain circumstances, to (a) participate in a conflicting interest transaction or (b) take advantage of a business opportunity.

The party asserting liability must also establish that the challenged conduct consisted of or was the result of at least one of the following:

1. an action not in good faith;
2. a decision the director (a) did not reasonably believe to be in the corporation's best interests or (b) was not informed to an extent he or she reasonably believed appropriate;
3. a lack of objectivity due to a relationship (e.g., familial or business) with or lack of independence from another person with a material interest in the challenged conduct, and the challenged conduct was not in the corporation's best interest;
4. the director's sustained failure to devote attention, or timely attention, to ongoing oversight of the corporation's business and affairs; or
5. the director receiving a financial benefit to which he or she was not entitled, or any other breach of his or her duties to deal fairly with the corporation and its shareholders.

The bill also establishes additional burdens (e.g., proving harm) based on the type of damages sought (i.e., money damages or other money payment under a legal or equitable remedy).

The bill specifies that it does not alter (1) a director's liability under provisions in existing law that provide for liability in specific instances,

such as unlawful distributions or transactional interests, or (2) the burden of proving fairness or lack thereof in instances where fairness is at issue. Additionally, it does not affect any corporation or shareholder rights under the U.S. Code or other provisions in state law.

### ***Ratifying and Validating Defective Corporate Actions (§§ 36-43)***

The bill establishes a statutory process under which corporations may ratify or validate defective corporate actions, including an overissuance of shares. It specifies that these provisions are not the exclusive means for ratifying or validating defective actions and explicitly authorizes the Superior Court to declare defective actions valid.

***Definitions.*** Table 4 lists the definitions of certain terms relevant to this process.

**Table 4: Related Definitions**

<b><i>Term</i></b>	<b><i>Definition</i></b>
Corporate action	Any action taken by or on behalf of the corporation
Defective action	(1) A corporate action purportedly taken that is within the corporation's power (and was within its power at the time it was purportedly taken) but is void or voidable because of a failure of authorization or  (2) an overissue (see below)
Failure of authorization	Failure to authorize, approve, or otherwise effect a corporate action in accordance with state corporation laws, the corporation's certificate of incorporation or bylaws, a corporate resolution, or any plan or agreement to which the corporation is a party, if and to the extent the failure would render the corporate action void or voidable
Overissue	The purported issuance of shares of a class or series (1) exceeding the number of shares the corporation had the power to issue at the time of the issuance or (2) not then authorized for issuance by the certificate of incorporation
Putative shares	Shares of any class or series that were created or issued as a result of a defective corporate action that (1) would be valid but for the failure of authorization or (2) cannot be determined by the board of directors to be valid shares

**Process.** To ratify a defective action, the board of directors must take action that states the following:

1. the defective action to be ratified and, if applicable, the number and type of putative shares purportedly issued;
2. the date of the defective action and nature of the authorization failure; and
3. that the board of directors approves the ratification of the defective action.

Under the bill, the quorum and voting requirements that apply to the directors' ratifying action are the same as those that apply to the action to be ratified. The bill also specifies the conditions under which the board may abandon ratification.

The bill establishes a separate process for ratifying the election of the corporation's initial board of directors. Under this process, a majority of the persons exercising directors' powers at the time of ratification may take an action that states the following:

1. the name of the person or persons that first took action in the corporation's name as its initial board of directors;
2. the date on which they first took such action or were purported to have been elected as the initial board, whichever is earlier; and
3. that the ratification of the election of such person or persons as the initial board of directors is approved.

**Shareholder Approval.** The bill requires, for all defective actions, shareholder approval of the ratification if such approval would have been required for the initial action. It establishes notice, quorum and voting, and other procedural requirements for shareholders' approval of the ratification (e.g., notice of the timeframes for bringing claims

related to the validation).

If the ratification of a defective action does not require shareholder approval, the bill requires the corporation to notify all holders of valid and putative shares of the ratification. The bill specifies the notice's required contents.

***Ratification Resulting in Overissuance.*** Under the bill, if ratifying putative shares would result in an overissue, the corporation must also amend its certificate of incorporation to (1) increase the number of shares of a class or series or (2) create a new class or series.

***Filings.*** Under the bill, if a defective corporate action would have required a filing under state corporation laws, then the corporation must file a certificate of validation with SOTS, regardless of whether a filing was previously made. The certificate must identify (1) the defective action and the date it was taken, including information about any putative shares issued; (2) the nature of the failure of authorization; (3) a statement that the defective action was ratified under the bill's provisions, including the date of ratification and shareholder approval, if applicable; and (4) information about any previous filings relating to the action.

If a filing was not previously made but would have been required to effect the defective action, then such a filing must be attached to the certificate. The bill specifies that the certificate of validation amends or substitutes for any other required filing with respect to the defective action.

