AN ACT

Amending Titles 15 (Corporations and Unincorporated Associations) and 54 (Names) of the Pennsylvania Consolidated Statutes,
in general provisions, further providing for definitions, for form of records, for delivery of document, for functions of Department of State, for processing of documents by Department of State, for court to pass upon rejection of documents by Department of State, for statement of correction and for tax clearance of certain fundamental transactions, providing for annual report and further providing for short title and application of subchapter and for fee schedule;
in entities generally, further providing for requirements for names generally, for required name changes by senior associations and for registration of name of nonregistered foreign association and providing for ratification of defective entity actions;
in entity transactions, further providing for definitions, for relationship of chapter to other provisions of law, for nature of transactions, for excluded entities and transactions, for approval by business corporation, for interest exchange authorized, for statement of conversion and effectiveness, for approval of division, for division without interest holder approval, for effect of division, for allocation of liabilities in division and for domestication authorized and providing for administrative dissolution or cancellation;
in foreign associations, further providing for governing law, for activities not constituting doing business, for noncomplying name of foreign association, for required withdrawal on certain transactions and for termination of registration;
in corporations, further providing for application and effect of
subchapter, for standard of care and justifiable reliance, for personal liability of directors, for notation of dissent, for exercise of powers generally, for alternative standard, for limitation on standing and for actions by shareholders or members to enforce a secondary right and providing for renunciation of business opportunities;
in general provisions relating to business corporations, further providing for application of subpart and for definitions and repealing provisions relating to annual report information;
in incorporation, further providing for articles of incorporation;
in corporate powers, duties and safeguards, further providing for general powers, for adoption, amendment and contents of bylaws, for persons bound by bylaws, for registered office, for corporate records and inspection by members, for bylaws and other powers in emergency and for informational rights of a director, providing for forum selection provisions and further providing for authorized shares, for stock rights and options, for transfer of securities and restrictions, for power of corporation to acquire its own shares, for liability for unlawful dividends and other distributions and for application and effect of subchapter;
in officers, directors and shareholders, further providing for manner of giving notice, for place and notice of meetings of shareholders, for use of conference telephone or other electronic technology, for conduct of shareholders meeting, for alternative provisions, for standard of care and justifiable reliance, for personal liability of directors, for notation of dissent, for exercise of powers generally, for alternative standard, for limitation on standing and for inconsistent articles ineffective, providing for renunciation of business opportunities, further providing for board of directors, for qualifications of directors, for term of office of directors, for selection of directors, for quorum of and action by directors, for interested directors or officers and quorum, for compensation of directors, for executive and other committees of the board and for officers, providing for officer's standard of care and justifiable reliance and for personal liability of officers and further providing for mandatory indemnification, for duration and extent of coverage, for time of holding meetings of shareholders, for quorum, for voting rights of shareholders, for determination of shareholders of record, for voting lists, for consent of members in lieu of meeting, for derivative action, for eligible shareholder plaintiffs and security for costs and for special litigation committee;
in fundamental changes, further providing for proposal of fundamental transactions, for amendment of articles authorized, for proposal of amendments for adoption of amendments, for voluntary transfer of corporate assets and for survival of remedies and rights after dissolution;
in nonstock corporations, further providing for election of an existing business corporation to become a nonstock corporation and for termination of nonstock corporation status;
in registered corporations, further providing for call of special meetings of shareholders, for adjournment of meetings of shareholders, for consent of shareholders in lieu of meeting, and for notice of shareholder meetings, providing for qualifications of directors, and further providing for
application and effect of subchapter, for definitions, for
business combination, for application and effect of
subchapter, for definitions, for voting rights of shares
acquired in a control-share, for procedure for establishing
voting rights of control shares, for application and effect
of subchapter and for definitions;
in benefit corporations, further providing for standard of
conduct for directors, for benefit director and for standard
of conduct for officers;
in general provisions relating to nonprofit corporations,
for definitions and repealing provisions
relating to annual report;
in incorporation, further providing for articles of
incorporation;
in corporate powers duties and safeguards, further providing for
adoption, amendment and contents of bylaws, for persons bound
by bylaws, for registered office, for corporate records and
inspection by members, for bylaws and other powers in
emergency and for informational rights of a director,
providing for forum selection provisions, and further
providing for authority to take and hold trust property;
in officers, directors and members, further providing for manner
of giving notice, for place and notice of meetings of
members, for use of conference telephone or other electronic
technology, for conduct of members meeting, for alternative
provisions, for standard of care and justifiable reliance,
for personal liability of directors, for notation of dissent,
for exercise of powers generally, for alternative standard
and for limitation on standing, providing for renunciation of
corporate opportunities, further providing for board of
directors, for term of office of directors, for selection of
directors, for quorum of and action by directors, for
interested directors or officers and quorum, for compensation
of directors, for executive and other committees of the board
and for officers, providing for officer's standard of care
and justifiable reliance and for personal liability of
officers and further providing for mandatory indemnification,
for duration and extent of coverage, for time of holding
meetings of members, for quorum, for voting rights of
members, for determination of members of record, for consent
of members in lieu of meeting, for derivative action, for
eligible member plaintiffs and security for costs and for
special litigation committee;
in amendments, sale of assets and dissolution, further providing
for amendment of articles authorized, for proposal of
amendments and for survival of remedies and rights after
dissolution;
in electric cooperative corporations, further providing for
merger, consolidation, division or sale of assets;
in general partnerships, further providing for short title and
application of chapter, for partner's rights and duties and
for rights to information;
in limited partnerships, further providing for short title and
application of chapter, for signing of filed documents, for
registered office, for limited partner rights to information,
for general partner rights to information, for derivative
action, for security for costs and for special litigation
committee;
in limited liability companies, further providing for formation
of limited liability company and certificate of organization,
for registered office, for rights to information, for
derivative action, for security for costs, for special
litigation committee, for standard of conduct for members and
for standard of conduct for managers and officers;
in limited liability companies, further providing for
application and effect of subchapter;
in business trusts, further providing for registered office;
in general provisions, further providing for definitions and for
execution of documents;
in fictitious names, further providing for definitions, for
registration, for contracts entered into by entity using
unregistered fictitious name and for effect of registration;
in corporate and other association names, repealing provisions
relating to register established, to certain additions to
register, to decennial filings required, to effect of failure
to make filings, to late filings and to voluntary termination
of registration by corporations and other associations;
and making editorial changes.

The General Assembly of the Commonwealth of Pennsylvania
hereby enacts as follows:

Section 1. The definition of "court" in section 102(a) of
Title 15 of the Pennsylvania Consolidated Statutes is amended,
the subsection is amended by adding definitions and the section
is amended by adding a subsection to read:

§ 102. Definitions.

(a) Defined terms.—Subject to additional or inconsistent
definitions contained in subsequent provisions of this title
that are applicable to specific provisions of this title, the
following words and phrases when used in this title shall have,
unless the context clearly indicates otherwise, the meanings
given to them in this section:

* * *

"Affiliate." A person that directly, or indirectly through
one or more intermediaries, controls, is controlled by or is
under common control with a specified person.

"Associate." When used to indicate a relationship with any
person:

(1) a corporation or other association of which the
person is a governor or officer, or is, directly or
indirectly, the beneficial owner of interests entitling the person to cast at least 10% of the votes that all interest holders would be entitled to cast in an election of governors of the corporation or other association;

(2) a trust or other estate in which the person has a substantial beneficial interest or as to which the person serves as trustee or in a similar fiduciary capacity; and

(3) a relative or spouse of the person, or a relative of the spouse, who has the same home as the person.

* * *

"Conversion." A transaction authorized by Subchapter E of Chapter 3 (relating to conversion).

* * *

"Court." [Subject] Either:

(1) the court or courts specified in a bylaw of a domestic business corporation or domestic nonprofit corporation under section 1513 (relating to forum selection provisions) or section 5513 (relating to forum selection provisions) with respect to an internal corporate claim as defined in that section; or

(2) subject to any inconsistent general rule prescribed by the Supreme Court of Pennsylvania:

[(1)] (i) the court of common pleas of the judicial district embracing the county where the registered office of the corporation or other association is or is to be located; or

[(2)] (ii) where an association results from a merger, division or other transaction without establishing a registered office in this Commonwealth or withdraws as a foreign corporation or association, the
court of common pleas in which venue would have been laid immediately prior to the transaction or withdrawal.

* * *

"Division." A transaction authorized by Subchapter F of Chapter 3 (relating to division).

* * *

"Domestication." A transaction authorized by Subchapter G of Chapter 3 (relating to domestication).

* * *

"Interest exchange." A transaction authorized by Subchapter D of Chapter 3 (relating to interest exchange).

* * *

"Merger." A transaction in which two or more merging associations are combined into a surviving association pursuant to a document filed by the department or similar office in another jurisdiction.

* * *

"Recklessness." Conduct that involves a conscious disregard of a substantial and unjustifiable risk. The risk must be of such a nature and degree that, considering the nature and intent of the actor's conduct and the circumstances known to the actor, its conscious disregard involves a gross deviation from the standard of conduct that a reasonable person would observe in the actor's situation.

* * *

"Restricted professional services." The following professional services: chiropractic, dentistry, law, medicine and surgery, optometry, osteopathic medicine and surgery, podiatric medicine, public accounting, psychology or veterinary medicine.

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(c) Similar laws of other jurisdictions.--The terms
"conversion," "division," "domestication," "interest exchange"
or "merger," when used in this title, shall include a
transaction that has substantively the same effect, however
denominated under the law of a foreign jurisdiction.

Section 2. Sections 107(a), 113 and 132(d) of Title 15 are
amended to read:

§ 107. Form of records.

(a) General rule.--Information maintained [by] or
administered by or on behalf of a corporation or other
association in the regular course of its business or activities,
including shareholder or membership records, books of account
and minute books, may be kept in record form.

* * *

§ 113. Delivery of document.

(a) Permissible means.--Permissible means of delivery of a
document in record form include:

(1) personal delivery;

(2) mail;

(3) conventional commercial practice; and

(4) electronic transmission.

(b) Delivery to department.--Delivery to the department of a
document in record form is effective only on receipt by the
department.

(c) Delivery by department.--Except as provided by law other
than this title, the department may deliver a document in record
form to a person by delivering it:

(1) in person to the person that submitted it for
filing;
(2) to the address of the person's registered office;
(3) to the principal office address of the person; or
(4) to another address the person provides to the
department for delivery.

(d) Delivery by electronic communication.--The department
may deliver documents in record form to an address for email or
other electronic communications supplied to the department by a
person until the person notifies the department in record form
that the person no longer wishes to have documents delivered to
that address.

§ 132. Functions of Department of State.

* * *

[(d) Notice of decennial filings.--Whenever a decennial
filing is required by Title 54 to be made in the department, the
department shall, not earlier than the November 1 prior to the
commencement of the decennial year wherever practicable, give
notice by mail to the registrant or other party of the decennial
filing requirement, which notice shall be accompanied by
appropriate application blanks or forms. Failure by the
department to give notice to any party, or failure by any party
to receive notice, of a decennial filing requirement shall not
relieve any party of the obligation to make the decennial
filing.]

Section 3. Section 136(a) of Title 15 is amended and the
section is amended by adding a subsection to read:

§ 136. Processing of documents by Department of State.

(a) Filing of documents.--[If] Except as provided in
subsection (f), if a document conforms to section 135 (relating
to requirements to be met by filed documents) the Department of
State shall forthwith file the document, certify that the
document has been filed by endorsing upon the document the fact and date of filing, make and retain a copy thereof and return the document or a copy thereof so endorsed to or upon the order of the person who delivered the document to the department.

* * *

(f) Rejection of document.--The department may reject a document for filing if the department reasonably believes the document:

(1) is being filed fraudulently; or

(2) may be used to accomplish a fraudulent, criminal or unlawful purpose.

Section 4. Sections 137(a), 138(a) and (b) and 139(c)(2) of Title 15 are amended to read:

§ 137. Court to pass upon rejection of documents by Department of State.

(a) General rule.--Whenever the Department of State rejects a document delivered for filing under this title or fails to make available a certified duplicate copy within the time provided by section 136(b) (relating to immediate certified copy):

(1) the original document or copies thereof;

(2) the statement, if any, of the department made under section 136(b)(1)(ii); and

(3) any other papers relating thereto;

the original document or a copy thereof and any papers relating thereto may be delivered to the prothonotary or clerk of the court vested by or pursuant to Title 42 (relating to judiciary and judicial procedure) with jurisdiction of appeals from the department. Immediately the prothonotary or clerk shall transmit the papers to the court without formality or expense to
the person who delivered the original document to the department. The question of the eligibility of the document for filing by the department shall thereupon, at the earliest possible time, be heard by a judge of the court, without jury, in the court or in chambers. The finding of the court, or any judge thereof, that the document is eligible for filing by the department shall be final and the department shall act in accordance therewith. The true intent of this section is to secure for applicants an immediate hearing in court and a determination by the court without delay or expense to the applicants.

* * *

§ 138. Statement of correction.

(a) Filing of statement.--Whenever any document authorized or required to be delivered to the department for filing by any provision of this title has been so filed and is an inaccurate record of the action therein referred to or was defectively or erroneously executed, the document may be corrected by delivering to the department for filing a statement of correction. The statement of correction, except as provided in subsection (c), shall be signed by the association or other person that delivered the inaccurate, defective or erroneous document for filing and shall set forth:

(1) The name of the association or other person and, subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), the location, including street and number, if any, of its registered or other office.

(2) The statute by or under which the association was formed, or the preceding filing was made, in the case of a...
filing that does not constitute a part of the public organic record of an association.

(3) [The] Either:

(i) the inaccuracy or defect to be corrected; or

(ii) the portion of the document requiring correction in corrected form.

(4) [The portion of the document requiring correction in corrected form or, if] If the document was erroneously executed, a statement that the original document shall be deemed reexecuted or [stricken from the records of the department] not effective ab initio, as the case may be.

(b) Effect of filing.--

(1) The [corrected document] correction shall be effective:

(i) Upon filing [in] of the statement of correction by the department, as to those persons who are substantially and adversely affected by the correction.

(ii) As of the date the original document was effective, as to all other persons.

