



House of Representatives

File No. 799

General Assembly

January Session, 2017

(Reprint of File No. 688)

Substitute House Bill No. 7311
As Amended by House Amendment
Schedule "A"

Approved by the Legislative Commissioner
May 26, 2017

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 Section 33-756 of the general statutes is repealed and the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

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

10 [(b) In discharging his duties a director is entitled to rely on
11 information, opinions, reports or statements, including financial
12 statements and other financial data, if prepared or presented by: (1)
13 One or more officers or employees of the corporation whom the
14 director reasonably believes to be reliable and competent in the

15 matters presented; (2) legal counsel, public accountants or other
16 persons as to matters the director reasonably believes are within the
17 person's professional or expert competence; or (3) a committee of the
18 board of directors of which he is not a member if the director
19 reasonably believes the committee merits confidence.

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

23 (d) For purposes of sections 33-817, 33-830, 33-831, 33-841 and 33-
24 844, a director of a corporation which has a class of voting stock
25 registered pursuant to Section 12 of the Securities Exchange Act of
26 1934, as the same has been or hereafter may be amended from time to
27 time, in addition to complying with the provisions of subsections (a) to
28 (c), inclusive, of this section, may consider, in determining what he
29 reasonably believes to be in the best interests of the corporation, (1) the
30 long-term as well as the short-term interests of the corporation, (2) the
31 interests of the shareholders, long-term as well as short-term,
32 including the possibility that those interests may be best served by the
33 continued independence of the corporation, (3) the interests of the
34 corporation's employees, customers, creditors and suppliers, and (4)
35 community and societal considerations including those of any
36 community in which any office or other facility of the corporation is
37 located. A director may also in his discretion consider any other factors
38 he reasonably considers appropriate in determining what he
39 reasonably believes to be in the best interests of the corporation.

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

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

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

52 (c) In discharging board or committee duties, a director shall
53 disclose, or cause to be disclosed, to the other board or committee
54 members information not already known by them but known by the
55 director to be material to the discharge of their decision-making or
56 oversight functions, except that disclosure is not required to the extent
57 that the director reasonably believes that doing so would violate a
58 duty imposed under law, a legally enforceable obligation of
59 confidentiality, or a professional ethics rule.

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

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

72 (f) A director is entitled to rely, in accordance with subsection (d) or
73 (e) of this section, on: (1) One or more officers or employees of the
74 corporation whom the director reasonably believes to be reliable and
75 competent in the functions performed or the information, opinions,
76 reports or statements provided; (2) legal counsel, public accountants or
77 other persons retained by the corporation as to matters involving skills
78 or expertise the director reasonably believes are matters (A) within the

79 particular person's professional or expert competence, or (B) as to
80 which the particular person merits confidence; or (3) a board
81 committee of which the director is not a member if the director
82 reasonably believes the committee merits confidence.

83 (g) For the purposes of sections 33-817, as amended by this act, 33-
84 830, 33-831, 33-841 and 33-844, a director of a corporation that has a
85 class of voting stock registered pursuant to Section 12 of the Securities
86 Exchange Act of 1934, as the same has been or hereafter may be
87 amended from time to time, in addition to complying with the
88 provisions of subsections (a) to (c), inclusive, of this section, may
89 consider, in determining what the director reasonably believes to be in
90 the best interests of the corporation, (1) the long-term as well as the
91 short-term interests of the corporation, (2) the interests of the
92 shareholders, long-term as well as short-term, including the possibility
93 that those interests may be best served by the continued independence
94 of the corporation, (3) the interests of the corporation's employees,
95 customers, creditors and suppliers, and (4) community and societal
96 considerations, including those of any community in which any office
97 or other facility of the corporation is located. A director may also
98 consider, in the discretion of such director, any other factors the
99 director reasonably considers appropriate in determining what the
100 director reasonably believes to be in the best interests of the
101 corporation.

102 Sec. 2. (NEW) (*Effective October 1, 2017*) (a) A director shall not be
103 liable to the corporation or its shareholders for any decision to take or
104 not to take action, or any failure to take any action, as a director, unless
105 the party asserting liability in a proceeding establishes that:

106 (1) No defense interposed by the director based on (A) any
107 provision in the certificate of incorporation authorized by subdivision
108 (4) or (6) of subsection (b) of section 33-636 of the general statutes, as
109 amended by this act, or (B) the protection afforded by section 33-782 of
110 the general statutes, for action taken in compliance with section 33-783
111 or 33-784 of the general statutes, as amended by this act, or (C) the

112 protection afforded by section 33-785 of the general statutes, as
113 amended by this act, precludes liability of the director; and

114 (2) The challenged conduct consisted of or was the result of (A) an
115 action not in good faith; (B) a decision (i) which the director did not
116 reasonably believe to be in the best interests of the corporation, or (ii)
117 as to which the director was not informed to an extent the director
118 reasonably believed appropriate in the circumstances; (C) a lack of
119 objectivity due to the director's familial, financial or business
120 relationship with, or a lack of independence due to the director's
121 domination or control by, another person having a material interest in
122 the challenged conduct (i) which relationship or which domination or
123 control could reasonably be expected to have affected the director's
124 judgment respecting the challenged conduct in a manner adverse to
125 the corporation, and (ii) after a reasonable expectation to such effect
126 has been established, the director has not established that the
127 challenged conduct was reasonably believed by the director to be in
128 the best interests of the corporation; (D) a sustained failure of the
129 director to devote attention to ongoing oversight of the business and
130 affairs of the corporation, or a failure to devote timely attention, by
131 making, or causing to be made, appropriate inquiry, when particular
132 facts and circumstances of significant concern materialize that would
133 alert a reasonably attentive director to the need for such inquiry; or (E)
134 the receipt of a financial benefit to which the director was not entitled
135 or any other breach of the director's duties to deal fairly with the
136 corporation and its shareholders that is actionable under applicable
137 law.

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

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

143 (2) For other money payment under a legal remedy, such as

144 compensation for the unauthorized use of corporate assets, shall also
145 have whatever persuasion burden may be called for to establish that
146 the payment sought is appropriate in the circumstances; or

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

151 (c) Nothing in this section shall:

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

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

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

164 Sec. 3. (NEW) (*Effective October 1, 2017*) As used in this section and
165 sections 4 to 10, inclusive, of this act:

166 (1) "Corporate action" means any action taken by or on behalf of the
167 corporation, including any action taken by the incorporator, the board
168 of directors, a committee of the board of directors, an officer or agent
169 of the corporation or the shareholders.

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

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

178 (4) "Failure of authorization" means the failure to authorize,
179 approve or otherwise effect a corporate action in compliance with the
180 provisions of sections 33-600 to 33-998, inclusive, of the general
181 statutes, the certificate of incorporation or bylaws of the corporation, a
182 corporate resolution or any plan or agreement to which the
183 corporation is a party, if and to the extent such failure would render
184 such corporate action void or voidable.

185 (5) "Overissue" means the purported issuance of: (A) Shares of a
186 class or series in excess of the number of shares of a class or series the
187 corporation has the power to issue under section 33-665 of the general
188 statutes at the time of such issuance; or (B) shares of any class or series
189 that is not then authorized for issuance by the certificate of
190 incorporation.

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

198 (7) "Valid shares" means the shares of any class or series that have
199 been duly authorized and validly issued in accordance with sections
200 33-600 to 33-998, inclusive, of the general statutes, including as a result
201 of ratification or validation under this section and sections 4 to 10,
202 inclusive, of this act.

203 (8) "Validation effective time" means, with respect to any defective
204 corporate action ratified under this section and sections 4 to 10,

205 inclusive, of this act, the later of (A) the time at which the ratification of
206 the defective corporate action is approved by the shareholders, or if
207 approval of shareholders is not required, the time at which the notice
208 required by section 7 of this act becomes effective in accordance with
209 section 33-603 of the general statutes; and (B) the time at which any
210 certificate of validation filed in accordance with section 9 of this act
211 becomes effective. The validation effective time shall not be affected by
212 the filing or pendency of a judicial proceeding under section 10 of this
213 act or any other provision of law, unless otherwise ordered by the
214 Superior Court.

215 Sec. 4. (NEW) (*Effective October 1, 2017*) (a) A defective corporate
216 action shall not be void or voidable if ratified in accordance with
217 section 5 of this act or validated in accordance with section 10 of this
218 act.

219 (b) Ratification under section 5 of this act or validation under
220 section 10 of this act shall not be deemed to be the exclusive means of
221 ratifying or validating any defective corporate action, and the absence
222 or failure of ratification in accordance with sections 3 to 10, inclusive,
223 of this act shall not, of itself, affect the validity or effectiveness of any
224 corporate action ratified under common law or otherwise, nor shall it
225 create a presumption that any such corporate action is or was a
226 defective corporate action or void or voidable.

227 (c) In the case of an overissue, putative shares shall be valid shares
228 effective as of the date originally issued or purportedly issued upon:
229 (1) The effectiveness under sections 3 to 10, inclusive, of this act, and
230 under sections 33-795 to 33-809, inclusive, of the general statutes of an
231 amendment to the certificate of incorporation authorizing, designating
232 or creating such shares; or (2) the effectiveness of any other corporate
233 action under sections 3 to 10, inclusive, of this act, ratifying the
234 authorization, designation or creation of such shares.

235 Sec. 5. (NEW) (*Effective October 1, 2017*) (a) To ratify a defective
236 corporate action under this section, other than the ratification of an

237 election of the initial board of directors under subsection (b) of this
238 section, the board of directors shall take action ratifying the action in
239 accordance with section 6 of this act, stating: (1) The defective
240 corporate action to be ratified and, if the defective corporate action
241 involved the issuance of putative shares, the number and type of
242 putative shares purportedly issued; (2) the date of the defective
243 corporate action; (3) the nature of the failure of authorization with
244 respect to the defective corporate action to be ratified; and (4) that the
245 board of directors approves the ratification of the defective corporate
246 action.

247 (b) In the event that a defective corporate action to be ratified relates
248 to the election of the initial board of directors of the corporation under
249 subdivision (2) of subsection (a) of section 33-639 of the general
250 statutes, a majority of the persons who, at the time of the ratification,
251 are exercising the powers of directors may take an action, stating: (1)
252 The name of the person or persons who first took action in the name of
253 the corporation as the initial board of directors of the corporation; (2)
254 the earlier of the date on which such persons first took such action or
255 were purported to have been elected as the initial board of directors;
256 and (3) that the ratification of the election of such person or persons as
257 the initial board of directors is approved.

258 (c) If any provision of sections 33-600 to 33-998, inclusive, of the
259 general statutes, the certificate of incorporation or bylaws, any
260 corporate resolution or any plan or agreement to which the
261 corporation is a party in effect at the time action under subsection (a)
262 of this section is taken requires shareholder approval or would have
263 required shareholder approval at the date of the defective corporate
264 action, the ratification of the defective corporate action approved in the
265 action taken by the directors under subsection (a) of this section shall
266 be submitted to the shareholders for approval in accordance with
267 section 6 of this act.

268 (d) Unless otherwise provided in the action taken by the board of
269 directors under subsection (a) of this section, after the action by the

270 board of directors has been taken and, if required, approved by the
271 shareholders, the board of directors may abandon the ratification at
272 any time before the validation effective time without further action of
273 the shareholders.

274 Sec. 6. (NEW) (*Effective October 1, 2017*) (a) The quorum and voting
275 requirements applicable to a ratifying action by the board of directors
276 under subsection (a) of section 5 of this act shall be the quorum and
277 voting requirements applicable to the corporate action proposed to be
278 ratified at the time such ratifying action is taken.

279 (b) If the ratification of the defective corporate action requires
280 approval by the shareholders under subsection (c) of section 5 of this
281 act, and if the approval is to be given at a meeting, the corporation
282 shall notify each holder of valid and putative shares, regardless of
283 whether entitled to vote, of the record date for notice of the meeting
284 and of the date of the defective corporate action, except that notice
285 shall not be required to be given to holders of valid or putative shares
286 whose identities or addresses for notice cannot be determined from the
287 records of the corporation. The notice must state that the purpose, or
288 one of the purposes, of the meeting is to consider ratification of a
289 defective corporate action and must be accompanied by (1) either a
290 copy of the action taken by the board of directors in accordance with
291 subsection (a) of section 5 of this act or the information required by
292 subdivisions (1) to (4), inclusive, of subsection (a) of section 5 of this
293 act, and (2) a statement that any claim that the ratification of such
294 defective corporate action and any putative shares issued as a result of
295 such defective corporate action should not be effective, or should be
296 effective only on certain conditions, shall be brought not later than one
297 hundred twenty days after the applicable validation effective time.

298 (c) Except as provided in subsection (d) of this section with respect
299 to the voting requirements to ratify the election of a director, the
300 quorum and voting requirements applicable to the approval by the
301 shareholders required by subsection (c) of section 5 of this act shall be
302 the quorum and voting requirements applicable to the corporate action

303 proposed to be ratified at the time of such shareholder approval.

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

308 (e) Putative shares on the record date for determining the
309 shareholders entitled to vote on any matter submitted to shareholders
310 under subsection (c) of section 5 of this act, and without giving effect
311 to any ratification of putative shares that becomes effective as a result
312 of such vote, shall neither be entitled to vote nor counted for quorum
313 purposes in any vote to approve the ratification of any defective
314 corporate action.