***Effect of Ratification.*** Under the bill, a ratification becomes effective upon the later of (1) shareholder approval or, if shareholder approval is not required, when notice to the shareholders becomes effective and (2) the time at which the certificate of validation becomes effective. The bill refers to this as the "validation effective time." Unless ordered by the court, the validation effective time is not affected by pending judicial proceedings.

A defective corporate action ratified under the bill is deemed a valid corporate action as of the date of the defective action. Putative shares are deemed identical shares or fractions of valid shares as of the time they were purportedly issued. The bill makes actions taken in reliance of the defective action, as well as subsequent defective actions resulting directly or indirectly from the original defective action, valid as of the time taken.

**Court Action.** The bill allows the Superior Court to (1) determine the validity and effectiveness of any corporate action or defective corporate action, or ratification of a defective action; (2) determine the validity of any putative shares; and (3) modify or waive the bill's procedures for ratifying defective corporate actions. It requires that any action challenging the ratification of a defective action or putative shares be brought within 120 days after the validation's effective date.

***Notice of Directors' and Officers' Business Opportunities (§§ 44-47)***

Existing law provides a safe harbor for a director considering possible involvement (whether directly or indirectly) with a prospective business opportunity that might constitute a "corporate opportunity." It allows a director to present a business opportunity to the board or its shareholders for consideration. A director who receives a disclaimer of the corporation's interest in the matter may pursue the opportunity on his or her own behalf with protection from damages or other remedies in a lawsuit brought by the corporation or its shareholders. (Under the common law corporate opportunity doctrine, a corporation has a right to act before its director does on certain business opportunities that come to the director's attention.)

The bill expands this safe harbor protection to cover a corporation's officers, not only its directors. It also allows corporations to include in the certificate of incorporation a provision that limits or eliminates a director's, officer's, or other person's duty to offer the corporation potential business opportunities before these persons pursue the opportunity themselves. In order to apply such a provision to an



officer or person related to the officer, the board of directors must approve the application, after the provision's effective date, by action of qualified directors following existing procedures for authorizing conflict of interest transactions. Any application to officers or persons related to them may also be limited by the board.

Existing law generally defines "qualified directors" as those who, with respect to certain actions, are disinterested and independent (i.e., have no conflict of interest). The bill defines "qualified director," for purposes of limiting or eliminating an officer or related person's corporate opportunity duties, as one (1) to whom the limitation or elimination of an officer's duties to offer potential business opportunities would not apply and (2) who does not have a material relationship with any other person to whom the limitation or elimination would apply.

The bill makes various changes to current law's definition of "related person" for purposes of a corporate opportunity and other conflict of interest provisions. First, it expands the definition to include people relate to officers and other individuals, not just people related to directors as under current law. It also adds the following familial relations with respect to the individual or individual's spouse: stepchild, stepparent, grandparent, stepsibling, half-sibling, aunt, uncle, niece, or nephew, or the spouse of any such individual. Finally, it removes a reference to trusts or estates to which a related person is a substantial beneficiary.

The bill also makes various minor and technical changes (e.g., requires that the certificate of incorporation include the mailing address of the corporation's initial registered office, not just the street address).

### ***Shareholder Approval of Two-Step Mergers (§§ 48-52)***

Generally, a two-step merger is one in which the buyer first makes a tender offer to acquire the target company's stock. In the second step, the buyer commences a "back-end" merger to acquire the target

company's stock not acquired under the tender offer. Under current law, the plan for such a merger or share exchange is generally subject to shareholder approval.

The bill establishes a process under which a plan of merger or share exchange may be effectuated without shareholder approval unless the certificate of incorporation provides otherwise. Under the bill, each of the following requirements in the process must be met.

1. The plan must expressly permit or require that it be effected under the bill's provisions as soon as practicable after the tender offer (see Tender Offer below).
2. Another party to the merger, the acquiring corporation in the share exchange, or a parent of such entities, must offer to purchase any and all outstanding shares that, absent the bill's provisions, would be entitled to vote on the merger or exchange. The offer may exclude shares owned at the commencement of the offer by (a) the corporation; (b) the offeror or offeror's parent; or (c) a wholly owned subsidiary of the corporation, offeror, or any wholly owned subsidiary of any of them.
3. The offer must disclose that shares of the corporation not tendered in response to the offer will be acquired for the same consideration set forth in the tender offer (see Outstanding Shares below).
4. The offer must remain open for at least 10 days.
5. The offeror must purchase all shares properly tendered and not properly withdrawn.
6. After the tender offer closes, the buyer must own enough shares to cast at least the minimum number of votes on the merger or exchange that would otherwise be required for approval under current law and the certificate of incorporation (see Tender Offer below).

7. The offeror or wholly owned subsidiary merges with or into the corporation, or effects an exchange in which it acquires shares of the corporation.
8. Shares of the corporation not tendered in response to the offer must be acquired for the same consideration set forth in the tender offer (see Outstanding Shares below).