(2) A filing under this section:

(i) shall not have the effect of causing [the original public organic record of an association to be stricken from the records of the department, but] either of the following to cease being effective:

(A) the first public organic record of a domestic association that creates the association under any provision of this title other than Chapter 3 (relating to entity transactions); or

(B) the registration under Subchapter B of Chapter 4 (relating to registration) of a foreign
association; but

(ii) may be used to correct the public organic

record [may be corrected under this section] or

registration.

* * *

§ 139. Tax clearance of certain fundamental transactions.

* * *

(c) Exceptions.--It shall not be necessary to file tax
clearance certificates with the Department of State:

* * *

(2) With articles of dissolution under section 1971

(relating to voluntary dissolution by shareholders or

incorporators) or 5971 (relating to voluntary dissolution by

members or incorporators).

* * *

Section 5. Title 15 is amended by adding a section to read:

§ 146. Annual report.

(a) Required contents.--A domestic filing entity, domestic

limited liability partnership, domestic electing partnership

that is not a limited partnership or registered foreign

association must deliver to the department for filing an annual

report signed by the entity or association that states:

(1) its name and jurisdiction of formation;

(2) subject to section 109 (relating to name of

commercial registered office provider in lieu of registered

address), the address of its registered office, if any,

including street and number, if any, in this Commonwealth;

(3) the name of at least one governor;

(4) the names and titles of the persons who are its

principal officers, if any, as determined by its governors;
(5) the address of its principal office, including
street and number, if any, wherever located; and
(6) its entity number or similar identifier issued by
the department.

(b) Date of information.--Information in an annual report
must be current as of the date the report is delivered to the
department for filing.

(c) Filing deadlines.--An annual report must be delivered to
the department for filing each year, beginning with the calendar
year after which an entity or association first becomes subject
to this section, and:

(1) before July 1 in the case of a domestic or foreign
corporation for profit or not-for-profit;
(2) before October 1 in the case of a domestic or
foreign limited liability company; and
(3) on or before December 31 in the case of any other
form of domestic or foreign association.

(d) Rejection of report.--If an annual report does not
contain the information required by this section, the department
must:

(1) reject the report;
(2) notify promptly in record form the reporting entity
or association in a record of the rejection; and
(3) return the report for correction.

(e) Modification of prior filings.--If an annual report
contains information about the registered office which differs
from the information shown in the records of the department
immediately before the report is delivered to the department for
filing, the address of the registered office of the entity or
association delivering the report to the department for filing
will be deemed to be changed to the address set forth in the report effective as of the filing of the report.

(f) Change of information.--The information in an annual report may be changed by delivering to the department an annual report which includes a statement that the report contains a change in the information previously included in a report for that year. The department may not charge a fee for filing a report or processing a change under this subsection.

(g) Notice by department.--The department annually must deliver notice to each association required to file an annual report under this section of the annual report filing requirement at least two months before the annual report is due. Failure by the department to deliver notice to any party, or failure by any party to receive notice, of an annual report filing requirement does not relieve the party of the obligation to make the annual report filing.

(h) Transitional provision.--This section shall take effect on (insert the date that is one year after the effective date of this act).

Section 6. Section 151(b) of Title 15 is amended to read:

§ 151. Short title and application of subchapter.

* * *

(b) Application.--This subchapter contains an enumeration of fees to be charged by the [Corporation Bureau of the department] bureau for services performed under this title or any other provision of law relating to corporations or associations and under Titles 13 (relating to commercial code), 17 (relating to credit unions) and 54 (relating to names).

Section 7. Section 153(b) of Title 15 is amended and subsection (a) is amended by adding paragraphs to read:
§ 153. Fee schedule.
(a) General rule.--The nonrefundable fees of the bureau, including fees for the public acts and transactions of the Secretary of the Commonwealth administered through the bureau, shall be as follows:

* * *

(18) Annual report of domestic or foreign association:

   (i) Annual report delivered to the bureau by a nonprofit corporation or a limited partnership or limited liability company with a not-for-profit purpose................................. 0

   (ii) Annual report delivered to the bureau electronically.............................. 0 7<--

   (iii) Annual report not delivered to the bureau electronically............................ 0 7<--

(19) Reinstatement of domestic association:

   (i) Application for reinstatement delivered to the bureau electronically................... 35

   (ii) Application for reinstatement not delivered to the bureau electronically............ 40

   (iii) Additional fee required by section 383(a)(4)(ii) (relating to reinstatement) for each annual report not previously paid......................... 15

(20) Statement of validation:

   (i) Statement of validation, any filing fee referred to in section 227(c) (relating to statement of validation), plus......................... 75

   (ii) (Reserved).

(b) Daily listings.--The bureau may provide listings or
copies [of microfilm], or both, of complete daily filings of any
class of documents or papers for a fee of 25¢ per filing listed
or set forth therein.
* * *
Section 8.  Section 202(b)(1) of Title 15 is amended and
subsection (b) is amended by adding a paragraph to read:
§ 202.  Requirements for names generally.
* * *
(b)  Duplicate use of names.--Except as provided in
subsection (f), the proper name of a covered association must be
distinguishable on the records of the department from the
following:
  (1)  The proper name of another covered association [or
      the name of an association registered at any time under 54
      Pa.C.S. Ch. 5 (relating to corporate and other association
      names)], unless the covered association [or other
      association] has:
          (i)  stated that it is about to change its name, is
          about to cease to do business, is being wound up or is a
          foreign association about to withdraw from doing business
          in this Commonwealth, and the statement and a consent to
          the adoption of the name are delivered to the department
          for filing;
          (ii) filed a tax return or certificate with the
              Department of Revenue indicating that the covered
              association or other association is out of existence or
              has failed for a period of three successive years to file
              with the Department of Revenue a report or return
              required by law and the fact of the failure has been
              certified by the Department of Revenue to the Department
of State;

(iii) abandoned its name under the laws of its jurisdiction of formation, by amendment, merger, consolidation, division, expiration, dissolution or otherwise, without its name being adopted by a successor, and an official record of that fact, certified as provided under 42 Pa.C.S. § 5328 (relating to proof of official records), is presented by a person to the department.]; or

(iv) had the registration of its name under 54 Pa.C.S. Ch. 5 terminated.]

(1.1) Paragraph (1) does not apply to protect the proper name of another covered association during the time while:

(i) the association is administratively dissolved under Subchapter H of Chapter 3 (relating to administrative dissolution or cancellation), if the association is a domestic filing entity;

(ii) the statement of registration of the association is canceled under Subchapter H of Chapter 3, if the association is a domestic limited liability partnership; or

(iii) the statement of election of the association is canceled under Subchapter H of Chapter 3, if the association is an electing partnership.

* * *

Section 9. Sections 207(a) and (b) and 209(a) and (b) of Title 15 are amended to read:

§ 207. Required name changes by senior associations.

(a) Loss of rights to name.--A covered association shall cease to have the exclusive right to its proper name [if the 20210HB2057PN3299 - 17 -
association:

(1) has failed to file in the Department of Revenue a report or a return required by law;

(2) while it is administratively dissolved under Subchapter H of Chapter 3 (relating to administrative dissolution or cancellation), if the association is a domestic filing entity:

(2) while its statement of registration is canceled under Subchapter H of Chapter 3, if the association is a domestic limited liability partnership:

(3) while its statement of election is canceled under Subchapter H of Chapter 3, if the association is an electing partnership; or

(4) if it has filed in the Department of Revenue a tax return or certificate indicating that it is out of existence.]; or

(3) has failed to file the most recent required decennial filing under 54 Pa.C.S. § 503 (relating to decennial filings required).]

(b) Adoption of new name on reinstatement.---

Upon the removal of the reason why a covered association has lost the exclusive right to its proper name under subsection (a), the association shall make inquiry with the Department of State with regard to the availability of its name and, if the name has been appropriated by another person, the covered association shall adopt a new name in accordance with law before resuming its activities.

* * *

§ 209. Registration of name of nonregistered foreign association.

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(a) General rule.—A nonregistered foreign association may register its name under 54 Pa.C.S. Ch. 5 (relating to corporate and other association names) if the name is available for use by a registered foreign association pursuant to section 206 (relating to requirements for foreign association names) by delivering to the department for filing an application for registration of name, signed by the association, setting forth:

(1) The name of the association.

(2) The address, including street and number, if any, of the principal office of the association.

(3) The name being registered.

(b) Annual renewal.—An association that has in effect the registration of its name may renew the registration from year to year by annually delivering to the department for filing an application for renewal setting forth the facts required to be set forth in an original application for registration. A renewal application may be filed between October 1 and December 31 in each year and shall extend the registration for the following calendar year.

* * *

Section 10. The heading of Subchapter B of Chapter 2 of Title 15 is amended to read:

SUBCHAPTER B

[[Reserved]]

RATIFICATION OF DEFECTIVE ENTITY ACTIONS

Section 11. Subchapter B of Chapter 2 of Title 15 is amended by adding sections to read:

§ 221. Definitions.
The following words and phrases when used in this subchapter shall have the meanings given to them in this section unless the context clearly indicates otherwise:

"Applicable rule." A statute, rule or regulation regulating the procedures for seeking or obtaining authorization or approval of an entity action. The term includes this title and the provisions of prior organic laws applicable to a domestic entity and an entity action subject to this subchapter.

"Date of the defective entity action." The date, or the approximate date if the exact date is unknown, the defective entity action was purported to have become effective.

"Defective entity action." An overissue or any other entity action purportedly taken that is and, at the time the entity action was purportedly effective, would have been within the power of the entity, but due to a failure of authorization of the entity action:

(1) is void or voidable;

(2) cannot be determined not to be void or voidable by the governors of the ratifying entity or previous entity; or

(3) otherwise does not operate fully in the manner intended at the time the entity action was purported to have become effective.

"Entity action." An action taken by or on behalf of a domestic entity, including any action taken by the incorporator or organizer, the governors or a committee of the governors, an officer or other agent of the entity or the interest holders and any action taken by or on behalf of a previous entity pursuant to a plan or plan agreement providing for the formation or augmentation of the domestic entity.

"Failure of authorization." Either:
(1) the failure of an entity action to have been authorized, adopted, approved or otherwise effected in compliance with the organic rules, a resolution of the governors, an applicable rule, a plan, a plan agreement or a governance agreement or the disclosure set forth in a proxy or consent solicitation statement regarding the approval or authorization of the entity action; or

(2) a circumstance where the governors cannot determine that an entity action was validly authorized, approved or otherwise effected in compliance with paragraph (1).

"Formation or augmentation." The formation of an entity pursuant to a plan or the vesting of property, liabilities, rights, privileges, immunities or powers in an entity pursuant to a plan.

"Governance agreement." An agreement regarding the governance of an entity or the transfer of interests in the entity to which the entity and at least one interest holder are parties or are stated or intended beneficiaries.

"Overissue." The purported issuance:

(1) with respect to a domestic business corporation, of:

(i) shares of a class or series of a business corporation in excess of the number of shares of the class or series the corporation has the power to issue under its articles of incorporation at the time of the issuance; or

(ii) shares of any class or series that is not at the time authorized for issuance by the articles of incorporation of a business corporation; or

(2) with respect to any type of domestic entity other than a business corporation, of:
(i) interests of any type in excess of the number of
interests of that type the entity has the power to issue
under its organic rules at the time of the issuance; or
(ii) interests of any type that is not at the time
authorized for issuance by the organic rules of the
entity.

"Plan." A plan as defined in section 312 or a plan of asset
transfer under section 1932 or other sale, lease, exchange or
other disposition of all or substantially all assets, in each
case approved or adopted or implemented by an entity or by a
previous entity.

"Plan agreement." An agreement providing for the adoption or
implementation of a plan to which the entity is a party or
providing for the formation or augmentation of the entity.

"Previous entity." In the case of ratification of the
formation or augmentation of a domestic entity pursuant to a
plan, each entity that adopted, approved or implemented the
plan, other than the ratifying entity.

"Putative interests." The shares or interests of any class,
series or type, including shares or interests issued upon
exercise of rights, options, warrants or other securities
convertible into shares or interests, that purportedly were
created or issued as a result of a defective entity action.

"Ratifying entity." The domestic entity whose governors or
interest holders have ratified a defective entity action or who
seek review under section 228 of a defective entity action that
has not been ratified.

"Valid interests." The shares or interests of any class,
series or type that have been duly authorized and validly issued
in accordance with all applicable rules, including as a result

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of ratification or validation under this subchapter.

"Validation effective time." With respect to a defective entity action ratified under this subchapter, means the later of:

(1) the time at which the ratification of the defective entity action is approved in accordance with this subchapter by either:

   (i) the interest holders; or
   
   (ii) the governors, if approval of the interest holders is not required; and

(2) the time at which any statement of validation filed in accordance with section 227 (relating to statement of validation) becomes effective.

§ 222. Nonexclusivity.

Ratification or validation under this subchapter is not the exclusive means of ratifying or validating a defective entity action, and the absence or failure of ratification or validation in accordance with this subchapter does not, of itself, affect the validity or effectiveness of any entity action properly ratified under common law or otherwise, nor does it create a presumption that an entity action is or was a defective entity action or void or voidable.

§ 223. Ratification of defective entity actions.

(a) Action by governors.—To ratify a defective entity action under this subchapter other than the ratification of an election of the initial governors under subsection (b), the governors of the ratifying entity must take an action, in accordance with section 224 (relating to action on ratification), stating:

   (1) the defective entity action to be ratified and, if
the defective entity action involved the issuance of putative interests, the number and type of putative interests purportedly issued;

(2) the date of the defective entity action;

(3) the nature of the failure of authorization with respect to the defective entity action to be ratified; and

(4) that the governors approve the ratification of the defective entity action.

(b) Election of initial governors.--In the event that the defective entity action to be ratified relates to the election of the initial governors of an entity, a majority of the persons who, at the time of the ratification, are exercising the powers of the governors may take an action stating:

(1) the name of each person who first took action in the name of the entity as the initial governors of the entity;

(2) the earlier of the date on which each person first took action or was purported to have been elected as an initial governor; and

(3) that the ratification of the election of each person as an initial governor is approved.

(c) Action by interest holders.--If any provision of the organic rules, a resolution of the governors, an applicable rule, a plan, a plan agreement or a governance agreement requires action by the interest holders or would have required action by the interest holders of the entity or of a previous entity at the date of the occurrence of the defective entity action, and that required action by the interest holders has not previously been obtained, the ratification of the defective entity action approved in the action taken by the governors under subsection (a) shall be submitted to the interest holders.
for action in accordance with section 224.