315 (f) If the approval under this section of putative shares would result
316 in an overissue, in addition to the approval required by section 5 of
317 this act, approval of an amendment to the certificate of incorporation
318 under sections 33-795 to 33-809, inclusive, of the general statutes to
319 increase the number of shares of an authorized class or series or to
320 authorize the creation of a class or series of shares so there would be
321 no overissue shall also be required.

322 Sec. 7. (NEW) (*Effective October 1, 2017*) (a) Unless shareholder
323 approval is required under subsection (c) of section 5 of this act,
324 prompt notice of an action taken under said section shall be given to
325 each holder of valid and putative shares, regardless of whether entitled
326 to vote, as of (1) the date of such action by the board of directors, and
327 (2) the date of the defective corporate action ratified under sections 3 to
328 10, inclusive, of this act, provided notice shall not be required to be
329 given to holders of valid and putative shares whose identities or
330 addresses for notice cannot be determined from the records of the
331 corporation.

332 (b) The notice must contain (1) either a copy of the action taken by
333 the board of directors in accordance with subsection (a) or (b) of
334 section 5 of this act, or the information required by subdivisions (1) to

335 (4), inclusive, of subsection (a) of said section or subdivisions (1) to (3),
336 inclusive, of subsection (b) of said section, as applicable, and (2) a
337 statement that any claim that the ratification of the defective corporate
338 action and any putative shares issued as a result of such defective
339 corporate action should not be effective, or should be effective only on
340 certain conditions, shall be brought not later than one hundred twenty
341 days after the applicable validation effective time.

342 (c) No notice under this section is required with respect to any
343 action required to be submitted to shareholders for approval under
344 subsection (c) of section 5 of this act if notice is given in accordance
345 with subsection (b) of section 6 of this act.

346 (d) A notice required by this section may be given in any manner
347 permitted by section 33-603 of the general statutes and, for any
348 corporation subject to the reporting requirements of Section 13 or 15(d)
349 of the Securities Exchange Act of 1934, as from time to time amended,
350 may be given by means of a filing or furnishing of such notice with the
351 United States Securities and Exchange Commission.

352 Sec. 8. (NEW) (*Effective October 1, 2017*) From and after the
353 validation effective time, and without regard to the one-hundred-
354 twenty-day period during which a claim may be brought under
355 section 10 of this act: (1) Each defective corporate action ratified in
356 accordance with section 5 of this act shall not be void or voidable as a
357 result of the failure of authorization identified in the action taken
358 under subsection (a) or (b) of said section and shall be deemed a valid
359 corporate action effective as of the date of the defective corporate
360 action; (2) the issuance of each putative share or fraction of a putative
361 share purportedly issued pursuant to a defective corporate action
362 identified in the action taken under section 5 of this act shall not be
363 void or voidable, and each such putative share or fraction of a putative
364 share shall be deemed to be an identical share or fraction of a valid
365 share as of the time it was purportedly issued; and (3) any corporate
366 action taken subsequent to the defective corporate action ratified in
367 accordance with sections 3 to 10, inclusive, of this act, in reliance on

368 such defective corporate action having been validly effected and any
369 subsequent defective corporate action resulting directly or indirectly
370 from such original defective corporate action, shall be valid as of the
371 time taken.

372 Sec. 9. (NEW) (*Effective October 1, 2017*) (a) If the defective corporate
373 action ratified under sections 3 to 10, inclusive, of this act would have
374 required under any other provision of sections 33-600 to 33-998,
375 inclusive, of the general statutes a filing in accordance with sections 33-
376 600 to 33-998, inclusive, of the general statutes, then, whether or not a
377 filing was previously made in respect to such defective corporate
378 action and in lieu of a filing otherwise required by said sections of the
379 general statutes, the corporation shall file a certificate of validation in
380 accordance with this section, and such certificate of validation shall
381 serve to amend or substitute for any other filing with respect to such
382 defective corporate action required by said sections of the general
383 statutes.

384 (b) The certificate of validation must set forth: (1) The defective
385 corporate action that is the subject of the certificate of validation
386 including, in the case of any defective corporate action involving the
387 issuance of putative shares, the number and type of putative shares
388 issued and the date or dates upon which such putative shares were
389 purported to have been issued; (2) the date of the defective corporate
390 action; (3) the nature of the failure of authorization in respect of the
391 defective corporate action; (4) a statement that the defective corporate
392 action was ratified in accordance with section 5 of this act, including
393 the date on which the board of directors ratified such defective
394 corporate action and the date, if any, on which the shareholders
395 approved the ratification of such defective corporate action; and (5) the
396 information required by subsection (c) of this section.

397 (c) The certificate of validation must also contain the following
398 information: (1) If a filing was previously made in respect to the
399 defective corporate action and no changes to such filing are required to
400 give effect to the ratification of such defective corporate action in

401 accordance with section 5 of this act, the certificate of validation must
402 set forth (A) the name, title and filing date of the filing previously
403 made and any certificate of correction to that filing, and (B) a statement
404 that a copy of the filing previously made, together with any certificate
405 of correction to that filing, is attached as an exhibit to the certificate of
406 validation; (2) if a filing was previously made in respect of the
407 defective corporate action and such filing requires any change to give
408 effect to the ratification of such defective corporate action in
409 accordance with section 5 of this act, the certificate of validation must
410 set forth (A) the name, title and filing date of the filing previously
411 made and any certificate of correction to that filing, (B) a statement that
412 a filing containing all of the information required to be included under
413 the applicable provisions of sections 33-600 to 33-998, inclusive, of the
414 general statutes to give effect to such defective corporate action is
415 attached as an exhibit to the certificate of validation, and (C) the date
416 and time that such filing is deemed to have become effective; or (3) if a
417 filing was not previously made in respect of the defective corporate
418 action and the defective corporate action ratified under section 5 of this
419 act would have required a filing under any other provision of sections
420 33-600 to 33-998, inclusive, of the general statutes, the certificate of
421 validation must set forth (A) a statement that a filing containing all of
422 the information required to be included under the applicable provision
423 or provisions of sections 33-600 to 33-998, inclusive, of the general
424 statutes to give effect to such defective corporate action is attached as
425 an exhibit to the certificate of validation, and (B) the date and time that
426 such filing is deemed to have become effective.

427 Sec. 10. (NEW) (*Effective October 1, 2017*) (a) Upon application by the
428 corporation, any successor entity to the corporation, a director of the
429 corporation, any shareholder, beneficial shareholder or unrestricted
430 voting trust beneficial owner of the corporation, including any such
431 shareholder, beneficial shareholder or unrestricted voting trust
432 beneficial owner as of the date of the defective corporate action ratified
433 under section 5 of this act, or any other person claiming to be
434 substantially and adversely affected by a ratification under section 5 of

435 this act, the Superior Court may (1) determine the validity and
436 effectiveness of any corporate action or defective corporate action; (2)
437 determine the validity and effectiveness of any ratification under
438 section 5 of this act; (3) determine the validity of any putative shares;
439 and (4) modify or waive any of the procedures specified in sections 5
440 and 6 of this act to ratify a defective corporate action.

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

445 (c) Service of process of the application under subsection (a) of this
446 section on the corporation may be made in any manner provided by
447 any provision of the general statutes or by rule of the applicable court,
448 and no other party need be joined in order for the Superior Court to
449 adjudicate the matter. In an action filed by the corporation, the
450 Superior Court may require notice of the action to be provided to other
451 persons specified by the Superior Court and permit such other persons
452 to intervene in the action.

453 (d) Notwithstanding any provision of the general statutes, any
454 action asserting that the ratification of any defective corporate action
455 and any putative shares issued as a result of such defective corporate
456 action should not be effective, or should be effective only on certain
457 conditions, shall be brought not later than one hundred twenty days
458 after the validation effective time.

459 Sec. 11. Subsection (a) of section 33-605 of the general statutes is
460 repealed and the following is substituted in lieu thereof (*Effective*
461 *October 1, 2017*):

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

464 (1) Subdivision (6) of subsection (b) of section 33-636, as amended
465 by this act, is not a director (A) to whom the limitation or elimination

466 of the duty of an officer to offer potential business opportunities to the
467 corporation would apply, or (B) who has a material relationship with
468 any other person to whom the limitation or elimination would apply;

469 [(1)] (2) Section 33-724, does not have (A) a material interest in the
470 outcome of the proceeding, or (B) a material relationship with a person
471 who has such an interest;

472 [(2)] (3) Section 33-773 or 33-775, (A) is not a party to the proceeding,
473 (B) is not a director [who sought approval for] as to whom the
474 transaction is a director's conflicting interest transaction [under section
475 33-783] or who sought a disclaimer of the corporation's interest in a
476 business opportunity under section 33-785, as amended by this act,
477 which [approval] transaction or disclaimer is challenged in the
478 proceeding, and (C) does not have a material relationship with a
479 director described in either subparagraph (A) or (B) of this
480 subdivision;

481 [(3)] (4) Section 33-783, is not a director (A) as to whom the
482 transaction is a director's conflicting interest transaction, or (B) who
483 has a material relationship with another director as to whom the
484 transaction is a director's conflicting interest transaction; or

485 [(4)] (5) Section 33-785, [would be a qualified director under
486 subdivision (3) of this subsection if the business opportunity were a
487 director's conflicting interest transaction] as amended by this act, is not
488 a director who (A) pursues or takes advantage of the business
489 opportunity, directly, or indirectly through or on behalf of another
490 person, or (B) has a material relationship with a director or officer who
491 pursues or takes advantage of the business opportunity, directly, or
492 indirectly through or on behalf of another person.

493 Sec. 12. Section 33-636 of the general statutes is repealed and the
494 following is substituted in lieu thereof (*Effective October 1, 2017*):

495 (a) The certificate of incorporation shall set forth: (1) A corporate
496 name for the corporation that satisfies the requirements of section 33-

497 655; (2) the number of shares the corporation is authorized to issue; (3)
498 the street and mailing address of the corporation's initial registered
499 office and the name of its initial registered agent at that office; and (4)
500 the name and address of each incorporator.

501 (b) The certificate of incorporation may set forth: (1) The names and
502 addresses of the individuals who are to serve as the initial directors; (2)
503 provisions not inconsistent with law regarding: (A) The purpose or
504 purposes for which the corporation is organized; (B) managing the
505 business and regulating the affairs of the corporation; (C) defining,
506 limiting and regulating the powers of the corporation, its board of
507 directors and shareholders; (D) a par value for authorized shares or
508 classes of shares; or (E) the imposition of personal liability on
509 shareholders for the debts of the corporation to a specified extent and
510 upon specified conditions; (3) any provision that under sections 33-600
511 to 33-998, inclusive, is required or permitted to be set forth in the
512 bylaws; (4) a provision limiting the personal liability of a director to
513 the corporation or its shareholders for [monetary] money damages for
514 breach of duty as a director to an amount that is not less than the
515 compensation received by the director for serving the corporation
516 during the year of the violation if such breach did not (A) involve a
517 knowing and culpable violation of law by the director, (B) enable the
518 director or an associate, as defined in section 33-840, to receive an
519 improper personal economic gain, (C) show a lack of good faith and a
520 conscious disregard for the duty of the director to the corporation
521 under circumstances in which the director was aware that his conduct
522 or omission created an unjustifiable risk of serious injury to the
523 corporation, (D) constitute a sustained and unexcused pattern of
524 inattention that amounted to an abdication of the director's duty to the
525 corporation, or (E) create liability under section 33-757, provided no
526 such provision shall limit or preclude the liability of a director for any
527 act or omission occurring prior to the effective date of such provision;
528 [and] (5) a provision permitting or making obligatory indemnification
529 of a director for liability, as defined in section 33-770, to any person for
530 any action taken, or any failure to take any action, as a director, except

531 liability that (A) involved a knowing and culpable violation of law by
532 the director, (B) enabled the director or an associate, as defined in
533 section 33-840, to receive an improper personal gain, (C) showed a lack
534 of good faith and a conscious disregard for the duty of the director to
535 the corporation under circumstances in which the director was aware
536 that his conduct or omission created an unjustifiable risk of serious
537 injury to the corporation, (D) constituted a sustained and unexcused
538 pattern of inattention that amounted to an abdication of the director's
539 duty to the corporation, or (E) created liability under section 33-757,
540 provided no such provision shall affect the indemnification of or
541 advance of expenses to a director for any liability stemming from acts
542 or omissions occurring prior to the effective date of such provision;
543 and (6) a provision limiting or eliminating any duty of a director or
544 any other person to offer the corporation the right to have or
545 participate in any, or one or more classes or categories of, business
546 opportunities, before the pursuit or taking of the opportunity by the
547 director or other person; provided that any application of such a
548 provision to an officer or a related person of that officer (A) also
549 requires approval of that application by the board of directors,
550 subsequent to the effective date of the provision, by action of qualified
551 directors taken in compliance with the same procedures as are set forth
552 in section 33-783, and (B) may be limited by the authorizing action of
553 the board. As used in this subsection "related person" has the same
554 meaning as provided in section 33-781, as amended by this act.

