SB104
216352-3
By Senators Givhan and Smitherman
RFD: Fiscal Responsibility and Economic Development
First Read: 18-JAN-22
ENROLLED, An Act,

Relating to business and nonprofit entities; to amend Section 10A-2A-6.04, Code of Alabama 1975, to revise the requirements for a corporation to issue or transfer fractional stock; and to prohibit a corporation from issuing a certificate representing scrip in bearer form.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 1. Section 10A-2A-6.04, Code of Alabama 1975, is amended to read as follows:


"(a) A corporation may issue fractions of a share of stock or in lieu of doing so may:

"(1) pay in cash the value of fractions of a share of stock;

"(2) issue scrip in certificated or uncertificated registered or bearer form entitling the holder to receive a full share of stock upon surrendering enough scrip to equal a full share of stock; or

"(3) arrange for disposition of fractional stock by the holders of that stock.

"(b) Each certificate representing scrip must be conspicuously labeled "scrip" and must contain the information
required by Section 10A-1-3.42(c). A corporation shall not issue a certificate representing scrip in bearer form. Within a reasonable time after the issuance or transfer of scrip without certificate, the corporation shall comply with the notice requirements of Section 10A-1-3.45.

"(c) The holder of a fractional share of stock is entitled to exercise the rights of a stockholder, including the rights to vote, to receive dividends, and to receive distributions upon dissolution. The holder of scrip is not entitled to any of these rights unless the scrip provides for them.

"(d) The board of directors may authorize the issuance of scrip subject to any condition, including that:

"(1) the scrip will become void if not exchanged for full stock before a specified date; and

"(2) the stock for which the scrip is exchangeable may be sold and the proceeds paid to the scripholders."

Section 2. This act shall become effective on the first day of the third month following its passage and approval by the Governor, or its otherwise becoming law.
President and Presiding Officer of the Senate

Speaker of the House of Representatives

SB104
Senate 08-FEB-22
I hereby certify that the within Act originated in and passed the Senate.

Patrick Harris,
Secretary.

House of Representatives
Passed: 03-MAR-22

By: Senator Givhan