(d) Abandonment of ratification.--Unless otherwise provided in the action taken by the governors under subsection (a), after the action by the governors has been taken and, whether or not the action has been approved by the interest holders, the governors may abandon the ratification at any time before the validation effective time without further action of the interest holders.

§ 224. Action on ratification.

(a) Quorum and required vote of governors.--The quorum and voting requirements applicable to a ratifying action by the governors under section 223 (relating to ratification of defective entity actions) shall be the quorum and voting requirements applicable to the entity action proposed to be ratified at the time the ratifying action is taken.

(b) Notice to interest holders.--If the ratification of the defective entity action requires action by the interest holders under section 223(c), and if the action is to be taken at a meeting, the entity must give notice to each holder of interests, regardless of whether entitled to vote, as of the record date for notice of the meeting and as of the date of the occurrence of the defective entity action. If the ratification relates to an overissue, the entity must give notice to the holders of both valid and putative interests. The entity is not required to give a notice otherwise required by this subsection to holders of valid or putative interests whose identities or addresses for notice cannot be determined from the records of the entity. The notice must state that the purpose, or one of the purposes, of the meeting is to consider ratification of a defective entity action and must be accompanied by:
(1) either a copy of the action taken by the governors
in accordance with section 223 or the information required by
section 223(a)(1), (2), (3) and (4); and

(2) a statement that any claim that the ratification of
the defective entity action and any putative interests issued
as a result of the defective entity action should not be
effective, or should be effective only on certain conditions,
must be brought within 120 days after the applicable
validation effective time.

(c) Quorum and required vote of interest holders.--Except as
provided in subsection (d) with respect to the voting
requirements to ratify the election of governors, the quorum and
voting requirements applicable to the approval by the interest
holders required by section 223(c) shall be the quorum and
voting requirements applicable to the entity action proposed to
be ratified at the time of the interest holder approval, except
that the presence or approval of interests of any class or
series of which no interests are then outstanding, or of any
person that is no longer an interest holder, shall not be
required.

(d) Election of governors.--Action by interest holders
ratifying the election of governors requires either:

(1) that the votes cast within the voting group favoring
ratification exceed the votes cast opposing ratification of
the election at a meeting at which a quorum is present; or

(2) in the case of directors or a class of directors of
a business corporation elected by cumulative voting, that the
votes cast against ratification not be sufficient to elect
one or more directors to the board or to the class.

(e) Putative interests.--The following apply to putative
interests:

(1) Putative interests on the record date for determining the interest holders entitled to vote on any matter submitted to interest holders under section 223(c) shall be entitled to vote and shall be counted for quorum purposes in any vote to approve the ratification of the matter if:

(i) they are shares of a registered corporation described in section 2502(1) (relating to registered corporation status); and

(ii) have been held of record in fungible bulk by a registered clearing agency or its nominee, acting as securities intermediary.

(2) In all other cases, putative interests on the record date for determining the interest holders entitled to vote on any matter submitted to interest holders under section 223(c) (and without giving effect to any ratification of putative interests that becomes effective as a result of the vote) are not entitled to vote and do not count for quorum purposes in any vote to approve the ratification of a defective entity action.

(f) Required amendment.--If the approval under this section of putative interests would result in an overissue, in addition to the approval required by section 223, approval of an amendment to the organic rules of the entity to increase the number of interests of an authorized class or series or to authorize the creation of a class or series of interests so there will be no over issue is also required.

§ 225. Optional notice.

(a) General rule.--If interest holder approval is not
required under section 223(c) (relating to ratification of
defective entity actions) or if notice has not been given in
accordance with section 224(b) (relating to action on
ratification), the ratifying entity nonetheless may give notice
of an action taken under section 223 to each interest holder,
including the holders of both valid and putative interests,
regardless of whether entitled to vote, as of both:

(1) the date of the action by the governors; and
(2) the date of the defective entity action ratified.

(b) Contents.--The notice shall contain:

(1) either a copy of the action taken by the governors
in accordance with section 223(a) or (b) or the information
required by section 223(a)(1), (2), (3) and (4) or section
223(b)(1), (2) and (3), as applicable; and
(2) a statement that any claim that the ratification of
the defective entity action and any putative interests issued
as a result of the defective entity action should not be
effective, or should be effective only on certain conditions,
must be brought within 120 days after the giving of the
notice.

(c) Exception.--Notice under this section is not required to
be given to holders of valid and putative interests whose
identities or addresses for notice cannot be determined from the
records of the entity.

(d) Notice by registered corporations.--A notice given by a
registered corporation under this section may be given by means
of a publicly available filing with the United States Securities
and Exchange Commission.

§ 226. Effect of ratification.

(a) General rule.--A defective entity action is not void or
voidable, or deprived of full effect, as a result of its failure of authorization if ratified in accordance with this subchapter, unless the court determines under section 228 (relating to judicial proceedings regarding validity of entity actions) that the ratification was not valid.

(b) Specific aspects of validation.—Subject to a court determination under section 228 that the ratification was not valid, from and after the validation effective time of a defective entity action, and without regard to the 120-day period during which a claim may be brought under section 228:

(1) The defective entity action is not void or voidable, or deprived of full effect, as a result of its failure of authorization, and is duly authorized and a valid entity action effective as of the date when the defective entity action was taken.

(2) The issuance of each putative interest or fraction of a putative interest purportedly issued pursuant to the defective entity action is not void or voidable, and each putative interest or fraction of a putative interest is an identical, duly authorized and validly issued interest or fraction of an interest as of the time it was purportedly issued.

(3) Any entity action taken subsequent to the defective entity action in reliance on the defective entity action having been validly effected is duly authorized and valid as of the time taken. Any subsequent defective entity action resulting directly or indirectly from the original defective entity action, if the failure of authorization of the subsequent defective entity action relates solely to the defective entity action ratified under this subchapter, is
duly authorized and valid as of the time taken.

(4) If a document was previously filed by the department in respect of the defective entity action, any statement in the document to the effect that the defective entity action was validly approved in accordance with applicable rules is deemed stricken from the document.

§ 227. Statement of validation.
(a) General rule.--If a defective entity action ratified under this subchapter would have required under any other section of this title a filing in accordance with this title, the ratifying entity shall deliver to the department for filing a statement of validation in accordance with this section, regardless of whether a filing was previously made in respect of the defective entity action and in lieu of a filing otherwise required by this title. The statement of validation shall serve to amend or substitute for any other filing with respect to the defective entity action required by this title.

(b) Contents.--The statement of validation must be signed by the ratifying entity and set forth:

(1) the name of the ratifying entity;

(2) subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), the address of its registered office, including street and number, if any, in this Commonwealth;

(3) the defective entity action that is the subject of the statement of validation (including, in the case of any defective entity action involving the issuance of putative interests, the number and type of putative interests issued and the date or dates upon which the putative interests were purported to have been issued);
(4) the date of the defective entity action;

(5) the nature of the failure of authorization in
respect of the defective entity action;

(6) a statement that the defective entity action was
ratified in accordance with this subchapter, including the
date on which the governors ratified the defective entity
action and the date, if any, on which the interest holders
approved the ratification of the defective entity action; and

(7) the following information with respect to previous
documents delivered to the department by the ratifying entity
or by a previous entity:

(i) if a document was previously filed by the
department in respect to the defective entity action and
no changes to the filing are required to give effect to
the ratification of the defective entity action, the
statement of validation must:

(A) state the name of the entity filing the
statement of validation and the statute under which
it was incorporated or formed;

(B) state the name, title and filing date of the
filing previously made and any previous statement of
correction to that filing; and

(C) have attached a copy of the filing
previously made, together with any previous statement
of correction to that filing.

(ii) if a document was previously filed by the
department in respect to the defective entity action and
the filing requires a change to give effect to the
ratification of the defective entity action, the
statement of validation must:
(A) state the name of the entity filing the statement of validation and the statute under which it was incorporated or formed;

(B) state the name, title and filing date of the filing previously made and any previous statement of correction to that filing;

(C) have attached a filing containing all of the information required to be included under the applicable section or sections of this title to give effect to the defective entity action; and

(D) state the date and time that the filing attached to the statement of validation is deemed to have become effective; or

(iii) if a document was not previously filed by the department in respect to the defective entity action and the defective entity action would have required a filing under any other section of this title, the statement of validation must:

(A) state the name of the entity filing the statement of validation and the statute under which it was incorporated or formed;

(B) have attached a document containing all of the information required to be included under the applicable section or sections of this title to give effect to the defective entity action; and

(C) state the date and time that the document is deemed to have become effective.

(c) Additional filing fee.--In addition to the filing fee required under section 153 (relating to fee schedule) for the statement of validation, if the statement of validation relates
to a situation described in subsection (b)(7)(iii), the entity shall also pay a fee equal to the filing fee for that document required by section 153 at the time the statement of validation is delivered for filing.

§ 228. Judicial proceedings regarding validity of entity actions.

(a) Standing.--Subject to subsection (f), review of a ratification under this subchapter or of a defective entity action may be commenced in the court by:

(1) the ratifying entity; or

(2) a person that, at the time of the defective action or its ratification, was:

   (i) a successor to the ratifying entity;

   (ii) a governor of the ratifying entity;

   (iii) an interest holder or beneficial owner of an interest in the ratifying entity or in a previous entity; or

   (iv) materially and adversely affected by the ratification.

(b) Parties.--No other party in addition to the ratifying entity need be joined in order for the court to adjudicate the matter. In an action filed by the ratifying entity, the court may require notice of the action be provided to other persons specified by the court and permit such other persons to intervene in the action.

(c) Determination by the court.--In an action under this section, the court may:

(1) determine the validity and effectiveness of a ratification under this subchapter;

(2) determine the validity and effectiveness of any
defective entity action not ratified under this subchapter; and

(3) establish conditions upon the validity or
effectiveness of a ratification or defective entity action
reviewed by the court.

d) Time limitation.--Notwithstanding any other provision of
applicable law, an action asserting that the ratification of a
defective entity action and any putative interests issued as a
result of the ratification of the defective entity action should
not be valid must be brought within 120 days after notice has
been given as provided in section 224(b) (relating to action on
ratification) or 225 (relating to optional notice).

e) Effect on validation effective time.--The validation
effective time shall not be affected by the filing or pendency
of a judicial proceeding under this section or otherwise, unless
otherwise ordered by the court.

(f) Exclusivity.--An action to review a ratification under
this subchapter may be brought only by a person identified in
subsection (a) and only in the court.

§ 229. Limitation on voiding certain defective entity actions.

(a) Bar on voiding certain defective entity actions.--
Subject to subsection (d), after the expiration of the
applicable period set forth in subsection (c):

(1) a defective entity action other than an overissue is
not void or voidable as the result of the failure of
authorization and is a valid entity action effective as of
the date of the defective entity action;

(2) any entity action taken subsequent to the defective
entity action in reliance on the defective entity action
having been validly effected is valid as of the time taken;
and

(3) any subsequent defective entity action resulting
directly or indirectly from the original defective entity
action is duly authorized and valid as of the time taken, if
the failure of authorization of the subsequent defective
entity action relates solely to the defective entity action
referred to in paragraph (1).

(b) Bar on voiding certain overissues.--Subject to
subsection (d), after the expiration of the applicable period
set forth in subsection (c):

(1) an overissue is not void or voidable on the basis of
having been in excess of the number of interests of the class
or series that the domestic entity had the power to issue or
on the basis of the entity's lack of authority to issue
interests of the class or series, and is a valid entity
action effective as of the date of the overissue;

(2) the putative interests are duly authorized and
validly issued valid interests;

(3) any entity action taken subsequent to the overissue
in reliance on the overissue having been validly effected is
valid as of the time taken; and

(4) any subsequent defective entity action resulting
directly or indirectly from the original overissue is duly
authorized and valid as of the time taken, if the failure of
authorization of the subsequent defective entity action
relates solely to the defective entity action referred to in
paragraph (1).

(c) Applicable period.--The applicable period under this
section shall be the shortest of:

(1) in the case of a defective entity action taken by a
registered corporation, two years from the date when the
registered corporation, or any successor or any person
directly or indirectly owning all the shares of the
registered corporation or of any successor to the registered
corporation, has disclosed the defective entity action in a
public filing with the Securities and Exchange Commission;

(2) six years from the date when:

   (i) the defective entity action is set forth in or
implemented or purported to be implemented through the
public organic record of the entity taking the action; or

   (ii) disclosure in record form of the occurrence of
the defective entity action is received by the person or
persons whose authorization would have been necessary for
the entity action not to have been defective; or

   (iii) in the case of an overissue of shares of a
business corporation, disclosure in record form is given
to all shareholders in the manner set forth in section
1702 (relating to manner of giving notice) of the fact of
the issuance of the putative interests or of the
existence of the putative interests resulting from the
overissue; and

(3) 21 years after the defective entity action.

(d) Application to court to void defective entity action.--
To the extent that relief is available under other applicable
law, a person entitled to assert under applicable law that a
defective entity action is void or voidable may, before the
expiration of the applicable period set forth in this section,
file an action for relief declaring or otherwise establishing
that the defective entity action is void or voidable. If such an
action is filed, the operation of subsection (a) or subsection
(b) shall be suspended until the final resolution of the action, and, to the extent that relief is obtained, subsection (a) and subsection (b) shall not apply.

(e) Other relief not affected.--The operation of subsections (a) and (b) and the time periods set forth in subsection (c) do not affect the availability of relief under applicable law other than this subchapter relating to a defective entity action not predicated on:

(1) a failure of authorization under this title relating thereto;

(2) a lack of power or authority under section 1521 (relating to authorized shares) or the organic rules resulting in an overissue; or

(3) the asserted void or voidable status of the defective entity action.

(f) No tolling.--The operation of subsection (c) is not tolled by reason of any person's unawareness of the failure of authorization of the defective entity action or other grounds, other than, in the case of subsections (c)(1) and (c)(2), active and deliberate fraud, concealment or forgery proven by clear and convincing evidence.