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

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

560 Sec. 13. Subdivision (5) of section 33-781 of the general statutes is
561 repealed and the following is substituted in lieu thereof (*Effective*
562 *October 1, 2017*):

563 (5) "Related person" means: (A) The [director's] individual's spouse;
564 [, or a parent or sibling thereof;] (B) a child, stepchild, grandchild,
565 parent, [or] stepparent, grandparent, sibling, stepsibling, half-sibling,
566 aunt, uncle, niece or nephew, or the spouse of any such person, of the
567 [director, or the spouse of any thereof] individual or of the individual's
568 spouse; (C) [an individual (i) living in the same home as the director,
569 or (ii) a trust or estate of which a person specified in subparagraph (A)
570 or (B) of this subdivision or clause (i) of this subparagraph is a
571 substantial beneficiary] a natural person living in the same home as the
572 individual; (D) an entity, other than the corporation or an entity
573 controlled by the corporation, controlled by the [director] individual or
574 any person specified in subparagraphs (A) to (C), inclusive, of this
575 subdivision; (E) a domestic or foreign (i) business or [nonprofit]
576 nonstock corporation, other than the corporation or an entity
577 controlled by the corporation, of which the [director] individual is a
578 director, (ii) unincorporated entity of which the [director] individual is
579 a general partner or a member of the governing body, or (iii)
580 individual, trust or estate for whom or of which the [director]
581 individual is a trustee, guardian, personal representative or like
582 fiduciary; or (F) a person that is, or an entity that is controlled by, an
583 employer of the [director] individual.

584 Sec. 14. Section 33-785 of the general statutes is repealed and the
585 following is substituted in lieu thereof (*Effective October 1, 2017*):

586 (a) [A director's taking] If a director or officer pursues or takes
587 advantage [, directly or indirectly,] of a business opportunity directly,
588 or indirectly through or on behalf of another person, that action may
589 not be the subject of equitable relief, or give rise to an award of
590 damages or other sanctions against the director, officer or other
591 person, in a proceeding by or in the right of the corporation on the
592 ground that such opportunity should have first been offered to the
593 corporation, if (1) before [becoming] the director, officer or other
594 person becomes legally obligated respecting the opportunity, the
595 director or officer brings it to the attention of the corporation and
596 either: [(1)] (A) Action by qualified directors disclaiming the

597 corporation's interest in the opportunity is taken in compliance with
598 the same procedures as are set forth in section 33-783; [as if the
599 decision being made concerned a director's conflicting interest
600 transaction;] or [(2)] (B) shareholders' action disclaiming the
601 corporation's interest in the opportunity is taken in compliance with
602 the procedures set forth in section 33-784, as amended by this act, in
603 either case as if the decision being made concerned a director's
604 conflicting interest transaction, [;] except that, rather than making
605 required disclosure, as defined in section 33-781, as amended by this
606 act, [in each case] the director or officer shall have made prior
607 disclosure to those acting on behalf of the corporation of all material
608 facts concerning the business opportunity [that are then] known to the
609 director or officer; or (2) the duty to offer the corporation the business
610 opportunity has been limited or eliminated pursuant to a provision of
611 the certificate of incorporation adopted, and where required, made
612 effective by action of qualified directors, in accordance with
613 subdivision (6) of subsection (b) of section 33-636, as amended by this
614 act.

615 (b) In any proceeding seeking equitable relief or other remedies
616 based upon an alleged improper pursuit or taking advantage of a
617 business opportunity by a director or officer directly, or indirectly
618 through or on behalf of another person, the fact that the director or
619 officer did not employ the procedure described in subparagraph (A) or
620 (B) of subdivision (1) of subsection (a) of this section before pursuing
621 or taking advantage of the opportunity shall not create an [inference]
622 implication that the opportunity should have been first presented to
623 the corporation or alter the burden of proof otherwise applicable to
624 establish that the director or officer breached a duty to the corporation
625 in the circumstances.

626 Sec. 15. Section 33-817 of the general statutes is repealed and the
627 following is substituted in lieu thereof (*Effective October 1, 2017*):

628 In the case of a domestic corporation that is a party to a merger or
629 the acquired corporation in a share exchange, the plan of merger or

630 share exchange shall be adopted in the following manner:

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

633 (2) Except as provided in [subdivision (7)] subdivisions (8), (10) and
634 (12) of this section and section 33-818, [after adopting] the plan of
635 merger or share exchange [, the board of directors must submit the
636 plan to the shareholders for their approval. The board of directors
637 must also transmit to the shareholders a recommendation] shall then
638 be approved by the shareholders. In submitting the plan of merger or
639 share exchange to the shareholders for approval, the board of directors
640 shall recommend that the shareholders approve the plan, or, in the
641 case of an offer referred to in subparagraph (B) of subdivision (10) of
642 this section, that the shareholders tender their shares to the offeror in
643 response to the offer, unless (A) the board of directors makes a
644 determination that because of conflicts of interest or other special
645 circumstances it should not make such a recommendation, or (B)
646 section 33-754 applies. If either subparagraph (A) or (B) of this
647 subdivision applies, the board of directors [must transmit to] shall
648 inform the shareholders of the basis for its so proceeding.

649 (3) The board of directors may [condition its submission] set
650 conditions for the approval of the plan of merger or share exchange
651 [to] by the shareholders [on any basis] or the effectiveness of the plan
652 of merger or share exchange.

653 (4) If the plan of merger or share exchange is required to be
654 approved by the shareholders, and if the approval is to be given at a
655 meeting, the corporation shall notify each shareholder, regardless of
656 whether [or not] entitled to vote, of the meeting of shareholders at
657 which the plan is to be submitted for approval. The notice [shall also]
658 must state that the purpose, or one of the purposes, of the meeting is to
659 consider the plan and [shall] must contain or be accompanied by a
660 copy or summary of the plan. If the corporation is to be merged into an
661 existing foreign or domestic corporation, the notice [shall] must also

662 include or be accompanied by a copy or summary of the certificate of
663 incorporation [of such existing] and bylaws of that corporation. If the
664 corporation is to be merged [into a corporation that] with a domestic or
665 foreign corporation and a new domestic or foreign corporation is to be
666 created pursuant to the merger, the notice [shall] must include or be
667 accompanied by a copy or a summary of the certificate of
668 incorporation and bylaws of the new corporation.

669 (5) [Unless sections 33-600 to 33-998, inclusive, the certificate of
670 incorporation or the board of directors acting pursuant to subdivision
671 (3) of this section requires a greater vote or a vote by voting groups,
672 and except as provided in subdivision (9) of this section, the plan of
673 merger or share exchange to be authorized must be approved by each
674 voting group entitled to vote separately on the plan by a majority of all
675 the votes entitled to be cast on the plan by that voting group.] Unless
676 the certificate of incorporation, or the board of directors acting
677 pursuant to subdivision (3) of this section, requires a greater vote or a
678 greater quorum, approval of the plan of merger or share exchange
679 requires the approval of the shareholders at a meeting at which a
680 quorum exists consisting of a majority of the votes entitled to be cast
681 on the plan, and, if any class or series of shares is entitled to vote as a
682 separate group on the plan of merger or share exchange, the approval
683 of each such separate voting group at a meeting at which a quorum of
684 the voting group is present consisting of a majority of the votes
685 entitled to be cast on the plan of merger or share exchange by that
686 voting group.

687 (6) [Separate] Subject to subdivision (7) of this section, separate
688 voting by voting groups is required: (A) On a plan of merger, by each
689 class or series of shares that: (i) [are] Are to be converted [, pursuant to
690 the provisions of] under the plan of merger [,] into shares, [or] other
691 securities, interests, obligations, rights to acquire shares or other
692 securities or interests, cash, [or] other property, or any combination
693 thereof; [,] or (ii) [would have a right] are entitled to vote as a separate
694 group on a provision in the plan that, [if contained in] constitutes a
695 proposed amendment to the certificate of incorporation [, would

696 require] of a surviving corporation that requires action by separate
697 voting groups under section 33-798; (B) on a plan of share exchange, by
698 each class or series of shares included in the exchange, with each class
699 or series constituting a separate voting group; and (C) on a plan of
700 merger or share exchange, if the voting group is entitled under the
701 certificate of incorporation to vote as a voting group to approve a plan
702 of merger or share exchange, respectively.

703 (7) The certificate of incorporation may expressly limit or eliminate
704 the separate voting rights provided in subparagraph (A)(i) of
705 subdivision (6) of this section and in subparagraph (B) of subdivision
706 (6) of this section as to any class or series of shares, except when the
707 plan of merger or share exchange (A) includes what is or would be in
708 effect an amendment subject to subparagraph (A)(ii) of subdivision (6)
709 of this section, and (B) will not effect a substantive business
710 combination.

711 ~~[(7)]~~ (8) Unless the certificate of incorporation otherwise provides,
712 approval by the corporation's shareholders of a plan of merger [or
713 share exchange] is not required if: (A) The corporation will [be the
714 survivor in the merger or is the acquiring corporation in the share
715 exchange] survive the merger; (B) except for amendments permitted
716 by section 33-796, its certificate of incorporation will not be changed;
717 and (C) each shareholder of the corporation whose shares were
718 outstanding immediately before the effective date of the merger [or the
719 share exchange] will hold the same number of shares, with identical
720 preferences, rights and limitations, [and relative rights,] immediately
721 after the effective date of the merger, [or the share exchange.]

722 ~~[(8)]~~ (9) If, as a result of a merger or a share exchange, one or more
723 shareholders of a domestic corporation would become subject to
724 personal liability for the obligations or liabilities of any other person or
725 entity, approval of the plan of merger or share exchange [shall require]
726 requires the [execution] signing in connection with the transaction, by
727 each such shareholder, of a separate written consent to become subject
728 to such personal liability.

729 (10) Unless the certificate of incorporation otherwise provides,
730 approval by the shareholders of a plan of merger or share exchange is
731 not required if: (A) The plan of merger or share exchange expressly (i)
732 permits or requires the merger or share exchange to be effected under
733 this subdivision, and (ii) provides that, if the merger or share exchange
734 is to be effected under this subdivision, the merger or share exchange
735 will be effected as soon as practicable following the satisfaction of the
736 requirement set forth in subparagraph (F) of this subdivision; (B)
737 another party to the merger, the acquiring corporation in the share
738 exchange, or a parent of another party to the merger or the acquiring
739 corporation in the share exchange, makes an offer to purchase, on the
740 terms provided in the plan of merger or share exchange, any and all of
741 the outstanding shares of the corporation that, absent the provisions of
742 this subdivision, would be entitled to vote on the plan of merger or
743 share exchange, except that the offer may exclude shares of the
744 corporation that are owned at the commencement of the offer by the
745 corporation, the offeror or any parent of the offeror, or by any wholly
746 owned subsidiary of the corporation, the offeror or by any wholly
747 owned subsidiary of any of them; (C) the offer discloses that the plan
748 of merger or share exchange provides that the merger or share
749 exchange will be effected as soon as practicable following the
750 satisfaction of the requirement set forth in subparagraph (F) of this
751 subdivision and that the shares of the corporation that are not
752 tendered in response to the offer will be treated as set forth in
753 subparagraph (H) of this subdivision; (D) the offer remains open for at
754 least ten days; (E) the offeror purchases all shares properly tendered in
755 response to the offer and not properly withdrawn; (F) the shares set
756 forth in this subparagraph are collectively entitled to cast at least the
757 minimum number of votes on the merger or share exchange that,
758 absent the provisions of this subdivision, would be required by
759 sections 33-814 to 33-821a, inclusive, as amended by this act, and by
760 the certificate of incorporation for the approval of the merger or share
761 exchange by the shareholders and by any other voting group entitled
762 to vote on the merger or share exchange at a meeting at which all
763 shares entitled to vote on the approval were present and voted: (i)

764 Shares purchased by the offeror in accordance with the offer; (ii) shares
765 otherwise owned by the offeror or by any parent of the offeror or any
766 wholly owned subsidiary of the offeror or by any parent of the offeror;
767 and (iii) shares subject to an agreement that are to be transferred,
768 contributed or delivered to the offeror, any parent of the offeror or any
769 wholly owned subsidiary of any of them in exchange for shares in such
770 offeror, parent or subsidiary; (G) the offeror or a wholly owned
771 subsidiary of the offeror merges with or into, or effects a share
772 exchange in which it acquires shares of the corporation; and (H) each
773 outstanding share of each class or series of shares of the corporation
774 that the offeror is offering to purchase in accordance with the offer,
775 and that is not purchased in accordance with the offer, is to be
776 converted in the merger into, or into the right to receive, or is to be
777 exchanged in the share exchange for, or for the right to receive, the
778 same amount and kind of securities, interests, obligations, rights, cash
779 or other property to be paid or exchanged in accordance with the offer
780 for each share of that class or series of shares that is tendered in
781 response to the offer, except that shares of the corporation that are
782 owned by the corporation or that are described in subparagraph (F)(ii)
783 or (iii) of this subdivision need not be converted into or exchanged for
784 the consideration described in this subparagraph.

785 (11) As used in subdivision (10) of this section, (A) "offer" means the
786 offer referred to in subparagraph (B) of subdivision (10) of this section;
787 (B) "offeror" means the person making the offer; (C) "parent" of a
788 corporation means a person that owns, directly or indirectly, through
789 one or more wholly owned subsidiaries, all of the outstanding shares
790 of that corporation; (D) shares tendered in response to the offer shall
791 be deemed to have been "purchased" in accordance with the offer at
792 the earliest time as of which (i) the offeror has irrevocably accepted
793 those shares for payment, and (ii) either (I) in the case of shares
794 represented by certificates, the offeror, or the offeror's designated
795 depository or other agent, has physically received the certificates
796 representing those shares, or (II) in the case of shares without
797 certificates, those shares have been transferred into the account of the

798 offeror or its designated depository or other agent, or an agent's
799 message relating to those shares has been received by the offeror or its
800 designated depository or other agent; and (E) "wholly owned
801 subsidiary" of a person means an entity of or in which that person
802 owns, directly or indirectly, through one or more wholly owned
803 subsidiaries, all of the outstanding shares or interests.

