SPONSOR: Sen. Brown & Sen. Townsend & Rep. Lynn
Sens. Gay, Hansen, S. McBride, Pettyjohn; Reps. Brady, Bush, Griffith, Mitchell

DELAWARE STATE SENATE
151st GENERAL ASSEMBLY

SENATE BILL NO. 113

AN ACT TO AMEND TITLE 8 OF THE DELAWARE CODE RELATING TO THE GENERAL CORPORATION LAW.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE (Two-thirds of all members elected to each house thereof concurring therein):

Section 1. Amend § 160, Chapter 1, Title 8 of the Delaware Code by making deletions as shown by strike through and insertions as shown by underline as follows:

§ 160. Corporation's powers respecting ownership, voting, etc., of its own stock; rights of stock called for redemption.

(c) Shares of ~~its own~~ a corporation's capital stock ~~belonging to~~ shall neither be entitled to vote nor be counted for quorum purposes if such shares belong to (i) the corporation ~~or to~~, (ii) another corporation, if a majority of the shares entitled to vote in the election of directors of such other corporation is held, directly or indirectly~~, by the corporation, shall neither be entitled to vote nor be counted for quorum purposes.~~ or (iii) any other entity, if a majority of the voting power of such other entity is held, directly or indirectly, by the corporation or if such other entity is otherwise controlled, directly or indirectly, by the corporation. Nothing in this section shall be construed as limiting the right of any corporation to vote stock, including but not limited to its own stock, held by it in a fiduciary capacity.

Section 2. Section 1 of this Act shall be effective on August 1, 2021.

SYNOPSIS

Section 1 of the Act amends § 160(c) to clarify that shares of a corporation's capital stock held by any other entity (whether a corporation or non-corporate entity) are not entitled to be either voted or counted for quorum purposes if the corporation directly or indirectly holds a majority of such other entity's voting power entitled to vote generally in the election of, or is otherwise entitled to appoint or act as, the governing body of such entity. This amendment to § 160(c) should not be construed to create any negative implication with respect to the inclusion or exclusion of non-corporate entities in connection with any other section of the DGCL.

Section 2 of this Act provides that the effective date for Section 1 of this Act is to be August 1, 2021.

Author: Senator Brown