(g) Presumptions.--For purposes of this section, the governors and interest holders of the entity are deemed to have acted in reliance on the defective entity action in authorizing subsequent entity actions unless clear and convincing evidence demonstrates a lack of such reliance. For purposes of subsection (c)(2)(ii) and (iii), a contemporaneous record in record form of the giving of disclosure by a governor, officer or agent of the entity is presumptive evidence of the giving and receipt of such disclosure.
(h) Amendment of organic rules following overissue.--After
the expiration of the applicable period applicable to an
overissue, the domestic entity may, and within a reasonable
period after a request in record form of a holder of formerly
putative interests resulting from an overissue must, adopt an
amendment to its organic rules:

(1) increasing the number of interests of the class or
series that includes the formerly putative interests to the
minimum number necessary for the entity's organic rules to
set forth the power of the entity to have issued the total
number of issued interests of the class or series held by all
interest holders; or

(2) otherwise amending its organic rules to the extent
necessary to authorize the creation and issuance of the class
or series of formerly putative interests.

(i) Effectiveness of section.--In the case of a defective
entity action occurring before (insert the effective date of
this act):

(1) the operation of subsections (a) and (b) is
suspended until (insert the first anniversary of the
effective date of this act), notwithstanding any expiration
of the applicable period set forth in subsection (c);

(2) despite any expiration of the applicable period set
forth in subsection (c), a person entitled to assert under
applicable law that a defective entity action is void or
voidable may file an action under subsection (d) if the
action is filed on or before (insert the first anniversary of
the effective date of this act);

(3) any action pending on (insert the effective date of
this act), seeking relief on the grounds that a defective
entity action is void or voidable, including any relief that
may be obtained in the action, is not affected by this
section;

(4) any final judgment relating to the defective entity
action that had become no longer subject to appeal before
(insert the effective date of this act) is not affected by
this section; and

(5) this section shall otherwise apply with full
retroactive effect to a defective entity action.

Section 12. The definitions of "conversion," "division,"
"domestication," "interest exchange" and "merger" in section
312(a) and (b) of Title 15 are amended to read:

§ 312. Definitions.

(a) Definitions.--The following words and phrases when used
in this chapter shall have the meanings given to them in this
subsection unless the context clearly indicates otherwise:

* * *

["Conversion." A transaction authorized by Subchapter E
(relating to conversion).]

* * *

["Division." A transaction authorized by Subchapter F
(relating to division).]

* * *

["Domestication." A transaction authorized by Subchapter G
(relating to domestication).]

"Interest exchange." A transaction authorized by Subchapter
D (relating to interest exchange).]

* * *

["Merger." A transaction in which two or more merging
associations are combined into a surviving association pursuant
to a document filed by the department or similar office in
another jurisdiction.]

* * *

(b) Index of definitions.--Following is a nonexclusive list of definitions in section 102 (relating to definitions) that apply to this chapter:

"Act" or "action."
"Banking institution."
"Conversion."
"Department."
"Dissenters rights."
"Division."
"Domestic entity."
"Domestication."
"Entity."
"Filing entity."
"Foreign entity."
"Governor."
"Interest."
"Interest exchange."
"Interest holder."
"Merger."
"Obligation."
"Organic law."
"Organic rules."
"Private organic rules."
"Property."
"Public organic record."
"Record form."
"Registered foreign association."
Section 13. Sections 313 and 315(a) of Title 15 are amended to read:

§ 313. Relationship of chapter to other provisions of law.

[(a) Antitakeover provisions.--]A transaction under this chapter to which a [registered] business corporation is a party may not impair any right or obligation that a person has under, and may not make applicable or inapplicable to the corporation, any provision of section 2538 (relating to approval of transactions with interested shareholders) or 2539 (relating to adoption of plan of merger by board of directors) or Subchapters E (relating to control transactions), F (relating to business combinations), G (relating to control-share acquisitions), H (relating to disgorgement by certain controlling shareholders following attempts to acquire control), I (relating to severance compensation for employees terminated following certain control-share acquisitions) and J (relating to business combination transactions - labor contracts) of Chapter 25, nor shall it change the standard of care applicable to the directors under Subchapter B of Chapter 17 (relating to fiduciary duty) unless,

in addition to the requirements of this chapter:

(1) If the corporation does not survive the transaction, the transaction satisfies any requirements of the provision applicable to the transaction.

(2) If the corporation survives the transaction, the approval of the transaction is by a vote of the shareholders or directors which would be sufficient to impair the right or
obligation under the provision or make the corporation subject to the provision.

(b) Transitional provision.--

(1) This subsection applies to a transaction of a type authorized by this chapter if:

(i) prior to July 1, 2015, a step has been taken to effectuate the transaction; but

(ii) the transaction does not take effect by July 1, 2015.

(2) Except as set forth in paragraph (3), the transaction shall remain subject to the former provisions of law supplied by this chapter until the transaction:

(i) is abandoned; or

(ii) takes effect.

(3) Notwithstanding paragraph (2), if the plan provides that this chapter applies to the transaction, this chapter shall apply to the transaction after June 30, 2015.

§ 315. Nature of transactions.

(a) General rule.--The fact that a sale or conversion of the interests in or assets of an association or a transaction under [a particular subchapter] this chapter or other law produces a result that could be accomplished in any other manner permitted by a different [subchapter] set of provisions of this chapter or other law shall not be a basis for recharacterizing the sale,
conversion or transaction as a different form of sale,
conversion or transaction under [any other subchapter or other
law] this chapter.

* * *

Section 14. Section 318(a) is amended by adding a paragraph
to read:

§ 318. Excluded entities and transactions.
(a) Excluded entities.--The following entities may not
participate in a transaction under this chapter:

* * *

(3) A credit union.

* * *

Section 15. Section 321(a), (c) and (f) of Title 15 are
amended and the section is amended by adding a subsection to
read:

§ 321. Approval by business corporation.
(a) Proposal of plan.--Except where the approval of the
board of directors is unnecessary pursuant to section 330
(relating to alternative means of approval of transactions), a
plan shall be proposed in the case of a domestic business
corporation by the adoption by the board of directors of a
resolution approving the plan[ but in the case of an offer referred to in subsection (f), recommending that the shareholders tender their shares to the offeror in response to the offer. Except where the approval of the shareholders is unnecessary under this chapter, the board of directors shall direct that the plan be submitted to a vote of the shareholders entitled to vote thereon at a regular or special meeting of the shareholders.

* * *
Shareholder vote required.--Except as provided in section 1757 (relating to action by shareholders) or subsection (d) or (f), a plan shall be adopted by a domestic business corporation that is a party to the transaction under the plan upon receiving the affirmative vote of a majority of the votes cast by all shareholders entitled to vote on the plan and, if any class or series of shares is entitled to vote thereon as a class, the affirmative vote of a majority of the votes cast in each class vote. The holders of any class or series of shares of a domestic business corporation that is a party to a transaction under a plan that would effect any change in the articles of the corporation shall be entitled to vote as a class on the plan if they would have been entitled to a class vote under the provisions of section 1914 (relating to adoption of amendments) had the change been accomplished under Subchapter B of Chapter 19 (relating to amendment of articles). Except as provided in section 330, a proposed plan shall not be deemed to have been adopted by a domestic business corporation unless it has also been approved by the board of directors, regardless of the fact that the board has directed or suffered the submission of the plan to the shareholders for action.

* * *

Two-step transactions.--Unless the articles of incorporation of a registered corporation otherwise provide, approval by its shareholders of a plan of merger or interest exchange is not required if the transaction complies with the following:

(1) The plan of merger or interest exchange:

(i) permits or requires the merger or interest exchange to be effected under this subsection; and
(ii) provides that, if the merger or interest exchange is to be effected under this subsection, the merger or interest exchange will be effected as soon as practicable following the satisfaction of the requirement set forth in paragraph (6).

(2) Another party to the merger, the acquiring association in the interest exchange, or a parent of another party to the merger or the acquiring association in the interest exchange, makes an offer to purchase, on the terms provided in the plan of merger or interest exchange, all of the outstanding shares of the corporation that, absent this subsection, would be entitled to vote on the plan of merger or interest exchange, except that:

(i) the offer may exclude shares that are:

(A) owned at the commencement of the offer by the corporation, the offeror, any parent of the offeror, or any wholly owned subsidiary of any of the foregoing; or

(B) described in paragraph (6)(iii); and

(ii) the offer may be subject to a specific minimum number of shares or percentage of shares being tendered and any other conditions permitted by applicable law.

(3) The offer discloses that the plan of merger or interest exchange provides that the merger or interest exchange will be effected as soon as practicable following the satisfaction of the requirement set forth in paragraph (6) and that the shares of the corporation that are not tendered in response to the offer will be treated as set forth in paragraph (8).

(4) The board has not rescinded its recommendation at
the time the offer closes.

(5) The offeror purchases all shares properly tendered in response to the offer and not properly withdrawn.

(6) On the close of the offer, the shares listed below are collectively entitled to cast at least the minimum number of votes on the merger or interest exchange that, absent this subsection, would be required by this chapter and by the articles of incorporation for the approval of the merger or interest exchange by the shareholders generally and also by any shares entitled to vote as a separate voting group on the merger or interest exchange at a meeting at which all shares entitled to vote on the approval were present and voted:

(i) shares purchased by the offeror in accordance with the offer;
(ii) shares otherwise owned by the offeror or by any parent of the offeror or any wholly owned subsidiary of any of the foregoing; and
(iii) shares subject to an agreement that they are to be transferred, contributed or delivered to the offeror, any parent of the offeror, or any wholly owned subsidiary of any of the foregoing in exchange for shares or interests in such offeror, parent or subsidiary.

(7) The offeror or a wholly owned subsidiary of the offeror merges with or into, or effects an interest exchange in which it acquires shares of, the corporation.

(8) Each outstanding share of each class or series of shares of the corporation that the offeror is offering to purchase in accordance with the offer, and that is not purchased in accordance with the offer, is to be converted in the merger into, or into the right to receive, or is to be
exchanged in the interest exchange for, or for the right to
receive, the same amount and type of securities, interests,
obligations, rights, cash, or other property to be paid or
exchanged in accordance with the offer for each share of that
class or series of shares that is tendered in response to the
offer, except that the following shares of the corporation
need not be converted into or exchanged for the consideration
described in this paragraph:

(i) shares owned by the corporation;
(ii) shares described in paragraph (6)(ii) or (iii);
and
(iii) shares as to which the shareholder, as defined
in section 1572 (relating to definitions), has perfected
dissenters rights under Subchapter D of Chapter 15
(relating to dissenters rights).

(9) As used in this subsection:

(i) "offer" means the offer referred to in paragraph
(2);
(ii) "offeror" means the person making the offer;
(iii) "parent" of an association means a person that
owns, directly or indirectly, through one or more wholly
owned subsidiaries, all of the outstanding shares of or
interests in that association;
(iv) shares tendered in response to the offer shall
be deemed to have been "purchased" in accordance with the
offer at the earliest time as of which:

(A) the offeror has irrevocably accepted those
shares for payment; and

(B) either:

(I) in the case of shares represented by
certificates, the offeror or the offeror's designated depository or other agent has physically received the certificates representing those shares; or

(II) in the case of shares without certificates, those shares have been transferred into the account of the offeror or its designated depository or other agent, or an agent's message relating to those shares has been received by the offeror or its designated depository or other agent; and

(v) "wholly owned subsidiary" of a person means an association of or in which that person owns, directly or indirectly, through one or more wholly owned subsidiaries, all of the outstanding shares or interests.

[§][§] Cross references.--See:

Subchapter A of Chapter 17 (relating to notice and meetings generally).

Section 2512 (relating to dissenters rights procedure).

Section 2539 (relating to adoption of plan of merger by board of directors).

Section 3304(b) (relating to election of benefit corporation status).

Section 3305(b) (relating to termination of benefit corporation status).

Section 16. Sections 341(a) and (e), 355(b)(8), 363(c) and 364 of Title 15 are amended to read:

§ 341. Interest exchange authorized.

(a) General rule.--Except as provided in section 318 (relating to excluded entities and transactions) or this
section, by complying with this subchapter:

(1) A domestic or foreign association may acquire all of one or more classes or series of the issued and outstanding interests of a domestic entity in exchange for interests, securities, obligations, money, other property, rights to acquire interests or securities or any combination of the foregoing.

(2) A domestic entity may acquire all of one or more classes or series of the issued and outstanding interests of a foreign association in exchange for interests, securities, obligations, money, other property, rights to acquire interests or securities or any combination of the foregoing.

* * *

(e) Transitional provision.--A reference in either of the following to a share exchange means an interest exchange:

(1) in a provision of the organic rules of a domestic business corporation which took effect before July 1, 2015, shall be deemed to include an interest exchange; or

(2) a statute of this Commonwealth that took effect before July 1, 2015.

* * *

§ 355. Statement of conversion; effectiveness.

* * *

(b) Contents.--A statement of conversion shall contain all of the following:

* * *

[(8) If the converted association is a nonregistered foreign association, one of the following:]

(i) The street and mailing addresses of its registered agent and registered office in its
jurisdiction of formation if it is a filing entity.

(ii) The street and mailing address of its principal office if it is not a filing entity.]

* * *

§ 363. Approval of division.

* * *

(c) Dissenters rights.--Except in the case of a plan of division adopted under section 364, if a shareholder of a domestic business corporation that is to be a dividing association objects to the plan of division and complies with Subchapter D of Chapter 15 (relating to dissenters rights), the shareholder shall be entitled to dissenters rights to the extent provided in that subchapter. See sections 317 (relating to contractual dissenters rights in entity transactions) and 329 (relating to special treatment of interest holders).

* * *

§ 364. Division without interest holder approval.

(a) General rule.--Unless otherwise restricted by its organic rules, a plan of division of a domestic dividing association shall not require the approval of the interest holders of the dividing association if all of the following are satisfied:

(1) The plan does not do any of the following:

   (i) alter the jurisdiction of formation of the dividing association;

   (ii) provide for special treatment; or

   (iii) amend in any respect the provisions of the organic rules of the dividing association, except amendments that may be made without the approval of the interest holders.
(2) Either:
    (i) the dividing association survives the division and all the interests [and other securities and obligations, if any, of all of] in the new associations are owned solely by the dividing association; or
    (ii) the interests in each new association are distributed as provided in subsection (b).

(3) The organic rules of each new association do not change the rights, duties or obligations of the interest holders or governors from those of the interest holders or governors of the dividing association, regardless of whether the dividing association survives the division.