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

809 ~~[(9)]~~ (13) Notwithstanding any provision of subdivision (5) of this
810 section, ~~[to the contrary,]~~ a plan of merger or share exchange of a
811 corporation which was incorporated under the laws of this state,
812 whether under chapter 599 of the general statutes, revision of 1958,
813 revised to January 1, 1995, or any other general law or special act, prior
814 to January 1, 1997, to be authorized by such corporation, shall be
815 approved by (A) the affirmative vote of at least two-thirds of the
816 voting power of each voting group entitled to vote thereon unless (i)
817 the certificate of incorporation expressly provides otherwise, [provided
818 if such corporation is the surviving corporation of such merger and
819 such plan of merger will not effect any change in or amendment to the
820 certificate of incorporation of such corporation and the shares to be
821 issued under the plan of merger could have been issued by the board
822 of directors of such corporation without further authorization of the
823 shareholders of such corporation, then the provisions of this
824 subdivision shall not require approval of such plan of merger or share
825 exchange by the corporation's shareholders] or (ii) approval by the
826 corporation's shareholders of the plan of merger or share exchange is
827 not required under either subdivision (8) or (10) of this section, and (B)
828 the affirmative vote of at least two-thirds of the voting power of each
829 class of stock of such corporation outstanding prior to January 1, 1997,
830 and not otherwise entitled to vote thereon, unless (i) the certificate of
831 incorporation expressly provides otherwise; [provided if such

832 corporation is the surviving corporation of such merger and such plan
833 of merger or share exchange does not contain any provisions which, if
834 contained in a proposed amendment to the certificate of incorporation
835 of such corporation, would entitle any class or series of shareholders of
836 such surviving corporation to vote as a class or series as provided in
837 subsection (f) of section 33-797 or section 33-798, then the provisions of
838 this subdivision shall not require approval of such plan of merger or
839 share exchange by the holders of such class or series not otherwise
840 entitled to vote thereon] or (ii) approval by the corporation's
841 shareholders of the plan of merger or share exchange is not required
842 under either subdivision (8) or (10) of this section.

843 Sec. 16. Section 33-856 of the general statutes is repealed and the
844 following is substituted in lieu thereof (*Effective October 1, 2017*):

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

848 (1) Consummation of a merger to which the corporation is a party
849 (A) if shareholder approval is required for the merger by section 33-
850 817, [and the shareholder is entitled to vote on the merger] as amended
851 by this act, or would be required but for the provisions of subdivision
852 (10) of section 33-817, as amended by this act, except that appraisal
853 rights shall not be available to any shareholder of the corporation with
854 respect to shares of any class or series that remain outstanding after
855 consummation of the merger, or (B) if the corporation is a subsidiary
856 and the merger is governed by section 33-818;

857 (2) Consummation of a share exchange to which the corporation is a
858 party [as the corporation whose shares will be acquired, if the
859 shareholder is entitled to vote on the exchange] the shares of which
860 will be acquired, except that appraisal rights shall not be available to
861 any shareholder of the corporation with respect to any class or series of
862 shares of the corporation that is not [exchanged] acquired in the share
863 exchange;

864 (3) Consummation of a disposition of assets pursuant to section 33-
865 831 if the shareholder is entitled to vote on the disposition, except that
866 appraisal rights shall not be available to any shareholder of the
867 corporation with respect to shares of any class or series if (A) under the
868 terms of the corporate action approved by the shareholders there is to
869 be distributed to shareholders in cash [its] the corporation's net assets,
870 in excess of a reasonable amount reserved to meet claims of the type
871 described in sections 33-886 and 33-887, (i) within one year after the
872 shareholders' approval of the action, and (ii) in accordance with their
873 respective interests determined at the time of such distribution, and (B)
874 the disposition of assets is not an interested transaction;

875 (4) An amendment of the certificate of incorporation with respect to
876 a class or series of shares that reduces the number of shares of a class
877 or series owned by the shareholder to a fraction of a share if the
878 corporation has the obligation or right to repurchase the fractional
879 share so created;

880 (5) If the corporation is not a benefit corporation, as defined in
881 section 33-1351, (A) an amendment of the certificate of incorporation to
882 state that the corporation is a benefit corporation; (B) consummation of
883 a merger to which the corporation is a party in which the surviving
884 [entity] corporation will be a benefit corporation or in which shares in
885 the corporation will be converted into a right to receive shares of a
886 benefit corporation; or (C) consummation of a share exchange to which
887 the corporation is a party and the shares of the corporation will be
888 exchanged for shares of a benefit corporation; or

889 (6) Any other merger, share exchange, disposition of assets or
890 amendment to the certificate of incorporation; in each case to the
891 extent provided by the certificate of incorporation, the bylaws or a
892 resolution of the board of directors.

893 (b) Notwithstanding subsection (a) of this section, the availability of
894 appraisal rights under subdivisions (1) to (5), inclusive, of subsection
895 (a) of this section shall be limited in accordance with the following

896 provisions:

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

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

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

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

911 (2) The applicability of subdivision (1) of this subsection shall be
912 determined as of: (A) The record date fixed to determine the
913 shareholders entitled to receive notice of the meeting of shareholders
914 to act upon the corporate action requiring appraisal rights or, in the
915 case of an offer made pursuant to subdivision (10) of section 33-817, as
916 amended by this act, the date of such offer; or (B) [the day before the
917 effective date of such corporate action if there is no meeting of
918 shareholders] if there is no meeting of shareholders and no offer made
919 pursuant to subdivision (10) of section 33-817, as amended by this act,
920 the day before the consummation of the corporate action or effective
921 date of the amendment of the certificate of incorporation, as applicable.

922 (3) Subdivision (1) of this subsection shall not be applicable and
923 appraisal rights shall be available pursuant to subsection (a) of this
924 section for the holders of any class or series of shares (A) who are
925 required by the terms of the corporate action requiring appraisal rights
926 to accept for such shares anything other than cash or shares of any

927 class or any series of shares of any corporation, or any other
928 proprietary interest of any other entity, that satisfies the standards set
929 forth in subdivision (1) of this subsection at the time the corporate
930 action becomes effective, or (B) in the case of the consummation of a
931 disposition of assets pursuant to section 33-831, unless [such] the cash,
932 shares or proprietary interests received in the disposition are, under
933 the terms of the corporate action approved by the shareholders, to be
934 distributed to the shareholders, as part of a distribution to
935 shareholders of the net assets of the corporation in excess of a
936 reasonable amount to meet claims of the type described in sections 33-
937 886 and 33-887, (i) not later than one year after the shareholders'
938 approval of the action, and (ii) in accordance with their respective
939 interests determined at the time of the distribution.

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

944 (c) Notwithstanding any other provision of this section, the
945 certificate of incorporation as originally filed or any amendment
946 [thereto] to the certificate of incorporation may limit or eliminate
947 appraisal rights for any class or series of preferred shares, [but] except
948 that (1) no such limitation or elimination shall be effective if the class
949 or series does not have the right to vote separately as a voting group,
950 alone or as part of a group, on the action, and (2) any such limitation or
951 elimination contained in an amendment to the certificate of
952 incorporation that limits or eliminates appraisal rights for any of such
953 shares that are outstanding immediately [prior to] before the effective
954 date of such amendment or that the corporation is or may be required
955 to issue or sell thereafter pursuant to any conversion, exchange or
956 other right existing immediately before the effective date of such
957 amendment shall not apply to any corporate action that becomes
958 effective within one year of [that date] the effective date of such
959 amendment if such action would otherwise afford appraisal rights.

960 (d) Where the right to be paid the value of shares is made available
961 to a shareholder by this section, such remedy shall be the exclusive
962 remedy as holder of such shares against the corporate actions
963 described in this section, whether or not the shareholder proceeds as
964 provided in sections 33-855 to 33-872, inclusive, as amended by this
965 act.

966 Sec. 17. Section 33-860 of the general statutes is repealed and the
967 following is substituted in lieu thereof (*Effective October 1, 2017*):

968 (a) Where any corporate action specified in subsection (a) of section
969 33-856, as amended by this act, is to be submitted to a vote at a
970 shareholders' meeting, the meeting notice, or where no approval of
971 such action is required pursuant to subdivision (10) of section 33-817,
972 as amended by this act, the offer made pursuant to subdivision (10) of
973 section 33-817, as amended by this act, must state that the corporation
974 has concluded that the [shareholders] appraisal rights are, are not or
975 may be [entitled to assert appraisal rights] available under sections 33-
976 855 to 33-872, inclusive, as amended by this act. If the corporation
977 concludes that appraisal rights are or may be available, a copy of
978 sections 33-855 to 33-872, inclusive, as amended by this act, must
979 accompany the meeting notice or offer sent to those record
980 shareholders entitled to exercise appraisal rights.

981 (b) In a merger pursuant to section 33-818, the parent corporation
982 [must] shall notify in writing all record shareholders of the subsidiary
983 who are entitled to assert appraisal rights that the corporate action
984 became effective. Such notice [must] shall be sent within ten days after
985 the corporate action became effective and include the materials
986 described in section 33-862, as amended by this act.

987 (c) Where any corporate action specified in subsection (a) of section
988 33-856, as amended by this act, is to be approved by written consent of
989 the shareholders pursuant to section 33-698:

990 (1) Written notice that appraisal rights are, are not or may be
991 available [must] shall be sent to each record shareholder from whom a

992 consent is solicited at the time consent of such shareholder is first
993 solicited and, if the corporation has concluded that appraisal rights are
994 or may be available, the notice must be accompanied by a copy of
995 sections 33-855 to 33-872, inclusive, as amended by this act; and

996 (2) Written notice that appraisal rights are, are not or may be
997 available must be delivered together with the notice to nonconsenting
998 and nonvoting [and nonconsenting] shareholders required by
999 subsections (e) and (f) of section 33-698, may include the materials
1000 described in section 33-862, as amended by this act, and, if the
1001 corporation has concluded that appraisal rights are or may be
1002 available, must be accompanied by a copy of sections 33-855 to 33-872,
1003 inclusive, as amended by this act.

1004 (d) Where [any] corporate action [specified] described in subsection
1005 (a) of section 33-856, as amended by this act, is proposed, or a merger
1006 pursuant to section 33-818 is effected, the notice referred to in
1007 subsection (a) or (c) of this section, if the corporation concludes that
1008 appraisal rights are or may be available, and in subsection (b) of this
1009 section, shall be accompanied by:

1010 (1) [The annual financial statements specified in subsection (a) of
1011 section 33-951] Financial statements of the corporation that issued the
1012 shares that may be subject to appraisal, [which shall be as of a date]
1013 consisting of a balance sheet as of the end of the fiscal year ending not
1014 more than sixteen months before the date of the notice, [and shall
1015 comply with subsection (b) of section 33-951, except that,] an income
1016 statement for that fiscal year and a cash flow statement for that fiscal
1017 year, provided if such [annual] financial statements are not reasonably
1018 available, the corporation shall provide reasonably equivalent financial
1019 information; and

1020 (2) The latest [available quarterly] interim financial statements of
1021 such corporation, if any.

1022 (e) The right to receive the information described in subsection (d)
1023 of this section may be waived in writing by a shareholder before or

1024 after the corporate action.

1025 Sec. 18. Section 33-861 of the general statutes is repealed and the
1026 following is substituted in lieu thereof (*Effective October 1, 2017*):

1027 (a) If a corporate action specified in subsection (a) of section 33-856,
1028 as amended by this act, is submitted to a vote at a shareholders'
1029 meeting, a shareholder who wishes to assert appraisal rights with
1030 respect to any class or series of shares: (1) [Must] shall deliver to the
1031 corporation, before the vote is taken, written notice of the
1032 shareholder's intent to demand payment if the proposed action is
1033 effectuated, and (2) [must] shall not vote, or cause or permit to be
1034 voted, any shares of such class or series in favor of the proposed
1035 action.

1036 (b) If a corporate action specified in subsection (a) of section 33-856,
1037 as amended by this act, is to be approved by [less than unanimous]
1038 written consent, a shareholder who wishes to assert appraisal rights
1039 with respect to any class or series of shares [must] shall not sign a
1040 consent in favor of the proposed action with respect to that class or
1041 series of shares.

1042 (c) If a corporate action specified in subsection (a) of section 33-856,
1043 as amended by this act, does not require shareholder approval
1044 pursuant to subdivision (10) of section 33-817, as amended by this act,
1045 a shareholder who wishes to assert appraisal rights with respect to any
1046 class or series of shares (1) shall deliver to the corporation before the
1047 shares are purchased pursuant to the offer written notice of the
1048 shareholder's intent to demand payment if the proposed action is
1049 effected; and (2) shall not tender, or cause to permit to be tendered, any
1050 shares of such class or series in response to such offer.