**Tender Offer.** Under the bill, the shares identified below must be collectively entitled to cast at least the minimum number of votes on the merger or exchange that would otherwise be required for approval under current law and the certificate of incorporation. These include the following shares:

1. shares purchased by the offeror in accordance with the offer;
2. shares otherwise owned by the offeror or offeror's parent or wholly owned subsidiary; and
3. shares subject to an agreement that are to be transferred, contributed, or delivered to the offeror, parent, or subsidiary in exchange for shares in the offeror, parent, or subsidiary.

**Outstanding Shares.** Under the bill, each share of each class or series of shares that the offeror offers to purchase, but does not purchase, must be converted into the same amount and kind of securities, interests, obligations, rights, cash, or other property to be paid or exchanged in accordance with the offer for each share of the class or series tendered in response to the offer. The bill specifies that certain types of shares (e.g., those owned by the offeror) do not need to be converted into or exchanged for consideration.

**Other Provisions.** The bill allows a certificate of incorporation to limit or eliminate, for a merger or share exchange, the separate voting rights possessed by certain classes or series of shares. This provision does not apply if the merger or exchange (1) includes what is or would be in effect an amendment to the certificate of incorporation and (2) does not effect a substantive business combination.

Lastly, the bill makes numerous minor, technical, and conforming changes governing mergers and share exchanges. For example, it specifies (1) that shareholders are entitled to appraisal rights (i.e., a judicial determination of a share's fair value) in connection with the mergers and exchanges authorized under the bill and (2) how shareholders must assert their appraisal rights. It also specifies that a certificate of incorporation cannot limit or eliminate appraisal rights if the class or series does not have the right to vote separately on the action as a voting group, alone, or as part of a group.

### ***Forum for Internal Corporate Claims (§ 53)***

The bill allows a corporation's certificate of incorporation or bylaws to require that any or all internal corporate claims be brought exclusively in one or more Connecticut courts or any additional courts in Connecticut or other jurisdictions with which the corporation has a reasonable relationship.

The bill specifies that such a provision does not apply if the specified courts do not have the requisite personal and subject matter jurisdiction. It allows a claim to be brought in a state court not specified in the provision if (1) it has personal and subject matter jurisdiction and (2) none of the specified state courts has such jurisdiction. The bill prohibits the certificate of incorporation or bylaws from barring the use of Connecticut courts for internal corporate claims or requiring that they be determined by arbitration.

The bill defines an internal corporate claim as follows:

1. a claim based on a violation of a duty under state law by a current or former director, officer, or shareholder in such capacity;
2. a derivative action or proceeding brought on behalf of the corporation;
3. an action that asserts a claim under the state's corporation laws or the certificate of incorporation or bylaws; or

4. any other action asserting a claim governed by the internal affairs doctrine.

**Definitions (§§ 54-57 & 76-77)**

The bill makes several minor and technical changes to definitions used in the Connecticut Business Corporation Act. For example, it adds definitions to conform to other changes made by the bill (e.g., “acquired” and “acquiring” corporation). It also makes certain definitions (e.g., “merger” and “share exchange”) applicable to the entire act, rather than just a specific group of statutes as under current law.

**§§ 58-75 — CONNECTICUT UNIFORM LLC ACT**

In 2016, the legislature enacted the Connecticut Uniform LLC Act (PA 16-97), which is effective July 1, 2017, and replaces current state law governing LLCs. The bill makes several minor and technical changes to the uniform act, including the following:

1. replaces the phrase “certificate of good standing” with “certificate of legal existence” and eliminates provisions that specify the certificate’s required contents;
2. replaces several references to “statement” with references to “certificate”;
3. specifies that the fee for a certificate of legal existence for a foreign LLC is the same as the fee for a certificate for a domestic LLC (\$50);
4. requires a foreign LLC to disclose, in its annual report filed with SOTS, the street and mailing address it uses in its home jurisdiction (it must already disclose this information in its registration certificate);
5. eliminates a requirement for a foreign LLC to file an amendment to its registration certificate with SOTS if its address, registered agent, or agent’s address changes (under existing law, these

changes are disclosed using other forms);

6. specifies that the deadline for a merging LLC to amend or abandon the merger is when the certificate of merger becomes effective, rather than when it is delivered to SOTS; and
7. requires only the surviving LLC, rather than each merging LLC, to deliver a certificate of merger to SOTS.

Additionally, current law requires a foreign LLC to apply to SOTS for a registration transfer if it merges into a foreign entity that is not registered to transact business in Connecticut or converts to a foreign entity required to register with the secretary. The bill limits the use of a registration transfer to mergers in which the foreign LLC merges into another foreign LLC.

**COMMITTEE ACTION**

Judiciary Committee

Joint Favorable Substitute

Yea 39 Nay 0 (04/04/2017)