(b) Distribution of interests.--The requirements for distributing interests in each new association referred to in subsection (a)(2)(ii) are as follows:

    (1) if the dividing association is not a limited partnership, the dividing association has only one class of interests outstanding and the interests [and other securities and obligations, if any, of] in each new association and any securities issued by a new association are distributed pro rata to the interest holders of the dividing association; or
    (2) if the dividing association is a limited partnership:
        (i) it has only one class of general partners and one class of limited partners;
        (ii) each new association is a limited partnership; and
        (iii) all of the following apply:
            (A) the general partner interests in each new association are distributed pro rata to the general
partners of the dividing limited partnership;

(B) the limited partner interests in each new
association are distributed pro rata to the limited
partners of the dividing limited partnership; and

(C) no securities [bf obligations] of any of the
new associations are distributed to any of the
interest holders of the dividing limited partnership.

Section 17. Section 367(a)(1), (3) and (6) and (f)
introductory paragraph of Title 15 are amended and the section
is amended by adding a subsection to read:

§ 367. Effect of division.

(a) General rule.--When a division becomes effective, all of
the following apply:

(1) If the dividing association is to survive the
division:

(i) It continues to exist.

(ii) Its public organic record, if any, is amended
as provided in the statement of division.

(iii) Its private organic rules that are to be in
record form, if any, are amended to the extent provided
in the plan of division.

(iv) Except as otherwise provided by law, all of its
rights, privileges, immunities and powers continue to be
vested in it without change.

* * *

(3) With respect to each new association, all of the
following apply:

(i) It comes into existence.

(ii) [It holds any] Any property allocated to it [as

the successor to the dividing association, and not by

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transfer, whether directly or indirectly, or by operation of law.\] vests in the new association without reversion or impairment, and the division shall not constitute a transfer, directly or indirectly, of any of that property.

(iii) Its public organic record, if any, and private organic rules are effective.

(iv) If it is a limited liability partnership, its statement of registration is effective.

(v) If it is a limited liability limited partnership and is not using the alternative procedure in section 8201(f) (relating to scope), its statement of registration is effective.

(vi) If it is an electing partnership, its statement of election is effective.

(vii) Except as otherwise provided by law, all of the rights, privileges, immunities and powers of the dividing association necessary or desirable for the conduct of the affairs of the new association vest in it without change.

* * *

(6) The liabilities of the dividing association are allocated between or among the resulting associations as provided in section 368 (relating to allocation of liabilities in division) \[and the resulting associations to which liabilities are allocated are liable for those liabilities as successors to the dividing association, and not by transfer, whether directly, indirectly or by operation of law\], and the division shall not constitute a transfer, directly or indirectly, of any of those liabilities.
Real property.--Except with regard to the real property of a dividing association that is a domestic nonprofit corporation, the allocation of any fee or freehold interest or leasehold having a remaining term of 30 years or more in any tract or parcel of real property situate in this Commonwealth owned by a dividing association, including property owned by a foreign association dividing solely under the laws of another jurisdiction, to a new association is not effective until one of the following documents is filed by the office for the recording of deeds of the county, or each of them, in which the tract or parcel is situated:

Distribution tests not applicable.--An allocation, directly or indirectly, of property, liabilities or interests in a division is not a distribution for purposes of the organic law of the dividing association or any of the resulting associations.

Section 18. Sections 368(a)(2), (b), (d) and (e) and 371(a) of Title 15 are amended to read:

§ 368. Allocation of liabilities in division.
(a) General rule.--Except as provided in this section, when a division becomes effective, a resulting association is responsible:

(2) Individually for the liabilities of the dividing association that are allocated to or remain the liability of that resulting association to the extent specified in the plan of division, but not for liabilities allocated in the plan to another resulting association.
(b) Joint and several liability.--If [an allocation of property or liabilities] the allocation of a liability in a division is [ineffective or voidable pursuant to fraudulent transfer or similar law, both] determined by the court as defined in section 102 (relating to definitions) to be ineffective or voidable under 12 Pa.C.S. Ch. 51 (relating to voidable transactions) as of the effective date of the division, all of the following apply:

(1) The [allocations of liabilities] allocation of the liability in the plan of division [are] is ineffective and the [liabilities of the dividing association become liabilities] liability becomes the liability of all of the resulting associations, jointly and severally.

(2) The validity and effectiveness of the division are not affected [thereby.] by the action or proceeding or the determination of the court.

* * *

(d) Application of [fraudulent transfer] voidable transactions law.--In applying [the law governing fraudulent transfers] 12 Pa.C.S. Ch. 51 to a division under subsection (b):

(1) [The law] 12 Pa.C.S. Ch. 51 applies to the dividing association as follows:

   (i) If it does not survive the division, it is not subject to that [law] chapter.

   (ii) If it survives the division, it is subject to that [law] chapter only in its capacity as a resulting association.

(2) [The law] 12 Pa.C.S. Ch. 51 applies to each resulting association as follows:
(i) The association is treated as a debtor.

(ii) [The liabilities] Each liability allocated to the association [are] is treated as an obligation incurred by the debtor.

(iii) The association is treated as not having received a reasonably equivalent value in exchange for incurring the obligation.

(iv) The property allocated to the association is treated as remaining property.

[(e) Distribution tests not applicable.--A direct or indirect allocation of property or liabilities in a division is not a distribution for purposes of the organic law of the dividing association or any of the resulting associations.]

(3) The remedy of joint and several liability under subsection (b)(1) is deemed to be the remedy of avoidance of the transfer or obligation under 12 Pa.C.S. § 5107(a)(1) (relating to remedies of creditor).

* * *

§ 371. Domestication authorized.

(a) Domestic entities.--Except as provided in section 318 (relating to excluded entities and transactions), by complying with this chapter, a domestic entity may become a domesticated entity of the same type in a foreign jurisdiction if the domestication is authorized by the laws of the foreign jurisdiction.

* * *

Section 19. Chapter 3 of Title 15 is amended by adding a subchapter to read:

SUBCHAPTER H

ADMINISTRATIVE DISSOLUTION OR CANCELLATION
Sec.
381. Grounds for administrative dissolution or cancellation.
382. Procedure and effect.
383. Reinstatement.
384. Rejection of reinstatement.
§ 381. Grounds for administrative dissolution or cancellation.
   (a) General rule.--The department may commence a proceeding under section 382 (relating to procedure and effect) to administratively dissolve a domestic filing entity or cancel the statement of registration of a domestic limited liability partnership or the statement of election of an electing partnership that is not also a limited partnership if the entity does not deliver an annual report to the department within six months after the annual report is due.
   (b) Transitional provision.--Subsection (a) applies with respect to annual reports due on or after (insert the date that is three years after the effective date of section 146 pursuant to section 146(h)).
§ 382. Procedure and effect.
   (a) Notice of initial determination.--If the department determines that grounds exist under section 381 (relating to grounds for administrative dissolution or cancellation) for administratively dissolving a domestic filing entity or canceling the statement of registration of a domestic limited liability partnership or the statement of election of an electing partnership that is not also a limited partnership, the department must deliver to the entity a notice of the department's determination at the entity's registered office, if any, and the address of the entity's principal office as shown in its most recently filed annual report.
(b) Dissolution or cancellation.--If an entity does not deliver to the department for filing, within 60 days after delivery of the notice required by subsection (a), the required annual report or demonstrate to the satisfaction of the department that the annual report was delivered to the department, the department must:

(1) if the entity is a domestic filing entity, administratively dissolve the entity by filing a statement of administrative dissolution that states the effective date of dissolution, which shall not be less than 60 days after the date of delivery of the notice required by subsection (a);

(2) if the entity is a domestic limited liability partnership or an electing partnership that is not also a limited partnership, administratively cancel its statement of registration or statement of election by filing a statement of administrative cancellation that states the effective date of cancellation.

(c) Notice of action by department.--The department must deliver a copy of the statement of administrative dissolution or statement of administrative cancellation to the entity at its registered office, if any, and the address of its principal office as shown in its most recently filed annual report.

(d) Effect of dissolution.--A domestic filing entity that is administratively dissolved:

(1) continues its existence as the same type of entity but may not carry on any activities except as necessary to wind up its activities and affairs and liquidate its assets in the manner provided in its organic law or to apply for reinstatement under section 383 (relating to reinstatement);

(2) continues to be managed by or under the direction of
its governors, who:

(i) continue as such;

(ii) have full power to wind up its activities and

affairs or apply for reinstatement; and

(iii) remain subject to the same standards of

conduct as before administrative dissolution; and

(3) is not currently subsisting for purposes of section

145 (relating to subsistence certificate) during the period

it is administratively dissolved.

(e) Effect of cancellation.--A domestic limited liability

partnership or electing partnership that is not also a limited

partnership and whose statement of registration or statement of

election is administratively canceled continues its existence as

a general partnership but not as a limited liability partnership

or electing partnership.

§ 383. Reinstatement.

(a) Application for reinstatement.--An entity that has been

the subject of action under section 382(b) (relating to

procedure and effect) may deliver to the department an

application for reinstatement along with the reinstatement fee

required by section 153 (relating to fee schedule). The

application must be signed by the entity and state:

(1) the name of the entity at the time of the action

under section 382 and, if needed, a name that is available

under Subchapter A of Chapter 2 (relating to names);

(2) subject to section 109 (relating to name of

commercial registered office provider in lieu of registered

address), the address, if any, including street and number,

if any, of the entity's registered office;

(3) the principal office of the entity at the time of
the application for restatement; and

(4) either:

(i) that the grounds for action under section 382 did not exist; or

(ii) that the most recent annual report not previously filed is attached to the application for reinstatement along with the fee for each of the annual reports that should have been paid under section 153.

(b) Action by department.--If the department determines that an application under subsection (a) meets the requirements of that subsection and is accompanied by any payment required by subsection (a)(4)(ii), the department shall:

(1) cancel the prior action under section 382 by filing a statement of reinstatement that includes the effective date of reinstatement within 30 days after receipt by the department of the application; and

(2) deliver a copy to the entity.

(c) Effect of reinstatement.--When reinstatement under this section is effective, the following rules apply:

(1) Except as provided in paragraphs (4) and (5), the reinstatement relates back to and takes effect as of the effective date of the administrative dissolution or cancellation.

(2) The activities of the entity between the date of its administrative dissolution and the date of its reinstatement are valid as if the administrative dissolution had never occurred.

(3) If the entity is a limited liability partnership, limited liability limited partnership or electing partnership, its statement of registration, the provisions of
its certificate of limited partnership required by section 8201(f) (relating to scope) or its statement of election is reinstated as if its administrative cancellation had never occurred.

(4) If the application for reinstatement includes a name other than the name of the entity at the time of the administrative dissolution or cancellation because the original name is no longer available under Subchapter A of Chapter 2, the statement of reinstatement shall have the effect of amending:

   (i) if the entity is a domestic filing entity, its public organic record to provide for the new name;

   (ii) if the entity is a domestic limited liability partnership, its statement of registration to provide for the new name; or

   (iii) if the entity is a electing partnership that is not also a limited partnership, its statement of election to provide for the new name.

(5) The rights of a person arising out of an act in reliance on the administrative dissolution or revocation of the statement of registration or statement of election before the reinstatement is effective are not affected.

(d) Cross reference.--See section 153(a)(19).

§ 384. Rejection of reinstatement.

(a) Notice of rejection.--If the department rejects an entity's application for reinstatement under section 383 (relating to reinstatement) or fails to reinstate the entity within the time required by section 383(b)(1), the department shall deliver to the entity a notice in record form that explains the reasons for the rejection or failure.
(b) Cross reference.--See section 137 (relating to court to pass upon rejection of documents by Department of State).

Section 20. Section 402(a) of Title 15 is amended and the section is amended by adding subsections to read:

§ 402. Governing law.

(a) General rule.--The laws of the jurisdiction of formation of a foreign association [governs] govern the following:

(1) The internal affairs of the association.

(2) [The] Except as provided in subsection (h), the liability that a person has solely as an interest holder or governor for a debt, obligation or other liability of the association.

(3) The liability of a series or protected cell of [a foreign] the association.

* * *

(h) Exception.--Subsection (a)(2) does not relieve a governor or interest holder of a foreign association from a liability under the laws of this Commonwealth other than this title to which a governor or interest holder of a domestic association of the same type would be subject.

(i) Duties.--Except as otherwise provided in section 411(b) (relating to registration to do business in this Commonwealth), every nonregistered foreign association doing business in this Commonwealth shall be subject to the same liabilities, restrictions, duties and penalties now or hereafter imposed upon a registered foreign association.

Section 21. Section 403(a)(7) and (10) of Title 15 are amended and subsection (a) is amended by adding paragraphs to read:

§ 403. Activities not constituting doing business.
(a) General rule.--Activities of a foreign filing association or foreign limited liability partnership that do not constitute doing business in this Commonwealth under this chapter shall include the following:

* * *

(7) Creating, acquiring or incurring obligations, indebtedness, mortgages or security interests in property.

* * *

[(10) Owning, without more, property.]

* * *

(12) Acquiring, owning, holding, leasing as a lessee, conveying and transferring, without more and whether as fiduciary or otherwise:

(i) real estate and mortgages and other liens thereon; or

(ii) personal property and security interests therein.

(13) Conducting operations or performing work or services in good faith in response to a disaster or emergency event.

* * *

Section 22. Section 414 of Title 15 is amended by adding a subsection to read:

§ 414. Noncomplying name of foreign association.

* * *

(d) Use of permitted names.--The doing of business by a registered foreign association using a name permitted by subsection (a) has the same force and effect as doing business using the proper name of the association under the laws of its jurisdiction of formation.
Section 23. Sections 417(a)(1), (b) introductory paragraph and (1) and (c) are amended, 419(a) and 511(a) of Title 15 are amended and the sections are amended by adding subsections to read:

§ 417. Required withdrawal on certain transactions.

(a) Application of section.--This section shall apply to a registered foreign association that has been:

(1) a nonsurviving party to a merger in which the survivor is a [nonregistered] foreign association;

* * *

(b) Statement of withdrawal.--A registered foreign association described in subsection (a) shall deliver a statement of withdrawal [and the certificates required by section 139 (relating to tax clearance of certain fundamental transactions)] to the department for filing. The statement shall [be signed by the dissolved or converted association and] state as follows:

(1) In the case of a foreign association that has completed winding up, was not the survivor of a merger in which the survivor was a foreign association or was a dividing association that did not survive the division, all of the following:

(i) The name under which the association is registered to do business in this Commonwealth and its jurisdiction of formation.