1051 [(c)] (d) A shareholder who fails to satisfy the requirements of
1052 subsection (a), [or] (b) or (c) of this section is not entitled to payment
1053 under sections 33-855 to 33-872, inclusive, as amended by this act.

1054 Sec. 19. Section 33-862 of the general statutes is repealed and the

1055 following is substituted in lieu thereof (*Effective October 1, 2017*):

1056 (a) If [proposed] a corporate action requiring appraisal rights under
1057 subsection (a) of section 33-856, as amended by this act, becomes
1058 effective, the corporation [must send] shall deliver a written appraisal
1059 notice and the form required by [subdivision (1) of] subsection (b) of
1060 this section to all shareholders who [satisfied] satisfy the requirements
1061 of subsection (a), (b) or (c) of section 33-861, as amended by this act. In
1062 the case of a merger under section 33-818, the parent [must] shall
1063 deliver an appraisal notice and form to all record shareholders who
1064 may be entitled to assert appraisal rights.

1065 (b) The appraisal notice [must] shall be delivered no earlier than the
1066 date the corporate action specified in subsection (a) of section 33-856,
1067 as amended by this act, became effective and no later than ten days
1068 after such date, and [shall] must:

1069 (1) Supply a form that (A) specifies the first date of any
1070 announcement to shareholders made [prior to] before the date the
1071 corporate action became effective of the principal terms of the
1072 proposed corporate action, (B) if such announcement was made,
1073 requires the shareholder asserting appraisal rights to certify whether
1074 beneficial ownership of those shares for which appraisal rights are
1075 asserted was acquired before that date, and (C) requires the
1076 shareholder asserting appraisal rights to certify that such shareholder
1077 did not vote for or consent to the transaction as to the class or series of
1078 shares for which appraisal is sought;

1079 (2) State:

1080 (A) Where the form [must] shall be sent and where certificates for
1081 certificated shares [must] shall be deposited and the date by which
1082 those certificates must be deposited, which date may not be earlier
1083 than the date [for receiving] by which the corporation must receive the
1084 required form under subparagraph (B) of this subdivision;

1085 (B) A date by which the corporation must receive the form which

1086 date may not be fewer than forty nor more than sixty days after the
1087 date the appraisal notice under subsection (a) of this section is sent,
1088 and state that the shareholder shall have waived the right to demand
1089 appraisal with respect to the shares unless the form is received by the
1090 corporation by such specified date;

1091 (C) The corporation's estimate of the fair value of the shares;

1092 (D) That, if requested in writing, the corporation will provide, to the
1093 shareholder so requesting, within ten days after the date specified in
1094 subparagraph (B) of this subdivision, the number of shareholders who
1095 return the forms by the specified date and the total number of shares
1096 owned by them; and

1097 (E) The date by which the notice to withdraw under section 33-863
1098 must be received, which date must be within twenty days after the
1099 date specified in subparagraph (B) of this subdivision; and

1100 (3) Be accompanied by a copy of sections 33-855 to 33-872, inclusive,
1101 as amended by this act.

1102 Sec. 20. (NEW) (*Effective October 1, 2017*) (a) The certificate of
1103 incorporation or the bylaws of a corporation may require that any or
1104 all internal corporate claims be brought exclusively in any specified
1105 court or courts of this state and, if so specified, in any additional courts
1106 in this state or in any other jurisdictions with which the corporation
1107 has a reasonable relationship.

1108 (b) A provision of the certificate of incorporation or the bylaws
1109 adopted under subsection (a) of this section shall not have the effect of
1110 conferring jurisdiction on any court or over any person or claim, and
1111 shall not apply if none of the courts specified by such provision have
1112 the requisite personal and subject matter jurisdiction. If the court or
1113 courts of this state specified in a provision adopted under subsection
1114 (a) of this section do not have the requisite personal and subject matter
1115 jurisdiction and another court of this state does have such jurisdiction,
1116 then the internal corporate claim may be brought in such other court of

1117 this state, notwithstanding that such other court of this state is not
1118 specified in such provision, and in any other court specified in such
1119 provision that has the requisite jurisdiction.

1120 (c) No provision of the certificate of incorporation or the bylaws
1121 may prohibit bringing an internal corporate claim in the courts of this
1122 state or require such claims to be determined by arbitration.

1123 (d) As used in this section, "internal corporate claim" means, (1) any
1124 claim that is based upon a violation of a duty under the laws of this
1125 state by a current or former director, officer or shareholder in such
1126 capacity, (2) any derivative action or proceeding brought on behalf of
1127 the corporation, (3) any action asserting a claim arising pursuant to
1128 any provision of sections 33-600 to 33-998, inclusive, of the general
1129 statutes, or the certificate of incorporation or bylaws, or (4) any action
1130 asserting a claim governed by the internal affairs doctrine that is not
1131 included in subdivisions (1) to (3), inclusive, of this subsection.

1132 Sec. 21. Section 33-602 of the general statutes is repealed and the
1133 following is substituted in lieu thereof (*Effective October 1, 2017*):

1134 As used in sections 33-600 to 33-998, inclusive:

1135 (1) "Address" means location as described by the full street number,
1136 if any, street, city or town, state or country and not a mailing address
1137 such as a post office box.

1138 (2) "Authorized shares" means the shares of all classes a domestic or
1139 foreign corporation is authorized to issue.

1140 (3) "Beneficial shareholder" means a person who owns the beneficial
1141 interest in shares, which may be a record shareholder or a person on
1142 whose behalf shares are registered in the name of an intermediary or
1143 nominee.

1144 [(3)] (4) "Certificate of incorporation" means the original certificate
1145 of incorporation or restated certificate of incorporation, and all
1146 amendments thereto, and all certificates of merger or consolidation. In

1147 the case of a specially chartered corporation, "certificate of
1148 incorporation" means the special charter of the corporation, including
1149 any portions of the charters of its predecessor companies which have
1150 continuing effect, and any amendments to the charter made by special
1151 act or pursuant to general law. In the case of a corporation formed
1152 before January 1, 1961, or of a specially chartered corporation,
1153 "certificate of incorporation" includes those portions of any other
1154 corporate instruments or resolutions of current application in which
1155 are set out provisions of the sort which either (A) are required by
1156 sections 33-600 to 33-998, inclusive, to be embodied in the certificate of
1157 incorporation, or (B) are expressly permitted by sections 33-600 to 33-
1158 998, inclusive, to be operative only if included in the certificate of
1159 incorporation. It also includes what were, prior to January 1, 1961,
1160 designated at law as agreements of association, articles of
1161 incorporation, charters and other such terms.

1162 [(4)] (5) "Conspicuous" means so written, displayed or presented
1163 that a reasonable person against whom the writing is to operate should
1164 have noticed it. For example, text in italics, boldface, contrasting color,
1165 capitals or underlined is conspicuous.

1166 [(5)] (6) "Corporation" or "domestic corporation" means a stock
1167 corporation, [with capital stock,] which is not a foreign corporation,
1168 incorporated under the laws of this state, whether general law or
1169 special act and whether before or after January 1, 1997.

1170 [(6)] (7) "Deliver" or "delivery" means any method of delivery used
1171 in conventional commercial practice including delivery by hand, mail,
1172 commercial delivery and, if authorized in accordance with section 33-
1173 603, electronic transmission.

1174 [(7)] (8) "Distribution" means a direct or indirect transfer of money
1175 or other property, except its own shares, or incurrence of indebtedness
1176 by a corporation to or for the benefit of its shareholders in respect of
1177 any of its shares. A distribution may be in the form of a declaration or
1178 payment of a dividend; a purchase, redemption or other acquisition of

1179 shares; a distribution of indebtedness; or otherwise.

1180 ~~[(8)]~~ (9) "Document" means (A) any tangible medium on which
1181 information is inscribed, and includes any writing or written
1182 instrument, or (B) an electronic record.

1183 (10) "Domestic", with respect to an entity, means an entity governed
1184 as to its internal affairs by the law of this state.

1185 ~~[(9)]~~ (11) "Effective date of notice" is defined in section 33-603.

1186 ~~[(10)]~~ (12) (A) "Electronic" means relating to technology having
1187 electrical, digital, magnetic, wireless, optical, electromagnetic or
1188 similar capabilities.

1189 (B) "Electronic record" means information that is stored in an
1190 electronic or other medium and is retrievable in paper form through an
1191 automated process used in conventional commercial practice, unless
1192 otherwise authorized in accordance with subsection (j) of section 33-
1193 603.

1194 (C) "Electronic transmission" or "electronically transmitted" means
1195 any form or process of communication not directly involving the
1196 physical transfer of paper or another tangible medium, which (i) is
1197 suitable for the retention, retrieval and reproduction of information by
1198 the recipient, and (ii) is retrievable in paper form by the recipient
1199 through an automated process used in conventional commercial
1200 practice, unless otherwise authorized in accordance with subsection (j)
1201 of section 33-603.

1202 ~~[(11)]~~ (13) "Employee" includes an officer but not a director. A
1203 director may accept duties that make him also an employee.

1204 ~~[(12)]~~ (14) "Entity" includes a corporation and foreign corporation;
1205 nonprofit corporation; profit and nonprofit unincorporated
1206 association; business trust, estate, partnership, limited liability
1207 company, trust and two or more persons having a joint or common
1208 economic interest; and state, United States or foreign government.

1209 [(13)] (15) "Expenses" means reasonable expenses of any kind that
1210 are incurred in connection with a matter including, but not limited to,
1211 reasonable counsel fees.

1212 [(14)] (16) "Facts objectively ascertainable" outside of a plan or filed
1213 document is defined in subsection (l) of section 33-608.

1214 (17) "Foreign", with respect to an entity, means an entity governed
1215 as to its internal affairs by the laws of a jurisdiction other than this
1216 state.

1217 [(15)] (18) "Foreign corporation" means a corporation incorporated
1218 under a law other than the law of this state.

1219 [(16)] (19) "Governmental subdivision" includes authority, county,
1220 district and municipality.

1221 [(17)] (20) "Includes" denotes a partial definition.

1222 [(18)] (21) "Individual" includes the estate of an incompetent or
1223 deceased individual.

1224 [(19)] (22) "Means" denotes an exhaustive definition.

1225 (23) "Merger" means a transaction pursuant to section 33-815.

1226 [(20)] (24) "Notice" is defined in section 33-603.

1227 [(21)] (25) "Person" includes individual and entity.

1228 [(22)] (26) "Principal office" of a domestic corporation means the
1229 address of the principal office of such corporation in this state, if any,
1230 as the same appears in the last annual report, if any, filed by such
1231 corporation with the Secretary of the State. If no principal office so
1232 appears, the corporation's "principal office" means the address in this
1233 state of the corporation's registered agent for service as last shown on
1234 the records of the Secretary of the State. In the case of a domestic
1235 corporation which has not filed such an annual report or appointment

1236 of registered agent for service, the "principal office" means the address
1237 of the principal place of business of such corporation in this state, if
1238 any, and if such corporation has no place of business in this state, its
1239 "principal office" shall be the office of the Secretary of the State.

1240 [(23)] (27) "Proceeding" includes civil suit and criminal,
1241 administrative and investigatory action.

1242 [(24)] (28) "Public corporation" means a corporation that has shares
1243 listed on a national securities exchange or regularly traded in a market
1244 maintained by one or more members of a national or affiliated
1245 securities association.

1246 [(25)] (29) "Qualified director" is defined in section 33-605, as
1247 amended by this act.

1248 [(26)] (30) "Record date" means the date established under sections
1249 33-665 to 33-687, inclusive, or sections 33-695 to 33-727, inclusive, on
1250 which a corporation determines the identity of its shareholders and
1251 their shareholdings for purposes of sections 33-600 to 33-998, inclusive.
1252 The determinations shall be made as of the close of business on the
1253 record date unless another time for doing so is specified when the
1254 record date is fixed.

1255 [(27)] (31) "Secretary" means the corporate officer to whom under
1256 the bylaws or by the board of directors is delegated responsibility
1257 under subsection (c) of section 33-763 for custody of the minutes of the
1258 meetings of the board of directors and of the shareholders and for
1259 authenticating records of the corporation.

1260 [(28)] (32) "Secretary of the State" means the Secretary of the State of
1261 Connecticut.

1262 (33) "Share exchange" means a transaction pursuant to section 33-
1263 816.

1264 [(29) "Shares" means the units into which the proprietary interests in
1265 a corporation are divided.]

1266 [(30)] (34) "Shareholder" means the person in whose name shares are
1267 registered in the records of a corporation or the beneficial owner of
1268 shares to the extent of the rights granted by a nominee certificate on
1269 file with a corporation.

1270 (35) "Shares" means the units into which the proprietary interests in
1271 a corporation are divided.

1272 [(31)] (36) "Sign" or "signature" means, with present intent to
1273 authenticate or adopt a document: (A) To execute or adopt a tangible
1274 symbol to a document, and includes any manual, facsimile or
1275 conformed signature; or (B) to attach to or logically associate with an
1276 electronic transmission an electronic sound, symbol or process, and
1277 includes an electronic signature in an electronic transmission.

1278 [(32)] (37) "State", when referring to a part of the United States,
1279 includes a state and commonwealth, and their agencies and
1280 governmental subdivisions, and a territory and insular possession, and
1281 their agencies and governmental subdivisions, of the United States.

1282 [(33)] (38) "Subscriber" means a person who subscribes for shares in
1283 a corporation, whether before or after incorporation.

