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Business Professions and Associations; Corporation Voting Rights

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to the corporation may have the rights of its stockholders.¹⁴ Additionally, Chapter 269 broadens the scope of shares to which shareholders do not have preemptive rights.¹⁵ Existing law provides that a merger or consolidation agreement must be submitted for shareholder approval.¹⁶ Chapter 269 requires that the secretary¹⁷ of each corporation involved in the merger agreement certify the shareholder approval of the agreement.¹⁸ Finally, Chapter 269 requires foreign corporations to comply with bankruptcy petition provisions,¹⁹ applications for appointment of receiver or trustee,²⁰ and applications for dissolution of corporation²¹ notice requirements.²²

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14. *Id.* See *State ex rel. Rankin v. Leete*, 16 Nev. 242, 254 (1881) (one who holds shares of stock as well as one who owns them is recognized as a stockholder).

15. Existing law provides that shareholders do not have preemptive rights to acquire any shares registered pursuant to section 12 of the Securities Exchange Act of 1934. Chapter 269 expands the list of interests that cannot be acquired to include treasury shares or specified convertible securities. NEV. REV. STAT. § 78.265 2(a)(5) (amended by 1987 Nev. Stat. ch. 269, sec. 9, at ___).

16. *Id.* § 78.470 (approval by a majority of the shares of each class required).

17. 1987 Nev. Stat. ch. 269, sec. 13, at ___ (amending NEV. REV. STAT. § 78.470) (or assistant secretary).

18. *Id.*

19. *Id.* § 78.626 (notice required for bankruptcy petitions).

20. *Id.* § 78.627 (notice required for applications for appointment of receiver or trustee).

21. *Id.* § 78.628 (notice required for dissolution of corporation).

22. Nev. Stat. ch. 269, sec. 16, at ___ (enacting NEV. REV. STAT. § 80.____).

Business Professions and Associations; corporation voting rights

NEV. REV. STAT. § 78.____ (new).

AB 748 (Committee on Judiciary) 1987 STAT. Ch 327

Existing law requires corporation voting rights to be determined by the articles of incorporation or a board of directors' resolution.¹ Under Chapter 327, a person² who has acquired a controlling interest³

1. NEV. REV. STAT. § 78.195

2. 1987 Nev. Stat. ch. 327, sec. 4, at ___ (enacting NEV. REV. STAT. § 78.____) (definition of an acquiring person).

3. *Id.* sec. 6, at ___ (enacting NEV. REV. STAT. § 78.____). A controlling interest is the ownership of outstanding shares sufficient to enable the acquiring persons to exercise, but for the provisions of Chapter 327; (1) one fifth or more but less than one third, (2) one third or

in a corporation may request a special meeting by delivering an offeror's statement⁴ to the corporation's principal office.⁵ Chapter 327 establishes the requirements for a statement requesting a special meeting.⁶

Chapter 327 provides that voting rights may only be obtained in the control shares⁷ by a stockholders' resolution at a special or annual meeting.⁸ Under Chapter 327, a stockholders' resolution granting voting rights of the control shares must be approved by (1) the holders of a majority of the corporation's outstanding shares,⁹ or (2) the majority of each class of stock affected.¹⁰ Redemption of the control shares is available within sixty days after the acquisition is completed if an offeror's statement requesting a special meeting is not delivered.¹¹ If an offeror's statement requesting a special meeting is delivered, redemption is allowed only if the control shares are not accorded full voting rights by the corporation.¹² Chapter 327 requires notice by the board of directors to all stockholders advising them of their right to receive fair value for their shares from the corporation.¹³

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more but less than a majority, or (3) a majority or more, of all the voting power of the corporation in the election of the directors.

4. Nev. Stat. ch. 327, sec. 10, at ___ (enacting NEV. REV. STAT. § 78.____) (offeror's statement is a request for the directors of the corporation to hold a special meeting).

5. *Id.* sec. 10, at ___ (enacting NEV. REV. STAT. § 78.____)

6. *Id.* If the offeror has not yet acquired the securities of the corporation, the statement must provide a detailed description of (1) the terms of the proposed acquisition, and (2) the means by which the acquisition will be financed, including any debts incurred by the offeror to complete the transaction. *Id.*

7. *Id.* sec. 5.5, at ___ (enacting NEV. REV. STAT. § 78.____) (definition of control shares).

8. *Id.* sec. 11, at ___ (enacting NEV. REV. STAT. § 78.____) (a meeting to establish voting rights regarding the control shares of the corporation must be called within 10 days after an offeror's statement is delivered, if the offeror agrees to pay the expenses of the meeting).

9. Notice of the meeting must include the offeror's statement and the position of the board of directors in reference to acquisition. 1987 Nev. Stat. ch. 327, sec. 11, at ___ (enacting NEV. REV. STAT. § 78.____ 3). The date of the meeting must not be earlier than 30 days nor later than 50 days after the delivery of the signed statement, unless requested by the offeror. *Id.* § 78.____ 4. If the statement does not include a request to call a special meeting, the question of voting rights must be presented at the next special or annual stockholders meeting. *Id.* (enacting NEV. REV. STAT. § 78.____ 5).

10. *Id.* sec. 12, at ___ (except as otherwise provided by the articles of incorporation). A resolution of the stockholders granting voting rights to the control shares, by an acquiring person, must be approved by (1) the holders of a majority of the outstanding shares of the corporation, and (2) the holders of a majority of each class or series affected, excluding those shares held by any interested stockholder. *Id.*

11. *Id.* sec. 13(1), at ___ (enacting NEV. REV. STAT. § 78.____) (except as provided in the articles of incorporation).

12. *Id.* sec. 13(2).

13. *Id.* sec. 14, at ___ (enacting NEV. REV. STAT. § 78.____). Within 20 days after receiving the notice, a stockholder may deliver to the principal office of the corporation a statement demanding that the corporation purchase the stock. *Id.* (provided control shares are accorded full voting rights).