(ii) That the association withdraws its registration to do business in this Commonwealth.

(iii) The nature of the transaction that requires it to make a filing under this section.

* * *
(c) Tax clearance.--The statement of withdrawal as delivered to the department for filing shall be accompanied by the certificates required by section 139 (relating to tax clearance of certain fundamental transactions), except that those certificates shall not be required if the statement is being delivered for filing by a registered foreign association that was not the survivor of a merger in which the survivor is another registered foreign association.

(d) Signature.--The statement of withdrawal shall be signed by:

(1) the surviving association in the merger;
(2) a resulting association in the division;
(3) the dissolved association; or
(4) the converted or domesticated association.

(e) Cross references.--See sections 134 (relating to docketing statement) and 135 (relating to requirements to be met by filed documents).

§ 419. Termination of registration.

(a) General rule.--The department may terminate the registration of a registered foreign association in the manner provided in subsections (b) and (c) if the department finds that the association:

(1) has not amended its registration when required by section 413 (relating to amendment of foreign registration statement); [or]

(2) has been administratively, voluntarily or involuntarily dissolved under the laws of its jurisdiction of formation[ ]; or

(3) has failed to deliver to the department for filing an annual report under section 146 (relating to annual
(e) Transitional provision.--Subsection (a)(3) shall apply with respect to annual reports due on or after (insert the date that is the third anniversary of the effective date of this act).

§ 511. Application and effect of subchapter.

(a) General rule.--This subchapter shall apply to and the terms "corporation" or "domestic corporation" in this subchapter shall mean a domestic corporation except:

(1) A business corporation as defined in section 1103 (relating to definitions) banking institution.

(2) A nonprofit corporation as defined in section 5103 (relating to definitions) credit union.

(3) A fraternal benefit society.

(c) Reversal of opt-out.--A provision of the articles or bylaws providing that section 515 or corresponding provisions of prior law shall not be applicable to the corporation may be rescinded pursuant to the procedures required by the organic law of the corporation and the articles and bylaws at the time of the rescission to amend the articles or bylaws.

Section 24. Section 512 of Title 15 is amended to read:

§ 512. Standard of care, justifiable reliance and business judgment rule.

(a) Directors.--A director of a domestic corporation shall stand in a fiduciary relation to the corporation and shall perform his duties as the duties of a director, including his duties as a member of any committee of the board upon which he may serve, in good faith, in a manner...
the director reasonably believes to be in the best interests of the corporation and with such care, including reasonable inquiry, the skill and diligence[as] that a person of ordinary prudence would use under similar circumstances[.] and reasonable inquiry into those issues required by the statutes of this Commonwealth to be considered in the circumstances and those interests and factors listed in section 515(a) (relating to exercise of powers generally) or 516(a) (relating to alternative standard) that the director considers appropriate. This subsection is subject to subsection (d) where applicable.

(a.1) Justifiable reliance.--In performing his duties the duties of a director, and in satisfying the requirements of subsection (d), a director shall be is entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

(1) One or more officers or employees of the corporation or an affiliate of the corporation whom the director reasonably believes to be reliable and competent in the matters presented.

(2) Counsel, public accountants or other persons as to matters which the director reasonably believes to be within the professional or expert competence of such person.

(3) A committee of the board upon which he the director does not serve, duly designated in accordance with law, as to matters within its designated authority, which committee the director reasonably believes to merit confidence.

(b) Effect of actual knowledge.--A director shall not be
is not considered to be acting in good faith [if he has] under subsection (a.1) if the director has actual knowledge concerning the matter [in question that would cause his] that causes the director to believe reliance [to be] is unwarranted.

(c) Officers.--Except as otherwise provided in the articles, an officer shall perform his duties as an officer in good faith, in a manner he reasonably believes to be in the best interests of the corporation and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. A person who so performs his duties shall not be liable by reason of having been an officer of the corporation.

(d) Business judgment rule.--A director or officer who makes a business judgment in good faith fulfills the duties under this section if:

(1) the subject of the business judgment does not involve self-dealing by the director or officer or an associate or affiliate of the director or officer;

(2) the director or officer is informed with respect to the subject of the business judgment to the extent the director or officer reasonably believes to be appropriate under the circumstances; and

(3) the director or officer rationally believes that the business judgment is in the best interests of the corporation.

(e) Burden of proof.--A person challenging the conduct of a director or officer as violating the duty of care under this section has the burden of proving:

(1) a breach of the duty of care, including that a requirement for the fulfillment of that duty under subsection

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(d) has not been met; and

(2) in a damage action, that the breach was the legal cause of damage suffered by the corporation.

Section 25. Section 513(a)(1) and (c) of Title 15 are amended and the section is amended by adding a subsection to read:

§ 513. Personal liability of directors.

(a) General rule.--If a bylaw adopted by the shareholders entitled to vote or members entitled to vote of a domestic corporation so provides, a director shall not be personally liable, as such, for monetary damages for any action taken unless:

(1) the director has breached or failed to perform the duties of a director under this subchapter; and

* * *

(c) Application.--An amendment or repeal of a provision adopted under subsection (a) does not affect its application with respect to an act by a director occurring before the amendment or repeal unless the provision in effect at the time of the act explicitly authorizes its amendment or repeal after an act has occurred.

[(c)] [(d)] Cross reference.--See 42 Pa.C.S. § 8332.5 (relating to corporate representatives).

Section 26. Sections 514, 515(b), (d) and (e)(1)(i), 516, 517 and 523 of Title 15 are amended to read:

§ 514. [Notation of dissent] Presumption of assent.

A director of a domestic corporation who is present at a meeting of its board of directors, or of a committee of the board, at which action on any corporate matter is taken on which the director is generally competent to act, shall be presumed to
have assented to the action taken unless [his dissent] the
director's dissent, abstention or vote against the matter is
entered in the minutes of the meeting or unless [he files his
written dissent] the director delivers to the secretary of the
meeting before the adjournment a dissent in record form to the
action [with the secretary of the meeting before the adjournment
thereof] or transmits the dissent [in writing] in record form to
the secretary of the corporation immediately after the
adjournment of the meeting. The right to dissent shall not apply
to a director who voted in favor of the action. Nothing in this
subchapter shall bar a director from asserting that minutes of
the meeting incorrectly omitted [his dissent] the director's
dissent, abstention or vote against if, promptly upon receipt of
a copy of such minutes, [he] the director notifies the secretary
[in writing] of the corporation in record form of the asserted
omission or inaccuracy.

§ 515. Exercise of powers generally.

* * *

(b) Consideration of interests and factors.--The board of
directors, committees of the board and individual directors
shall not be required, in considering the best interests of the
corporation or the effects of any action, to regard any
corporate interest or the interests of any particular group
affected by such action as a dominant or controlling interest or
factor. The consideration of interests and factors in the manner
described in this subsection and in subsection (a) shall not
constitute a violation of section 512 (relating to standard of
care [and], justifiable reliance and business judgment rule).

* * *

(d) Presumption.--[Absent breach of fiduciary duty, lack of
good faith or self-dealing, any act as the board of directors, a
committee of the board or an individual director shall be
presumed to be in the best interests of the corporation.] In
assessing whether the standard set forth in section 512 has been
satisfied, there shall not be any greater obligation to justify,
or higher burden of proof with respect to, any act as the board
of directors, any committee of the board or any individual
director relating to or affecting an acquisition or potential or
proposed acquisition of control of the corporation than is
applied to any other act as a board of directors, any committee
of the board or any individual director. Notwithstanding section
512(d) and the preceding [provisions] provision of this
subsection, any act as the board of directors, a committee of
the board or an individual director relating to or affecting an
acquisition or potential or proposed acquisition of control to
which a majority of the disinterested directors shall have
assented shall be presumed to satisfy the standard set forth in
section 512, unless it is proven by clear and convincing
evidence that the disinterested directors did not assent to such
act in good faith after reasonable investigation.
(e) Definition.--The term "disinterested director" as used
in subsection (d) and for no other purpose means:
(1) A director of the corporation other than:
   (i) A director who has a direct or indirect
   financial or other interest in the person acquiring or
   seeking to acquire control of the corporation or who is
   an affiliate or associate[, as defined in section 2552
   (relating to definitions),] of, or was nominated or
designated as a director by, a person acquiring or
seeking to acquire control of the corporation.
§ 516. Alternative standard.

(a) General rule.--In discharging the duties of their respective positions, the board of directors, committees of the board and individual directors of a domestic corporation may, in considering the best interests of the corporation, consider the effects of any action upon employees, upon suppliers and customers of the corporation and upon communities in which offices or other establishments of the corporation are located, and all other pertinent factors. The consideration of those factors shall not constitute a violation of section 512 (relating to standard of care [and] justifiable reliance [and] business judgment rule).

(b) Presumption.--Absent breach of fiduciary duty, lack of good faith or self-dealing, actions taken as a director shall be presumed to be in the best interests of the corporation.

(c) Cross reference.--See section 511(b) (relating to alternative provisions).

§ 517. Limitation on standing.

The duty of the board of directors, committees of the board and individual directors under section 512 (relating to standard of care [and] justifiable reliance [and] business judgment rule) is solely to the domestic corporation and not to any shareholder, member or creditor or any other person or group, and may be enforced directly by the corporation or may be enforced [by a shareholder or member, as such,] by an action in the right of the corporation, and may not be enforced directly by a shareholder, member or creditor or by any other person or group. Notwithstanding the preceding sentence, sections 515(a) and (b) (relating to exercise of powers generally) and 516(a)
(relating to alternative standard) do not impose upon the board of directors, committees of the board and individual directors any legal or equitable duties, obligations or liabilities or create any right or cause of action against, or basis for standing to sue, the board of directors, committees of the board and individual directors.

§ 523. Actions by shareholders or members to enforce a secondary right.

(a) General rule.--In any action brought to enforce a secondary right on the part of one or more shareholders or members against any officer or director or former officer or director of a banking institution, because the corporation refuses to enforce rights which may properly be asserted by it, the plaintiff or plaintiffs must aver and it must be made to appear that the plaintiff or each plaintiff was a shareholder or was a member of the corporation at the time of the transaction of which he complains or that his stock or membership devolved upon him by operation of law from a person who was a shareholder or member at that time.

(b) Security for costs.--In any such action instituted or maintained by a holder or holders of less than 5% of the outstanding shares of any class of the corporation or voting trust certificates therefor, or by a member or members of a corporation organized without capital stock which has outstanding contracts or accounts with its members if the value of the contracts or accounts held or owned by the member or members instituting or maintaining the suit is less than 5% of the value of all the contracts or accounts outstanding, the corporation in whose right the action is brought shall be entitled, at any stage of the proceedings, to require the
plaintiff or plaintiffs to give security for the reasonable
expenses, including attorneys' fees, which may be incurred by
the corporation in connection therewith or for which it may
become liable pursuant to section 522 (relating to
indemnification of authorized representatives) (but only insofar
as relates to mandatory indemnification in actions by or in the
right of the corporation) to which security the corporation
shall have recourse in such amount as the court having
jurisdiction shall determine upon the termination of the action.
The amount of the security may, from time to time, be increased
or decreased in the discretion of the court having jurisdiction
of the action upon showing that the security provided has or is
likely to become inadequate or excessive. The security may be
denied or limited by the court if the court finds after an
evidentiary hearing that undue hardship on plaintiffs and
serious injustice would result.] A banking institution shall be
governed by the provisions of Subchapter F of Chapter 17
(relating to derivative actions).

c Definitions.--[As used in this section] When applying
the provisions of Subchapter F of Chapter 17, the following
words and phrases shall have the meanings given to them in this
subsection:

"Director." Includes any individual performing the function
of director, regardless of title.

"Member." Includes depositors in a mutual banking
institution.

"Shares." Includes outstanding contracts or accounts of
members in a mutual banking institution.

Section 27. Title 15 is amended by adding a section to read:

§ 524. Renunciation of business opportunities.
The articles of incorporation, or an action of the board of
directors, may renounce any interest or expectancy of a banking
institution in, or in being offered an opportunity to
participate in, a specified business opportunity or specified
classes or categories of business opportunities that are
presented to the corporation or to one or more of its directors,
officers, shareholders or members.

Section 28. Section 1102(c)(3) of Title 15 is amended to
read:

§ 1102. Application of subpart.

* * *

(c) Exclusions.--This subpart shall not apply to any of the
following corporations, whether proposed or existing, except as
otherwise expressly provided in this subpart or as otherwise
provided by statute applicable to the corporation:

* * *

[(3) A savings association.]

* * *

Section 29. The definitions of "board of directors" or
"board," "bylaws," "dissolve" or "dissolution," "distribution,"
"entitled to vote" and "officer" in section 1103(a) and (b) of
Title 15 are amended and subsection (a) is amended by adding a
definition to read:

§ 1103. Definitions.

(a) General definitions.--Subject to additional definitions
contained in subsequent provisions of this subpart that are
applicable to specific provisions of this subpart, the following
words and phrases when used in Part I (relating to preliminary
provisions) or in this subpart shall have the meanings given to
them in this section unless the context clearly indicates
otherwise:

* * *

"Board of directors" or "board." The persons selected under section 1725 (relating to selection of directors) irrespective of the name by which the group is designated in the articles. See section 1731(c) (relating to status of committee action executive and other committees of the board).

* * *

"Bylaws." See section 1504(c) (relating to bylaw provisions in articles adoption, amendment and contents of bylaws).

* * *

"Dissolve" or "dissolution." The termination of corporate existence effected by:

(1) filing of articles of dissolution in the department under this subpart by the corporation or by the office of the clerk of the court of common pleas;

(2) expiration of the term of existence of a corporation by reason of any limitation contained in its articles;

(3) forfeiture by proclamation of the Governor under section 1704 of the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal Code, or otherwise;

(4) filing of a certified copy of a decree of dissolution in the department under the former act of April 9, 1856 (P.L.293, No.308), entitled "Supplement to the acts relating to incorporations by the Courts of Common Pleas," or otherwise; or

(5) judgment of ouster, upon proceedings in quo warranto, under former provisions of law.