1284 [(34)] (39) "United States" includes any district, authority, bureau,
1285 commission, department and other agency of the United States.

1286 (40) "Unrestricted voting trust beneficial owner" means, with respect
1287 to any shareholder rights, a voting trust beneficial owner whose
1288 entitlement to exercise the shareholder right in question is not
1289 inconsistent with the voting trust agreement.

1290 [(35)] (41) "Voting group" means all shares of one or more classes or
1291 series that under the certificate of incorporation or sections 33-600 to
1292 33-998, inclusive, are entitled to vote and be counted together
1293 collectively on a matter at a meeting of shareholders. All shares
1294 entitled by the certificate of incorporation or said sections to vote
1295 generally on the matter are for that purpose a single voting group.

1296 [(36)] ~~(42)~~ "Voting power" means the current power to vote in the
1297 election of directors.

1298 (43) "Voting trust beneficial owner" means an owner of a beneficial
1299 interest in shares of the corporation held in a voting trust established
1300 pursuant to subsection (a) of section 33-715.

1301 [(37)] ~~(44)~~ "Writing" or "written" means any information in the form
1302 of a document.

1303 Sec. 22. Section 33-814 of the general statutes is repealed and the
1304 following is substituted in lieu thereof (*Effective October 1, 2017*):

1305 As used in this section and sections 33-815 to 33-821a, inclusive:

1306 (1) "Acquired corporation" means the domestic or foreign
1307 corporation that will have all of one or more classes or series of its
1308 shares acquired in a share exchange.

1309 (2) "Acquiring corporation" means the domestic or foreign
1310 corporation that will acquire all of one or more classes or series of
1311 shares of the acquired corporation in a share exchange.

1312 [(1)] ~~(3)~~ "Interests" means the proprietary interests in an other entity.

1313 [(2) "Merger" means a business combination pursuant to section 33-
1314 815.]

1315 [(3)] ~~(4)~~ "Organizational documents" means the basic document or
1316 documents that create, or determine the internal governance of, an
1317 other entity.

1318 [(4)] ~~(5)~~ "Other entity" means any association or legal entity, other
1319 than a domestic or foreign corporation, organized to conduct business,
1320 including, but not limited to, a partnership, limited partnership,
1321 limited liability partnership, limited liability company, joint venture,
1322 joint stock company, business trust, statutory trust and real estate
1323 investment trust.

1324 [(5)] (6) "Party to a merger" means any domestic or foreign
1325 corporation or other entity that will merge under a plan of merger.

1326 [(6)] (7) "Party to a share exchange" means any domestic or foreign
1327 corporation or other entity that will: (A) Acquire shares or interests of
1328 another corporation or an other entity in a share exchange; or (B) have
1329 all of its shares or interests or all of one or more classes or series of its
1330 shares or interests acquired in a share exchange.

1331 [(7) "Share exchange" means a business combination pursuant to
1332 section 33-816.]

1333 (8) "Survivor" means, in a merger, the corporation or other entity
1334 into which one or more other corporations or other entities are merged.
1335 A survivor of a merger may preexist the merger or be created by the
1336 merger.

1337 Sec. 23. Section 33-855 of the general statutes is repealed and the
1338 following is substituted in lieu thereof (*Effective October 1, 2017*):

1339 As used in this section and sections [33-855] 33-856 to 33-872,
1340 inclusive, as amended by this act:

1341 (1) "Affiliate" means a person that directly or indirectly through one
1342 or more intermediaries controls, is controlled by or is under common
1343 control with another person or is a senior executive thereof. For
1344 purposes of subdivision (4) of subsection (b) of section 33-856, as
1345 amended by this act, a person is deemed to be an affiliate of its senior
1346 executives.

1347 [(2) "Beneficial shareholder" means a person who is the beneficial
1348 owner of shares held in a voting trust or by a nominee on the beneficial
1349 owner's behalf.]

1350 [(3)] (2) "Corporation" means the issuer of the shares held by a
1351 shareholder demanding appraisal and, for purposes of sections 33-862
1352 to 33-872, inclusive, as amended by this act, includes the surviving
1353 entity in a merger.

1354 [(4)] (3) "Fair value" means the value of the corporation's shares
1355 determined: (A) Immediately before the effectuation of the corporate
1356 action to which the shareholder objects, (B) using customary and
1357 current valuation concepts and techniques generally employed for
1358 similar businesses in the context of the transaction requiring appraisal,
1359 and (C) without discounting for lack of marketability or minority
1360 status except, if appropriate, for amendments to the certificate of
1361 incorporation pursuant to subdivision (5) of subsection (a) of section
1362 33-856, as amended by this act.

1363 [(5)] (4) "Interest" means interest from the effective date of the
1364 corporate action until the date of payment, at the rate of interest on
1365 judgments in this state on the effective date of the corporate action.

1366 [(6)] (5) "Interested transaction" means a corporate action specified
1367 in subsection (a) of section 33-856, as amended by this act, other than a
1368 merger pursuant to section 33-818, involving an interested person in
1369 which any of the shares or assets of the corporation are being acquired
1370 or converted. As used in this definition: (A) "Interested person" means
1371 a person, or an affiliate of a person, who at any time during the one-
1372 year period immediately preceding approval by the board of directors
1373 of the corporate action: (i) Was the beneficial owner of twenty per cent
1374 or more of the voting power of the corporation, excluding any shares
1375 acquired pursuant to an offer for all shares having voting power if the
1376 offer was made within one year prior to the corporate action for
1377 consideration of the same kind and of a value equal to or less than that
1378 paid in connection with the corporate action; (ii) had the power,
1379 contractually or otherwise, to cause the appointment or election of
1380 twenty-five per cent or more of the directors to the board of directors
1381 of the corporation; or (iii) was a senior executive or director of the
1382 corporation or a senior executive of any affiliate thereof, and that
1383 senior executive or director will receive, as a result of the corporate
1384 action, a financial benefit not generally available to other shareholders
1385 as such, other than: (I) Employment, consulting, retirement or similar
1386 benefits established separately and not as part of or in contemplation
1387 of the corporate action; or (II) employment, consulting, retirement or

1388 similar benefits established in contemplation of, or as part of, the
1389 corporate action that are not more favorable than those existing before
1390 the corporate action or, if more favorable, that have been approved on
1391 behalf of the corporation in the same manner as is provided in section
1392 33-783; or (III) in the case of a director of the corporation who will, in
1393 the corporate action, become a director of the acquiring entity in the
1394 corporate action or one of its affiliates, rights and benefits as a director
1395 that are provided on the same basis as those afforded by the acquiring
1396 entity generally to other directors of such entity or such affiliate; and
1397 (B) "beneficial owner" means any person who, directly or indirectly,
1398 through any contract, arrangement or understanding, other than a
1399 revocable proxy, has or shares the power to vote, or to direct the
1400 voting of, shares; except that a member of a national securities
1401 exchange is not deemed to be a beneficial owner of securities held
1402 directly or indirectly by it on behalf of another person solely because
1403 the member is the record holder of the securities if the member is
1404 precluded by the rules of the exchange from voting without instruction
1405 on contested matters or matters that may affect substantially the rights
1406 or privileges of the holders of the securities to be voted. When two or
1407 more persons agree to act together for the purpose of voting their
1408 shares of the corporation, each member of the group formed thereby is
1409 deemed to have acquired beneficial ownership, as of the date of the
1410 agreement, of all voting shares of the corporation beneficially owned
1411 by any member of the group.

1412 [(7)] (6) "Preferred shares" means a class or series of shares whose
1413 holders have preference over any other class or series with respect to
1414 distributions.

1415 [(8)] (7) "Record shareholder" means the person in whose name
1416 shares are registered in the records of the corporation or the beneficial
1417 owner of shares to the extent of the rights granted by a nominee
1418 certificate on file with the corporation.

1419 [(9)] (8) "Senior executive" means the chief executive officer, chief
1420 operating officer, chief financial officer and any individual in charge of

1421 a principal business unit or function.

1422 [(10)] (9) "Shareholder" means both a record shareholder and a
1423 beneficial shareholder.

1424 Sec. 24. Subdivision (2) of subsection (a) of section 33-1358 of the
1425 general statutes is repealed and the following is substituted in lieu
1426 thereof (*Effective October 1, 2017*):

1427 (2) May consider (A) in the circumstances described in subsection
1428 [(d)] (g) of section 33-756, as amended by this act, the interests referred
1429 to in said subsection, and (B) other pertinent factors or the interests of
1430 any other group that the board of directors, any committee of the
1431 board and the directors of the benefit corporation deem appropriate;
1432 and

1433 Sec. 25. Subdivision (12) of section 34-243a of the general statutes is
1434 repealed and the following is substituted in lieu thereof (*Effective July*
1435 *1, 2017*):

1436 (12) "Limited liability company", except in the phrase "foreign
1437 limited liability company" and when used in sections 34-279 to 34-279i,
1438 inclusive, as amended by this act, means an entity formed under
1439 sections 34-243 to 34-283d, inclusive, or which becomes subject to said
1440 sections under the Connecticut Entity Transactions Act, or section 34-
1441 243i or 34-279h.

1442 Sec. 26. Subsection (g) of section 34-243h of the general statutes is
1443 repealed and the following is substituted in lieu thereof (*Effective July*
1444 *1, 2017*):

1445 (g) No limited liability company may be formed under the
1446 provisions of sections 34-243 to 34-283d, inclusive, for the purpose of
1447 transacting the business of an insurance company or a surety or
1448 indemnity company, unless (1) it is an affiliate of an insurance
1449 company chartered by, incorporated, organized or constituted within
1450 or under the laws of this state; and (2) at the time of the filing of its

1451 certificate of [formation] organization, there is also filed a certificate
1452 issued by the Insurance Commissioner, pursuant to section 33-646,
1453 authorizing the formation of the limited liability company. No limited
1454 liability company formed under the provisions of sections 34-243 to 34-
1455 283d, inclusive, shall have power to transact in this state the business
1456 of any insurance company or a surety or indemnity company until it
1457 has procured a license from the Insurance Commissioner in accordance
1458 with the provisions of section 38a-41.

1459 Sec. 27. Section 34-243p of the general statutes is repealed and the
1460 following is substituted in lieu thereof (*Effective July 1, 2017*):

1461 (a) A registered agent may resign as an agent for a limited liability
1462 company or registered foreign limited liability company by delivering
1463 to the Secretary of the State for filing a certificate of resignation that
1464 states: (1) The name of the limited liability company or registered
1465 foreign limited liability company; (2) the name of the agent; (3) that the
1466 agent resigns from serving as registered agent for the limited liability
1467 company or registered foreign limited liability company; and (4) the
1468 address of the limited liability company or registered foreign limited
1469 liability company to which the agent will send the notice required by
1470 subsection (c) of this section.

1471 (b) A certificate of resignation takes effect on the earlier of: (1) The
1472 thirty-first day after the day on which it is filed by the Secretary of the
1473 State; or (2) the date a new registered agent is designated for the
1474 limited liability company or registered foreign limited liability
1475 company.

1476 (c) A registered agent shall immediately furnish to the limited
1477 liability company or registered foreign limited liability company notice
1478 in a record of the date on which the certificate of resignation was filed.

1479 (d) When a certificate of resignation takes effect, the registered agent
1480 ceases to have responsibility under sections 34-243 to 34-283d,
1481 inclusive, for any matter thereafter tendered to it as agent for the
1482 limited liability company or registered foreign limited liability

1483 company. The resignation does not affect any contractual rights the
1484 limited liability company or registered foreign limited liability
1485 company has against the agent or that the agent has against the limited
1486 liability company or registered foreign limited liability company.

1487 [(e) A registered agent may resign with respect to a limited liability
1488 company or registered foreign limited liability company whether or
1489 not the limited liability company or registered foreign limited liability
1490 company is in good standing.]

1491 Sec. 28. Section 34-243u of the general statutes is repealed and the
1492 following is substituted in lieu thereof (*Effective July 1, 2017*):

1493 The Secretary of the State shall charge and collect the following fees
1494 and remit them to the Treasurer for the use of the state:

1495 (a) Fees for filing documents and issuing certificates: (1) Filing an
1496 application to reserve a limited liability company name or to cancel a
1497 reserved limited liability company name, sixty dollars; (2) filing a
1498 transfer of reserved limited liability company name, sixty dollars; (3)
1499 filing a certificate of organization, including appointment of registered
1500 agent, one hundred twenty dollars; (4) filing a change of address of
1501 agent certificate or change of agent certificate, fifty dollars; (5) filing a
1502 notice of resignation of registered agent, fifty dollars; (6) filing an
1503 amendment to certificate of organization, one hundred twenty dollars;
1504 (7) filing a restated certificate of organization, one hundred twenty
1505 dollars; (8) filing a certificate of merger, sixty dollars; (9) filing a
1506 certificate of interest exchange, sixty dollars; (10) filing a certificate of
1507 abandonment, fifty dollars; (11) filing a certificate of reinstatement, one
1508 hundred twenty dollars; (12) filing a foreign registration [statement]
1509 certificate by a foreign limited liability company to transact business in
1510 this state, one hundred twenty dollars; (13) filing an application of
1511 foreign limited liability company for amended foreign registration
1512 [statement] certificate, one hundred twenty dollars; (14) filing a
1513 [statement] certificate of withdrawal of [foreign limited liability
1514 company] registration under section 34-275h, as amended by this act,

1515 one hundred twenty dollars; (15) filing an annual report, twenty
1516 dollars; (16) filing an interim notice of change of manager or member,
1517 twenty dollars; (17) filing a registration of name or a [removal] renewal
1518 of registration of name, sixty dollars; (18) filing a statement of
1519 correction, one hundred dollars; and (19) filing a transfer of
1520 registration, sixty dollars plus the qualification fee.

1521 (b) Miscellaneous charges: (1) At the time of any service of process
1522 on the Secretary of the State as registered agent of a limited liability
1523 company, which amount may be recovered as taxable costs by the
1524 party to the suit or action causing such service to be made if such party
1525 prevails in the suit or action, the plaintiff in the process so served shall
1526 pay fifty dollars; (2) for preparing and furnishing a copy of any
1527 document, instrument or paper filed or recorded relating to a limited
1528 liability company: For each copy of each such document thereof
1529 regardless of the number of pages, forty dollars; for affixing his
1530 certification thereto, fifteen dollars; (3) for the issuance of a
1531 [certification] certificate of legal existence of a domestic or registered
1532 foreign limited liability company, fifty dollars; (4) for the issuance of a
1533 certificate of legal existence of a domestic or registered foreign limited
1534 liability company which certificate may reflect any and all changes of
1535 limited liability company names and the dates of filing thereof, fifty
1536 dollars; (5) for the issuance of a certificate of legal existence of a
1537 domestic limited liability company reflecting [articles] certificates
1538 effecting fundamental changes to certificate of organization and the
1539 date or dates of filing thereof, one hundred dollars; and (6) for other
1540 services for which fees are not provided by the general statutes, the
1541 Secretary of the State may charge such fees as will, in the judgment of
1542 the Secretary of the State, cover the cost of the services provided.

1543 (c) The tax imposed under chapter 219 shall not be imposed upon
1544 any transaction for which a fee is charged under the provisions of this
1545 section.

1546 Sec. 29. Subsection (c) of section 34-247 of the general statutes is
1547 repealed and the following is substituted in lieu thereof (*Effective July*

1548 1, 2017):

1549 (c) A certificate of organization may contain statements as to matters
1550 other than those required by subsection (b) of this section, but may not
1551 vary or otherwise affect the provisions specified in subsection (c) of
1552 section 34-243d in a manner inconsistent with said section. [However,
1553 a statement in a certificate of organization is not effective as a
1554 statement of authority.]

1555 Sec. 30. Subsection (a) of section 34-247d of the general statutes is
1556 repealed and the following is substituted in lieu thereof (*Effective July*
1557 *1, 2017*):

1558 (a) If a record delivered to the Secretary of the State for filing under
1559 sections 34-243 to 34-283d, inclusive, and filed by the Secretary of the
1560 State contains inaccurate information, a person that suffers loss by
1561 reliance on the information may recover damages for the loss from: (1)
1562 A person that signed the record or caused another to sign it on the
1563 person's behalf, and knew the information to be inaccurate at the time
1564 the record was signed; and (2) subject to subsection (b) of this section, a
1565 member of a member-managed limited liability company or the
1566 manager of a manager-managed limited liability company, if: (A) The
1567 record was delivered for filing on behalf of the company; and (B) the
1568 member or manager had notice of the inaccuracy for a reasonably
1569 sufficient time before the information was relied upon so that, before
1570 the reliance, the member or manager reasonably could have:

1571 (i) Effected an amendment under section 34-247a;

1572 (ii) Filed a petition under section 34-247c; or

1573 (iii) Delivered to the Secretary of the State for filing a [statement of]
1574 change of address of agent certificate or a change of agent certificate
1575 under section 34-243o or a statement of correction under section 34-
1576 247h.

1577 Sec. 31. Section 34-247f of the general statutes is repealed and the

1578 following is substituted in lieu thereof (*Effective July 1, 2017*):

1579 Except as provided in section 34-247g, as amended by this act, and
1580 subject to the provisions of subsection (c) of section 34-247h, a
1581 certificate of organization is effective and a foreign registration
1582 [statement] certificate is effective on the date and at the time of its
1583 filing by the Secretary of the State, as provided in section 34-247e. Each
1584 other record filed under sections 34-243 to 34-283d, inclusive, is
1585 effective on the later of:

1586 (1) On the date and at the time of its filing by the Secretary of the
1587 State, as provided in section 34-247e;

1588 (2) On the date of filing and at the time specified in the record as its
1589 effective time, if later than the time under subdivision (1) of this
1590 section;

1591 (3) At a specified delayed effective date and time, which may not be
1592 more than ninety days after the date of filing; or

1593 (4) If a delayed effective date is specified, but no time is specified, at
1594 12:01 a.m. on the date specified, which may not be more than ninety
1595 days after the date of filing.

1596 Sec. 32. Section 34-247g of the general statutes is repealed and the
1597 following is substituted in lieu thereof (*Effective July 1, 2017*):

1598 (a) A record delivered to the Secretary of the State for filing may be
1599 withdrawn before it takes effect by delivering to the Secretary of the
1600 State for filing a [statement] certificate of withdrawal.

1601 (b) A [statement] certificate of withdrawal must: (1) Identify the
1602 record to be withdrawn; and (2) if signed by fewer than all the persons
1603 that signed the record being withdrawn, state that the record is
1604 withdrawn in accordance with the agreement of all the persons that
1605 signed the record or as otherwise provided in the operating agreement
1606 of the limited liability company.

1607 (c) On filing by the Secretary of the State of a [statement] certificate
1608 of withdrawal, the action or transaction evidenced by the original
1609 record shall not take effect.

1610 Sec. 33. Section 34-247j of the general statutes is repealed and the
1611 following is substituted in lieu thereof (*Effective July 1, 2017*):

1612 [(a)] On request of any person, the Secretary of the State shall issue a
1613 certificate of [good standing] legal existence for a domestic or
1614 registered foreign limited liability company. [or a certificate of
1615 registration for a registered foreign limited liability company] A
1616 certificate issued by the Secretary of the State under this section may
1617 be relied upon as conclusive evidence of the facts set forth in the
1618 certificate.

1619 [(b) A certificate issued under subsection (a) of this section must
1620 state:

1621 (1) The limited liability company's name or the registered foreign
1622 limited liability company's name used in this state;

1623 (2) In the case of a limited liability company, that: (A) No statement
1624 of dissolution, statement of administrative dissolution or statement of
1625 termination has been filed; (B) the records of the Secretary of the State
1626 do not otherwise reflect that the company has been dissolved or
1627 terminated; (C) the limited liability company has filed all annual
1628 reports due through the date of the certificate in compliance with
1629 section 34-247k; and (D) a proceeding is not pending under section 34-
1630 267g; and

1631 (3) In the case of a registered foreign limited liability company, that:
1632 (A) It is registered to do business in this state; and (B) the registered
1633 foreign limited liability company has filed all annual reports due
1634 through the date of the certificate in compliance with section 34-247k.

1635 (c) A certificate issued by the Secretary of the State under subsection
1636 (a) of this section may be relied upon as conclusive evidence of the

1637 facts set forth in the certificate.]

1638 Sec. 34. Subdivision (5) of subsection (a) of section 34-247k of the
1639 general statutes is repealed and the following is substituted in lieu
1640 thereof (*Effective July 1, 2017*):

1641 (5) In the case of a foreign limited liability company, any alternate
1642 name adopted under section 34-275e, its governing jurisdiction and
1643 [any alternate name adopted under subsection (a) of section 34-275e] if
1644 the law of the governing jurisdiction requires the company to maintain
1645 an office in that jurisdiction, the street and mailing addresses of the
1646 required office.

1647 Sec. 35. Subsections (f) and (g) of section 34-275a of the general
1648 statutes are repealed and the following is substituted in lieu thereof
1649 (*Effective July 1, 2017*):

1650 (f) A foreign limited liability company, by transacting business in
1651 this state without a foreign registration [statement] certificate, appoints
1652 the Secretary of the State as its agent for service of process with respect
1653 to a cause of action arising out of the transaction of business in this
1654 state. Such foreign limited liability company may be served in the
1655 manner provided in subsection (b) of section 34-243r.

1656 (g) A foreign limited liability company which transacts business in
1657 this state without a valid foreign registration [statement] certificate
1658 shall be liable to this state, for each year or part thereof during which it
1659 transacted business in this state without such certificate, in an amount
1660 equal to: (1) All fees and taxes which would have been imposed by law
1661 upon such limited liability company had it duly applied for and
1662 received such registration to transact business in this state, and (2) all
1663 interest and penalties imposed by law for failure to pay such fees and
1664 taxes. A foreign limited liability company is further liable to this state,
1665 for each month or part thereof during which it transacted business in
1666 this state without a valid foreign registration [statement] certificate, in
1667 an amount equal to three hundred dollars, except that a foreign limited
1668 liability company which has registered with the Secretary of the State

1669 not later than ninety days after it has commenced transacting business
1670 in this state shall not be liable for such monthly penalty. Such fees and
1671 penalties may be levied by the Secretary of the State. The Attorney
1672 General may bring proceedings to recover all amounts due this state
1673 under the provisions of this subsection.

1674 Sec. 36. Section 34-275b of the general statutes is repealed and the
1675 following is substituted in lieu thereof (*Effective July 1, 2017*):

1676 To register to do business in this state, a foreign limited liability
1677 company must deliver a foreign registration [statement] certificate to
1678 the Secretary of the State for filing. The [statement] certificate shall set
1679 forth:

1680 (1) The name of the company and, if the name does not comply with
1681 section 34-243k, an alternate name adopted pursuant to subsection (a)
1682 of section 34-275e;

1683 (2) That the company is a foreign limited liability company;

1684 (3) The name of the company's governing jurisdiction;

1685 (4) The street and mailing addresses of the company's principal
1686 office and, if the law of the governing jurisdiction requires the
1687 company to maintain an office in that jurisdiction, the street and
1688 mailing addresses of the required office;

1689 (5) The name and address of the agent in this state for service of
1690 process on the foreign limited liability company required to be
1691 maintained by [subdivision (4) of subsection (b) of section 34-247]
1692 section 34-243n and an acceptance of such appointment signed by the
1693 agent appointed if other than the Secretary of the State;

1694 (6) The name and respective business and residence addresses of a
1695 manager or a member of the foreign limited liability company, except
1696 that, if good cause is shown, the Secretary of the State may accept a
1697 business address in lieu of business and residence addresses of such
1698 manager or member. For the purposes of this subdivision, a showing

1699 of good cause shall include, but need not be limited to, a showing that
1700 public disclosure of the residence address of the manager or member
1701 of the foreign limited liability company may expose the personal
1702 security of such manager or member to significant risk; and

1703 (7) The electronic mail address, if any, of the foreign limited liability
1704 company.

1705 Sec. 37. Section 34-275c of the general statutes is repealed and the
1706 following is substituted in lieu thereof (*Effective July 1, 2017*):

1707 A registered foreign limited liability company shall deliver to the
1708 Secretary of the State for filing an amendment to its foreign
1709 registration [statement] certificate if there is a change in: (1) The name
1710 of the company; or (2) the company's governing jurisdiction; [; (3) an
1711 address required by subdivision (4) of section 34-275b; or (4) the
1712 information required by subdivision (5) of section 34-275b.]

1713 Sec. 38. Section 34-275f of the general statutes is repealed and the
1714 following is substituted in lieu thereof (*Effective July 1, 2017*):

1715 (a) When a registered foreign limited liability company has merged
1716 into a foreign [entity] limited liability company that is not registered to
1717 transact business in this state, [or has converted to a foreign entity
1718 required to register with the Secretary of the State to transact business
1719 in this state,] the nonregistered foreign [entity] limited liability
1720 company shall deliver to the Secretary of the State for filing an
1721 application for transfer of registration. The application must state:

1722 (1) The name of the registered foreign limited liability company
1723 before the merger; [or conversion;]

1724 (2) That before the merger [or conversion] the registration pertained
1725 to a foreign limited liability company;

1726 (3) The name of the applicant foreign [entity] limited liability
1727 company into which the foreign limited liability company has merged,
1728 [or to which it has been converted,] and, if the name does not comply

1729 with section 34-243k, an alternate name adopted pursuant to
1730 subsection (a) of section 34-275e;

1731 (4) The [type of entity of the applicant foreign entity and its]
1732 governing jurisdiction of the applicant foreign limited liability
1733 company;

1734 (5) The street and mailing addresses of the principal office of the
1735 applicant foreign [entity] limited liability company and, if the law of
1736 the [entity's] foreign limited liability company's governing jurisdiction
1737 requires the [entity] foreign limited liability company to maintain an
1738 office in that jurisdiction, the street and mailing addresses of that
1739 office;

1740 (6) The name and [street and mailing addresses of the applicant
1741 foreign entity's registered agent in this state] address of the agent in
1742 this state for service of process on the foreign limited liability company
1743 required to be maintained by subsection (b) of section 34-247;

1744 (7) The name and respective business and residence addresses of a
1745 manager or a member of the foreign limited liability company, except
1746 that, if good cause is shown, the Secretary of the State may accept a
1747 business address in lieu of business and residence addresses of such
1748 manager or member. For the purposes of this subdivision, a showing
1749 of good cause shall include, but need not be limited to, a showing that
1750 public disclosure of the residence address of the manager or member
1751 of the foreign limited liability company may expose the personal
1752 security of such manager or member to significant risk; and

1753 (8) The electronic mail address, if any, of the foreign limited liability
1754 company.