"Distribution." A direct or indirect transfer of money or other property (except its own shares or options, rights or
warrants to acquire its own shares) or incurrence of indebtedness by a corporation to or for the benefit of any or all of its shareholders in respect of any of its shares whether by dividend or by purchase, redemption or other acquisition of its shares or otherwise. Neither the making of, nor payment or performance upon, a guaranty or similar arrangement by a corporation for the benefit of any or all of its shareholders nor a direct or indirect transfer or allocation of assets or liabilities effected under Chapter 3 (relating to entity transactions) or Subchapter B or C of Chapter 19 (relating to fundamental changes) with the approval of the shareholders shall constitute a distribution for the purposes of this subpart.

* * *

"Entitled to vote." Those persons entitled to vote on the matter under either the bylaws of the corporation or any applicable controlling provision of law. The term includes those persons entitled at the time to vote on the matter under a plan or the terms of a fundamental transaction where dissenters rights are not available under section 1571(b)(2)(ii) (relating to [exceptions] application and effect of subchapter).

* * *

"Officer." Includes assistant officer. If a corporation is in the hands of a custodian, receiver, trustee or like official, the term includes that official or any person appointed by that official to act as an officer for any purpose under this subpart.

* * *

"Share register." Records administered by or on behalf of a corporation in which the names of all of its shareholders, the address of each shareholder, the number and class of shares...
registered in the name of each shareholder and all issuances and transfers of shares are recorded.

* * *

(b) Index of other definitions.--The following is a nonexclusive list of words and phrases which when used in this subpart shall have the meanings given to them in section 102 (relating to definitions):

"Act" or "action."

"Banking institution" or "domestic banking institution."

"Conversion."

"Corporation for profit."

"Corporation not-for-profit."

"Court."

"Credit union."

"Department."

"Dissenters rights."

"Division."

"Domestic corporation for profit."

"Domestic corporation not-for-profit."

"Domestication."

"Execute."

"Foreign corporation for profit."

"Foreign corporation not-for-profit."

"Insurance corporation" or "domestic insurance corporation."

"Interest exchange."

"Internal Revenue Code of 1986."

"Merger."

"Obligation."

"Officially publish."

"Record form."

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"Representative."

[Savings association" or "domestic savings association."

"Sign."

Section 30. Section 1110 of Title 15 is repealed:

[$ 1110. Annual report information.

The Department of State shall make available as public
information for inspection and copying the names of the
president, vice-president, secretary and treasurer and the
address of the principal office of corporations for profit as
annually forwarded to the department by the Department of
Revenue pursuant to section 403(a)(3) of the act of March 4,
1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.]

Section 31. Sections 1306(a)(5) and (b) and 1502(a)(18) of
Title 15 are amended to read:

§ 1306. Articles of incorporation.

(a) General rule.--Articles of incorporation shall be signed
by each of the incorporators and shall set forth in the English
language:

* * *

(5) The name [and address, including street and number,

if any,] of each of the incorporators.

* * *

(b) Other provisions authorized.--A provision of the
original articles or a provision of the articles approved by the
shareholders, in either case adopted under subsection (a)(8)
(ii), may relax or be inconsistent with and supersede any
province of Chapter 3 (relating to entity transactions), 13
(relation to incorporation), 15 (relating to corporate powers,
duties and safeguards), 17 (relating to officers, directors and
shareholders) or 19 (relating to fundamental changes) concerning
the subjects specified in subsection (a)(8)(ii), except where a
provision of those chapters expressly provides that the articles
shall not relax or be inconsistent with any provision on a
specified subject. [Notwithstanding the foregoing, the articles
may provide greater rights for shareholders than are authorized
by any provision of those chapters that otherwise provides that
the articles shall not relax or be inconsistent with any
provision on a specified subject.] Notwithstanding the_
foregoing:

(1) A provision of those chapters prohibiting the
articles from relaxing or being inconsistent with any
provision of those chapters on a specified subject does not
apply to an agreement between or among the shareholders
relating to that subject.

(2) The articles may provide greater rights for
shareholders than are authorized by any provision of those
chapters that otherwise provides that the articles shall not
relax or be inconsistent with any provision on a specified
subject.

* * *

§ 1502. General powers.

(a) General rule.--Subject to the limitations and
restrictions imposed by statute or contained in its articles,
every business corporation shall have power:

* * *

(18) To accept, reject, respond to or take no action in
respect of an actual or proposed acquisition, divestiture,
tender offer, takeover or other fundamental change under
Chapter 3 (relating to entity transactions) or 19 (relating
to fundamental changes) or otherwise.

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Section 32. Section 1504(b) and (c) of Title 15 are amended and the section is amended by adding a subsection to read:

§ 1504. Adoption, amendment and contents of bylaws.

(b) Exception.—Except as otherwise provided in section 1310(a) (relating to organization meeting), or in the articles to the extent authorized by section 1306(b) (relating to other provisions authorized), the board of directors shall not have the authority to adopt or change a bylaw on any subject that is committed expressly to the shareholders by any of the provisions of this subpart. See:

Subsection (d) (relating to amendment of voting provisions).
Section 1521 (relating to authorized shares).
Section 1713 (relating to personal liability of directors).
Section 1721 (relating to board of directors).
Section 1725 (relating to selection of directors).
Section 1726 (relating to removal of directors).
Section 1729 (relating to voting rights of directors).
Section 1735 (relating to personal liability of officers).
Section 1756 (relating to quorum).
Section 1757 (relating to action by shareholders).
Section 1765 (relating to judges of election).
Section 2105 (relating to termination of nonstock corporation status).
Section 2122 (relating to classes of membership).
Section 2124 (relating to voting rights of members).
Section 2302 (relating to definition of minimum vote).
Section 2321 (relating to shares).
Section 2322 (relating to share transfer restrictions).
Section 2325 (relating to sale option of estate of shareholder).

Section 2332 (relating to management by shareholders).

Section 2334 (relating to appointment of provisional director in certain cases).

Section 2337 (relating to option of shareholder to dissolve corporation).

Section 2923 (relating to issuance and retention of shares).

(b.1) Restated bylaws.--Subsection (b) does not prohibit the board of directors from including in restated bylaws, without substantive change, a bylaw adopted by the shareholders, and such a restated provision continues to have the status of a bylaw adopted by the shareholders.

(c) [Bylaw provisions in articles] Relationship of articles and bylaws.--Where any provision of this subpart or any other provision of law refers to a rule as set forth in the bylaws of a corporation or in a bylaw adopted by the shareholders, the reference shall be construed to include and be satisfied by any rule on the same subject as set forth in the articles of the corporation. Where any provision of this subpart or any other provision of law refers to a rule as set forth in the articles of a corporation or prohibits the articles from setting forth a rule, the contemplated rule may not be included in a bylaw or a bylaw adopted by the shareholders.

* * *

Section 33. Section 1505 of Title 15 is amended to read:

§ 1505. Persons bound by bylaws.

Except as otherwise provided by section 1713 (relating to personal liability of directors) or any similar provision of law, the bylaws of a business corporation [shall operate only as
regulations among are binding on the shareholders, directors and officers of the corporation and with respect to its internal affairs whether or not a shareholder, director or officer has actual knowledge of the provisions of the bylaws, but a bylaw shall not affect contracts or other dealings with other persons unless those persons have actual knowledge of the bylaw.

Section 34. Section 1507(b) introductory paragraph and (d) of Title 15 are amended and the section is amended by adding a subsection to read:

§ 1507. Registered office.

* * *

(b) Statement of change of registered office.--After incorporation, a change of the location of the registered office may be authorized at any time by the board of directors. Before the change of location becomes effective, the corporation shall include the change in an annual report under section 146 (relating to annual report), amend its articles under the provisions of this subpart to reflect the change in location or shall file a statement of change of registered office executed by the corporation setting forth:

* * *

(d) Effect of statement.--A statement regarding the registered office of a corporation set forth in a document filed in the department pursuant to this section shall operate as an amendment of the articles.

[(d)] (e) Cross reference.--See section 134 (relating to docketing statement).

Section 35. Sections 1508 and 1509 of Title 15 are amended
§ 1508. Corporate records; inspection by shareholders.

(a) Required records.--Every business corporation shall keep complete and accurate books and records of account, minutes of the proceedings of the incorporators, shareholders and directors and a share register. giving the names and addresses of all shareholders and the number and class of shares held by each. The share register shall be kept at any of the following locations:

(1) the registered office of the corporation in this Commonwealth;

(2) the principal place of business of the corporation wherever situated;

(3) any actual business office of the corporation; or

(4) the office of the registrar or transfer agent of the corporation.

(b) Right of inspection by a shareholder.--Every shareholder shall, upon written verified demand stating the purpose thereof, have a right to examine, in person or by agent or attorney, during the usual hours for business for any proper purpose, the share register, books and records of account, and records of the proceedings of minutes of, and consents in lieu of meetings by, the incorporators, shareholders and directors and to make copies or extracts therefrom.

(b.1) Contents and delivery of demand.--All of the following apply to a demand under subsection (b):

(1) A proper purpose shall mean a purpose reasonably related to the interest of the person as a shareholder.
In every instance where an attorney or other agent is the person who seeks the right of inspection, the demand shall be accompanied by a verified power of attorney or other writing document in record form that authorizes the attorney or other agent to so act on behalf of the shareholder.

The demand must be:

(i) made in good faith;
(ii) in record form; and
(iii) verified.

The demand must describe with reasonable particularity:

(i) the purpose of the shareholder; and
(ii) the records the shareholder desires to inspect and how the records relate to the purpose of the shareholder.

The demand shall be directed must be delivered to the corporation:

(i) at its registered office in this Commonwealth;
(ii) at its principal place of business wherever situated; [or]
(iii) in care of the person in charge of an actual business office of the corporation[.]; or
(iv) in care of the secretary of the corporation at the most recent address of the secretary shown in the records of the department.

(c) Proceedings for the enforcement of inspection by a shareholder.--If the corporation, or an officer or agent thereof, refuses to permit an inspection sought by a shareholder
or attorney or other agent acting for the shareholder pursuant to subsection (b) or does not reply to the demand within five business days after the demand has been received, the shareholder may file an action in the court for an order to compel the inspection. The court is hereby vested with exclusive jurisdiction to determine whether or not the person seeking inspection is entitled to the inspection sought. The court may summarily order the corporation to permit the shareholder to inspect the share register and the other books and records of the corporation and to make copies or extracts therefrom, or the court may order the corporation to furnish to the shareholder a list of its shareholders as of a specific date on condition that the shareholder first pay to the corporation the reasonable cost of obtaining and furnishing the list and on such other conditions as the court deems appropriate.

(c.1) Burden of proof.——Where the shareholder seeks to inspect the books and records of the corporation, other than its share register or list of shareholders, he shall first establish:

(1) That he has complied with the provisions of this section respecting the form and manner of making demand for inspection of the document.

(2) That the inspection he seeks is for a proper purpose.

Where and the shareholder seeks to inspect:

(1) the share register or list of shareholders of the corporation [and he has complied with the provisions of this section respecting the form and manner of making demand for inspection of the documents], the burden of proof shall be
upon the corporation to establish that the inspection he seeks is for an improper purpose[.] or

(2) the books and records of the corporation, other than the share register or list of shareholders, the burden of proof shall be upon the shareholder to establish that the inspection the shareholder seeks is for a proper purpose.

(c.2) Available relief.--The court may, in its discretion, prescribe any limitations or conditions with reference to the inspection or award such other or further relief as the court deems just and proper. The court may order books, documents and records, pertinent extracts therefrom, or duly authenticated copies thereof, to be brought into this Commonwealth and kept in this Commonwealth upon such terms and conditions as the order may prescribe.

(c.3) Right to bylaws.--Every shareholder shall have the right to receive, promptly after demand and without charge, a copy in record form of the currently effective text of the bylaws. If the corporation does not provide a shareholder with a copy of the bylaws as required by this subsection, the shareholder may file an action in the court for an order to compel the production. The court shall summarily order the corporation to provide a copy of the bylaws unless the corporation establishes that the person seeking the bylaws is not a shareholder.

(d) Certain provisions of articles ineffective.--This section may not be relaxed by any provision of the articles.

(e) Reasonable restrictions permitted.--The corporation may impose reasonable restrictions and conditions on access to and use of information to be furnished under this section, including-designating information confidential and imposing nondisclosure
and safeguarding obligations on the recipient. In a dispute concerning the reasonableness of a restriction, condition or obligation under this subsection, the corporation has the burden of proving reasonableness.

[(e)] (f) Cross references.--See sections 107 (relating to form of records), 1512 (relating to informational rights of a director) [and] 1763(c) (relating to certification by nominee) [.] and 2511 (relating to financial reports to shareholders) and 42 Pa.C.S. § 2503(7) and (9) (relating to right of participants to receive counsel fees).

§ 1509. Bylaws and other powers in emergency.

(a) General rule.--Except as otherwise restricted in the bylaws, the board of directors of any business corporation may adopt emergency bylaws, subject to repeal or change by action of the shareholders, which shall, notwithstanding any different provisions of law or of the articles or bylaws, be effective during [any emergency resulting from an attack on the United States, a nuclear disaster or another catastrophe as a result of which a quorum of the board cannot readily be assembled] an emergency. The emergency bylaws may make any provision that may be appropriate for the circumstances of the emergency, including:

(1) Procedures for calling meetings of the board.

(2) Quorum requirements for meetings of the board.

(3) Procedures for designating additional or substitute directors.

(b) Lines of succession; head office.--The board of directors or the officers, if authorized by the board of directors, either before or during any emergency, may:

(1) provide, and from time to time modify, lines of
succession in the event that during the emergency any or all officers or agents of the corporation shall for any reason be rendered incapable of discharging their duties [and may,]; 

and

(2) effective in the emergency, change the head offices or designate several alternative head offices or regional offices of the corporation [or authorize the officers to do so].

(c) Personnel Representatives not liable.--A representative of the corporation:

(1) Acting in accordance with any emergency bylaws [shall not be liable except for willful misconduct.] in effect at the time or otherwise in accordance with this section is not personally liable for monetary damages except for:

(i) self-dealing, willful misconduct or recklessness;

(ii) violation of a criminal statute; or

(iii) payment of taxes pursuant to Federal, State or local law.

(2) Shall not be liable for any action taken by him by the representative in good faith in an emergency in furtherance of the ordinary business affairs of the corporation even though not authorized by the emergency or other bylaws then in effect.