1755 (b) When an application for transfer of registration takes effect, the
1756 registration of the foreign limited liability company to transact
1757 business in this state is transferred without interruption to the foreign
1758 [entity] limited liability company into which the foreign company has
1759 merged. [or to which it has been converted.]

1760 Sec. 39. Section 34-275g of the general statutes is repealed and the
1761 following is substituted in lieu thereof (*Effective July 1, 2017*):

1762 (a) The foreign registration [statement] certificate of a foreign
1763 limited liability company to transact business in this state may be
1764 revoked by the Secretary of the State upon the conditions provided in
1765 this section when: (1) The foreign limited liability company has failed
1766 to file its annual report with the Secretary of the State; (2) a wilful
1767 misrepresentation has been made of any material matter in any
1768 application, report, affidavit or other document, submitted by such
1769 foreign limited liability company pursuant to sections 34-275 to 34-
1770 275i, inclusive; (3) the foreign limited liability company is exceeding
1771 the authority conferred upon it by said sections; or (4) the foreign
1772 limited liability company is without an agent upon whom process may
1773 be served in this state for sixty days or more.

1774 (b) On the happening of an event set forth in subdivision (1), (2), (3)
1775 or (4) of subsection (a) of this section, the Secretary of the State shall
1776 give not less than twenty days' written notice to the foreign limited
1777 liability company that the Secretary intends to revoke the foreign
1778 registration [statement] certificate of such foreign limited liability
1779 company for one of said causes, specifying the same. Such notice shall
1780 be given by registered or certified mail addressed to the foreign
1781 limited liability company at its address as last shown on the records of
1782 the Secretary of the State. If, before expiration of the time set forth in
1783 the notice, the foreign limited liability company establishes to the
1784 satisfaction of the Secretary of the State that the stated cause for the
1785 revocation of its foreign registration [statement] certificate did not exist
1786 at the time the notice was mailed or, if it did exist at said time, has
1787 been cured, the Secretary of the State shall take no further action.
1788 Otherwise, on the expiration of the time set forth in the notice, the
1789 Secretary shall revoke the foreign registration [statement] certificate of
1790 such foreign limited liability company to transact business in this state.

1791 (c) Upon revoking the foreign registration [statement] certificate of
1792 any foreign limited liability company, the Secretary of the State shall

1793 file a certificate of revocation in his office and shall: (1) Mail a copy
1794 thereof to such foreign limited liability company at its address as last
1795 shown on the Secretary's records; and (2) cause notice of the filing of
1796 such certificate of revocation to be posted on the office of the Secretary
1797 of the State's Internet web site for a period of sixty days following the
1798 date on which the Secretary of the State files the certificate of
1799 revocation. The filing of such certificate of revocation shall cause the
1800 authority of a foreign limited liability company to transact business in
1801 this state to cease. Notwithstanding the filing of the certificate of
1802 revocation, the appointment by a foreign limited liability company of
1803 [an attorney] a registered agent upon whom process may be served
1804 shall continue in force as long as any liability remains outstanding
1805 against the foreign limited liability company in this state.

1806 Sec. 40. Subsection (a) of section 34-275h of the general statutes is
1807 repealed and the following is substituted in lieu thereof (*Effective July*
1808 *1, 2017*):

1809 (a) A registered foreign limited liability company may withdraw its
1810 registration by delivering a [statement] certificate of withdrawal of
1811 registration to the Secretary of the State for filing. The [statement]
1812 certificate of withdrawal of registration must state: (1) The name of the
1813 company and its governing jurisdiction; (2) that the company is not
1814 transacting business in this state and that it withdraws its registration
1815 to transact business in this state; (3) that the company revokes the
1816 authority of its registered agent to accept service on its behalf in this
1817 state; (4) that the company surrenders its authority to transact business
1818 in this state; and (5) an address to which service of process may be
1819 made under subsection (b) of this section.

1820 Sec. 41. Section 34-279i of the general statutes is repealed and the
1821 following is substituted in lieu thereof (*Effective July 1, 2017*):

1822 (a) Unless otherwise provided in the certificate of organization or
1823 operating agreement of the limited liability company, a plan of merger
1824 must be consented to by two-thirds in interest of the members of the

1825 limited liability company.

1826 (b) Subject to any contractual rights, after a merger is approved, and
1827 at any time before [articles] a certificate of merger [are delivered to the
1828 Secretary of the State for filing under section 34-279j] becomes
1829 effective, a merging limited liability company may amend the plan of
1830 merger or abandon the merger: (1) As provided in the plan; or (2)
1831 except as otherwise prohibited in the plan, with the same consent as
1832 was required to approve the plan.

1833 Sec. 42. Subsection (d) of section 34-279j of the general statutes is
1834 repealed and the following is substituted in lieu thereof (*Effective July*
1835 *1, 2017*):

1836 (d) [Each merging] The surviving limited liability company shall
1837 deliver the certificate of merger for filing in the office of the Secretary
1838 of the State.

1839 Sec. 43. (*Effective from passage*) Not later than January 1, 2018, the
1840 Secretary of the State shall report, in accordance with the provisions of
1841 section 11-4a of the general statutes, to the joint standing committee of
1842 the General Assembly having cognizance of matters relating to the
1843 judiciary on potential funding sources that may be available to the
1844 Secretary for modifications and updates to, or replacement of, the
1845 Secretary of the State's CONCORD commercial records database in
1846 order to promote and enhance implementation of business friendly
1847 initiatives.

1848 Sec. 44. Subsection (c) of section 33-784 of the general statutes is
1849 repealed and the following is substituted in lieu thereof (*Effective*
1850 *October 1, 2017*):

1851 (c) For purposes of this section: (1) "Holder" means, and "held by"
1852 refers to shares held by, both a record shareholder, as defined in
1853 subdivision (7) of section 33-855, as amended by this act, and a
1854 beneficial shareholder; [, as defined in subdivision (2) of section 33-
1855 855;] and (2) "qualified shares" means all shares entitled to be voted

1856 with respect to the transaction except for shares that the secretary or
 1857 other officer or agent of the corporation authorized to tabulate votes
 1858 either knows, or under subsection (b) of this section is notified, are
 1859 held by (A) a director who has a conflicting interest respecting the
 1860 transaction, or (B) a related person of the director, excluding a person
 1861 described in subparagraph (F) of subdivision (5) of section 33-781, as
 1862 amended by this act.

1863 Sec. 45. Subsection (b) of section 33-896 of the general statutes is
 1864 repealed and the following is substituted in lieu thereof (*Effective*
 1865 *October 1, 2017*):

1866 (b) Subdivision (1) of subsection (a) of this section shall not apply in
 1867 the case of a corporation that, on the date of the filing of the
 1868 proceeding, has shares that are: (A) Listed on the New York Stock
 1869 Exchange, the American Stock Exchange or any exchange owned or
 1870 operated by the NASDAQ Stock Market LLC, or listed or quoted on a
 1871 system owned or operated by the National Association of Securities
 1872 Dealers, Inc.; or (B) not so listed or quoted, but are held by at least
 1873 three hundred shareholders and the shares outstanding have a market
 1874 value of at least twenty million dollars exclusive of the value of such
 1875 shares held by the corporation's subsidiaries, senior executives,
 1876 directors and beneficial shareholders owning more than ten per cent of
 1877 such shares. [As used in this subsection, "beneficial shareholder" has
 1878 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, 2017</i>	33-756
Sec. 2	<i>October 1, 2017</i>	New section
Sec. 3	<i>October 1, 2017</i>	New section
Sec. 4	<i>October 1, 2017</i>	New section
Sec. 5	<i>October 1, 2017</i>	New section
Sec. 6	<i>October 1, 2017</i>	New section
Sec. 7	<i>October 1, 2017</i>	New section
Sec. 8	<i>October 1, 2017</i>	New section

Sec. 9	<i>October 1, 2017</i>	New section
Sec. 10	<i>October 1, 2017</i>	New section
Sec. 11	<i>October 1, 2017</i>	33-605(a)
Sec. 12	<i>October 1, 2017</i>	33-636
Sec. 13	<i>October 1, 2017</i>	33-781(5)
Sec. 14	<i>October 1, 2017</i>	33-785
Sec. 15	<i>October 1, 2017</i>	33-817
Sec. 16	<i>October 1, 2017</i>	33-856
Sec. 17	<i>October 1, 2017</i>	33-860
Sec. 18	<i>October 1, 2017</i>	33-861
Sec. 19	<i>October 1, 2017</i>	33-862
Sec. 20	<i>October 1, 2017</i>	New section
Sec. 21	<i>October 1, 2017</i>	33-602
Sec. 22	<i>October 1, 2017</i>	33-814
Sec. 23	<i>October 1, 2017</i>	33-855
Sec. 24	<i>October 1, 2017</i>	33-1358(a)(2)
Sec. 25	<i>July 1, 2017</i>	34-243a(12)
Sec. 26	<i>July 1, 2017</i>	34-243h(g)
Sec. 27	<i>July 1, 2017</i>	34-243p
Sec. 28	<i>July 1, 2017</i>	34-243u
Sec. 29	<i>July 1, 2017</i>	34-247(c)
Sec. 30	<i>July 1, 2017</i>	34-247d(a)
Sec. 31	<i>July 1, 2017</i>	34-247f
Sec. 32	<i>July 1, 2017</i>	34-247g
Sec. 33	<i>July 1, 2017</i>	34-247j
Sec. 34	<i>July 1, 2017</i>	34-247k(a)(5)
Sec. 35	<i>July 1, 2017</i>	34-275a(f) and (g)
Sec. 36	<i>July 1, 2017</i>	34-275b
Sec. 37	<i>July 1, 2017</i>	34-275c
Sec. 38	<i>July 1, 2017</i>	34-275f
Sec. 39	<i>July 1, 2017</i>	34-275g
Sec. 40	<i>July 1, 2017</i>	34-275h(a)
Sec. 41	<i>July 1, 2017</i>	34-279i
Sec. 42	<i>July 1, 2017</i>	34-279j(d)
Sec. 43	<i>from passage</i>	New section
Sec. 44	<i>October 1, 2017</i>	33-784(c)
Sec. 45	<i>October 1, 2017</i>	33-896(b)

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: None

Municipal Impact: None

Explanation

The bill, which makes various changes to statutes governing Limited Liability Companies (LLC) and business corporations, has no fiscal impact.

House "A" removed the requirement of the creation of a new business entity known as a series LLC. This change eliminates the reprogramming needed for the CONCORD system; eliminating a cost of approximately \$375,000 to \$600,000 in FY 19.

The Out Years

State Impact: None

Municipal Impact: None

OLR Bill Analysis**sHB 7311 (as amended by House "A")******AN ACT CONCERNING LIMITED LIABILITY COMPANIES AND BUSINESS CORPORATIONS.*****SUMMARY**

This bill makes numerous changes to statutes governing business corporations and limited liability companies (LLCs). Principally, it (1) revises the Connecticut Business Corporation Act (§§ 1-24 & 44-45) and (2) makes minor and technical changes to the Connecticut Uniform LLC Act, which was passed in 2016 and is effective July 1, 2017 (§§ 25-42).

With respect to corporations, the bill does the following:

1. establishes standards for director liability that are separate from those for director conduct (§§ 1-2),
2. establishes a statutory process for corporations to ratify and validate certain defective actions (§§ 3-10),
3. allows a corporation's certificate of incorporation to waive or limit a requirement that directors and officers disclose certain outside business opportunities (§§ 11-14),
4. establishes a process for a merger or share exchange to be effectuated without shareholder approval (§§ 15-19),
5. allows the certificate of incorporation or bylaws to require that any or all internal corporate claims be brought exclusively in certain courts (§ 20), and
6. makes minor changes to certain definitions (§§ 21-24 & 44-45).

The bill also requires the secretary of the state (SOTS) to report to the Judiciary Committee, by January 1, 2018, on potential funding sources that may be available to modify and update, or replace, the CONCORD commercial records database in order to promote and enhance implementation of business friendly initiatives (§ 43). Lastly, it makes numerous minor, technical, and conforming changes.

*House Amendment "A" (1) adds the report by the secretary, (2) eliminates provisions in the underlying bill authorizing the formation of "series LLCs" (i.e., an LLC that serves as an umbrella organization for one or more separate entities), and (3) makes technical and conforming changes.

EFFECTIVE DATE: Upon passage for the SOTS report; July 1, 2017 for the Uniform LLC Act provisions; and October 1, 2017 for the corporation-related provisions.

§§ 1-24 & 44-45 — CONNECTICUT BUSINESS CORPORATION ACT

Standards for Director Conduct and Liability (§§ 1-2)

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 §§ 11-14 below) and

2. provisions in existing law that allow a director, under certain circumstances, to participate in a conflicting interest transaction or 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 about 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 (§§ 3-10)

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 1 lists the definitions of certain terms relevant to this process.

Table 1: Related Definitions

<i>Term</i>	<i>Definition</i>
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 the secretary of the state, 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 (§§ 11-14)

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 related 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 (§§ 15-19)

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 (§ 20)

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) the court 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 (§§ 21-24 & 44-45)

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.

§§ 25-42 — 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)