(d) Effect on regular bylaws.--To the extent not inconsistent with any emergency bylaws [so adopted], the bylaws of the corporation shall remain in effect during any emergency and, upon its termination, the emergency bylaws shall cease to be effective.
(e) Procedure in absence of emergency bylaws.--Unless otherwise provided in emergency bylaws, notice of any meeting of the board of directors during an emergency shall be given only to those directors it is feasible to reach at the time and by such means as are feasible at the time, including publication, radio or television. To the extent required to constitute a quorum at any meeting of the board of directors during any emergency, the officers of the corporation who are present at the meeting shall, unless otherwise provided in emergency bylaws, be deemed, in order of rank and within the same rank in order of seniority, directors for the meeting. An officer serving as a director under this subsection shall be subject to, and entitled to the benefits of, the provisions of this subpart relating to directors.

(f) Corporate actions.--A corporate action to further the ordinary business affairs of the corporation that is taken in accordance with any emergency bylaws in effect at the time or otherwise in accordance with this section is valid and binding on the corporation.

(g) Shareholder meetings.--The required time for holding the annual meeting of the shareholders of a corporation provided in section 1755(a) (relating to time of holding meetings of shareholders) or the articles or bylaws is tolled during an emergency. The board of directors, acting by a majority of those directors that can be assembled, may take any action during an emergency that the board determines to be practical and necessary to address the circumstances of the emergency with respect to a meeting of shareholders notwithstanding anything to the contrary in this subpart or in the articles or bylaws. The actions the board may take include:
(1) postponing the meeting to a later time or date, with
the record date for determining the shareholders entitled to
notice of, and to vote at, the meeting applying to the
postponed meeting without regard to section 1763 (relating to
determination of shareholders of record); and

(2) with respect to a registered corporation, notifying
the shareholders of any postponement or a change of the place
of the meeting, or a change to hold the meeting solely by
means of remote communication, solely by a document publicly
filed by the corporation with the Securities and Exchange
Commission pursuant to section 13, 14 or 15(d) of the
Exchange Act and the rules and regulations thereunder.

(h) Declared distributions.--The board of directors, acting
by a majority of the directors that can be assembled, may change
during an emergency the record date or payment date of a
distribution that has been declared if the record date has not
yet occurred. If the board acts under this subsection:

(1) the new payment date must be not more than 60 days
after the record date that applies to the new payment date;
and

(2) the corporation must give notice of the changes to
shareholders as promptly as practicable thereafter, and in
any event before the record date theretofore in effect, which
notice, in the case of a registered corporation, may be given
solely by a document publicly filed with the Securities and
Exchange Commission pursuant to section 13, 14 or 15(d) of
the Exchange Act and the rules and regulations thereunder.

(i) Definition.--As used in this section, and for no other
purpose, "emergency" means a period during which a quorum of the
board, or of persons on whom the powers and duties of the board
have been conferred or imposed under section 1721, cannot be
assembled as a result of:

(1) an attack on the United States;
(2) a nuclear disaster;
(3) an epidemic or pandemic;
(4) a state of emergency under federal or state law
    covering a geographic area in which the corporation has its
    principal office or a significant regional office or
    operation; or
(5) any other catastrophe or disaster.

Section 36. Section 1512(b) and (c) of Title 15 are amended
and the section is amended by adding subsections to read:

§ 1512. Informational rights of a director.

* * *

(b) Proceedings for enforcement of inspection by a
director.—If the corporation, or an officer or agent thereof,
refuses to permit an inspection or obtain or provide information
sought by a director or attorney or other agent acting for the
director pursuant to subsection (a) or does not reply to the
request within two business days after the request has been
made, the director may [apply to] file an action in the court
for an order to compel the inspection or the obtaining or
providing of the information. The court shall summarily order
the corporation to permit the requested inspection or to obtain
the information unless the corporation establishes that [the]
information other than the bylaws to be obtained by the exercise
of the right is not reasonably related to the performance of the
duties of the director or that the director or the attorney or
agent of the director is likely to use [the] that information in
a manner that would violate the duty of the director to the
corporation. The order of the court may contain provisions
protecting the corporation from undue burden or expense and
prohibiting the director from using the information in a manner
that would violate the duty of the director to the corporation.

(c) Right to bylaws.--Every director has the right to
receive, on demand and without charge, a copy in record form of
the currently effective text of the bylaws. This subsection may
not be relaxed by any provision of the articles.

(d) Reasonable restrictions permitted.--The corporation may
impose reasonable restrictions and conditions on access to and
use of information to be furnished under this section, including
designating information confidential and imposing nondisclosure
and safeguarding obligations on the recipient. In a dispute
concerning the reasonableness of a restriction, condition or
obligation under this subsection, the corporation has the burden
of proving reasonableness.

[(c)] (e) Cross references.--See sections 107 (relating to
form of records) and 1508 (relating to corporate records;
ispection by shareholders) and 42 Pa.C.S. § 2503(7) (relating
to right of participants to receive counsel fees).

Section 37. Title 15 is amended by adding a section to read:

§ 1513. Forum selection provisions.

(a) General rule.--The bylaws may provide that:

(1) an internal corporate claim must be brought
exclusively in a specified court or courts of this
Commonwealth and, if so specified, also in:

(i) other identified courts sitting in this
Commonwealth; or

(ii) identified courts sitting in other
jurisdictions with which the business corporation has a
reasonable relationship; or

(2) a claim arising under the Securities Act of 1933 (48
Stat. 74, 15 U.S.C. § 77a et seq.) must be brought
exclusively in Federal court.

(b) Jurisdiction.--A provision of the bylaws adopted under
subsection (a) shall not have the effect of conferring
jurisdiction on any court or over any person or claim, and shall
not apply if none of the courts specified in the provision has
the requisite personal and subject matter jurisdiction. If none
of the courts of this Commonwealth specified in a provision
adopted under subsection (a)(1) has the requisite personal and
subject matter jurisdiction and another court of this
Commonwealth does have such jurisdiction, then the internal
Corporate claim may be brought in the court with jurisdiction,
notwithstanding that it is not specified in the provision.

(c) Definition.--For the purposes of this section, "internal
corporate claim" means:

(1) an action that is based upon an alleged violation of
a duty owed to the business corporation under the laws of
this Commonwealth by a current or former director, officer or
shareholder in that capacity;

(2) a derivative action or proceeding brought on behalf
of the corporation;

(3) an action asserting a claim arising pursuant to any
provision of:

(i) this title;

(ii) the articles of incorporation or bylaws; or

(iii) an agreement regarding the governance of the
corporation or the transfer of shares in the corporation

if:
(A) the corporation and at least one shareholder are parties to the agreement or stated or intended beneficiaries thereof; and

(B) the agreement is entered into after the adoption of a forum selection provision under this section and the agreement does not contain an inconsistent forum selection provision; or

(4) any action asserting a claim regarding the internal affairs of the corporation that is not included in paragraphs (1), (2) and (3).

Section 38. Section 1521(a), (b)(3) and (d) of Title 15 are amended to read:

§ 1521. Authorized shares.

(a) General rule.--Every business corporation shall have power to create and issue the number of shares stated in its articles. The shares may consist of one class or be divided into two or more classes and one or more series within any class thereof, which classes or series may have full, limited, multiple or fractional or no voting rights and such designations, preferences, limitations and special rights as may be desired. [Shares that are not entitled to a preference, even if identified by a class or other designation, shall not be designated as preference or preferred shares.]

(b) Provisions specifically authorized.--

* * *

(3) The articles may confer upon a shareholder a specifically enforceable right to the declaration and payment of dividends, the redemption of shares or the making of any other form of distribution if the distribution is at the time of enforcement then not prohibited by section [1551(b)(2)]
(b) Specifically authorized provisions.--The securities, contracts, warrants or other instruments evidencing any shares, option rights, securities having conversion or option rights, or obligations of a corporation may contain such terms as are fixed by the board of directors, including, without limiting the generality of such authority:

(1) Restrictions upon the authorization or issuance of additional shares, option rights, securities having conversion or option rights, or obligations.

(2) Provisions for the adjustment of the conversion or option rights price.
(3) Provisions concerning rights or adjustments in the event of reorganization, merger, [consolidation,] sale of assets, interest exchange [of shares] or other fundamental changes.

(4) Provisions for the reservation of authorized but unissued shares or other securities.

(5) Restrictions upon the declaration or payment of dividends or distributions or related party transactions.

(6) Conditions relating to the exercise, conversion, transfer or receipt of such shares, option rights, securities having conversion or option rights, or obligations.

[There shall be no authority under this subsection to include a provision authorized by section 2513 (relating to disparate treatment of certain persons).]

(b.1) Disparate treatment.--Subsection (b) does not authorize the inclusion of a condition described in section 2513 (relating to disparate treatment of certain persons) in the case of a corporation that is not a registered corporation described in section 2502(1)(i) (relating to registered corporation status).

* * *

(d) Pricing and payment.--The provisions of this subchapter applicable to the [pricing of and payment for] issuance and pricing of, and payment for, shares shall be applicable to [the pricing of and payment for] rights and options except that the rights and options may be issued to representatives of the corporation or any of its affiliates as an incentive to service or continued service with the corporation and its affiliates or for such other purpose and upon such other terms as its directors, who may benefit by their action, [deem advantageous]
to the corporation] approve.

* * *

Section 40. Sections 1529(b), (c) and (d), 1552(a), 1553(a), 1571(b)(1) introductory paragraph and (f), 1702(a) and (d), 1704(a) and (d), 1708 and 1709(b) and (c) of Title 15 are amended to read:

§ 1529. Transfer of securities; restrictions.

* * *

(b) Transfer restrictions generally.--A restriction on the transfer or registration of transfer of securities of a business corporation may be imposed by the bylaws or by an agreement among any number of securityholders or among them and the corporation. A restriction so imposed shall not be binding with respect to securities issued prior to the adoption of the restriction unless the holders of the securities are parties to the agreement or voted in favor of the restriction[.]

A restriction may be amended [by the vote or consent and otherwise] in the manner provided in the bylaws or agreement for amending the restriction or, in the absence of such a provision, as provided for amending the bylaws or agreement generally.

(c) Restrictions specifically authorized.--A restriction on the transfer of securities of a business corporation is permitted by this section if it:

(1) obligates the holder of the restricted securities to
offer to the corporation or to any other holders of
securities of the corporation or to any other person or to
any combination of the foregoing a prior opportunity, to be
exercised within a reasonable time, to acquire the restricted
securities;

(2) obligates the corporation or any holder of
securities of the corporation or any other person or any
combination of the foregoing, to purchase the securities that
are the subject of an agreement respecting the purchase and
sale of the restricted securities;

(3) requires the corporation or the holders of any class
or series of securities of the corporation to consent to any
proposed transfer of the restricted securities or to approve
the proposed transferee of the restricted securities [;] or
to approve the amount of securities of the corporation that
may be owned by any person or group of persons;

(3.1) obligates the holder of the restricted securities
to sell or transfer an amount of restricted securities to the
corporation or to any other holders of securities of the
corporation or to any other person or to any combination of
the foregoing, or causes or results in the automatic sale or
transfer of an amount of restricted securities to the
corporation or to any other holders of securities of the
corporation or to any other person or to any combination of
the foregoing; or

(4) prohibits the transfer of the restricted securities
to designated persons or classes of persons and the
designation is not manifestly unreasonable.

(d) [Subchapter $] Tax and regulatory restrictions.--Any
restriction on the transfer of [the shares] securities of a
business corporation [for the purpose of maintaining its status as an electing small business corporation under Subchapter S of the Internal Revenue Code of 1986 or a comparable provision under state law] or on the amount of securities of a corporation that may be owned by a person or group of persons for any of the following purposes shall be conclusively presumed to be for a reasonable purpose:

(1) relating to the Federal, State, local or foreign taxation of the corporation or its shareholders, including without limitation:

   (i) maintaining the status of the corporation as an electing small business corporation under Subchapter S of the Internal Revenue Code of 1986;

   (ii) maintaining or preserving any tax attribute, including without limitation net operating losses; or

   (iii) qualifying or maintaining the qualification of the corporation as a real estate investment trust pursuant to the Internal Revenue Code of 1986;

(2) complying with any statutory or regulatory requirement; or

(3) maintaining any statutory or regulatory status.

* * *

§ 1552. Power of corporation to acquire its own shares.

(a) General rule. --A business corporation shall have the power to acquire its own shares. If the articles provide that shares acquired by the corporation shall not be reissued, the authorized shares of the class or series that was acquired shall be reduced by the number of shares acquired. In any other case the shares acquired shall be deemed to be issued but not outstanding, except that, unless otherwise provided in the
bylaws, the board may, by resolution, restore any or all of the
previously issued shares of the corporation owned by it to the
status of:

(1) authorized but unissued shares; or

(2) authorized but unissued shares of the class or
series.

* * *

§ 1553. Liability for unlawful dividends and other
distributions.

(a) Directors.--Except as otherwise provided pursuant to
section 1713 (relating to personal liability of directors), a
director who votes for or assents to any dividend or other
distribution contrary to the provisions of this subpart or
contrary to any restrictions contained in the bylaws shall, if
he has not complied with the standard provided in or pursuant to
section 1712 (relating to standard of care and justifiable
reliance and business judgment rule), be liable to the
corporation, jointly and severally with all other directors so
voting or assenting, for the amount of the dividend that is paid
or the value of the other distribution in excess of the amount
of the dividend or other distribution that could have been made
without a violation of the provisions of this subpart or the
restrictions in the bylaws.

* * *

§ 1571. Application and effect of subchapter.

* * *

(b) Exceptions.--

(1) Except as otherwise provided in paragraph (2), the
holders of the shares of any class or series of shares shall
not have the right to dissent and obtain payment of the fair

value of the shares under this subchapter if, on the record date fixed to determine the shareholders entitled to notice of and to vote at the meeting at which a plan specified in any of section 333, 343, 353, 363 or 1932(c) is to be voted on or on the date of the first public announcement that such a plan has been approved by the shareholders by consent without a meeting, the shares of the class or series are either:

* * *

(f) Certain provisions of articles ineffective.--This subchapter may not be relaxed by any provision of the articles[, except that the articles may limit or eliminate dissenters rights for a class or series of shares entitled to a preference. If a limitation or elimination is added by amendment, the limitation or elimination shall not apply to shares that are outstanding on the effective date of the amendment or that are issuable pursuant to a conversion, exchange or other right exercisable on the effective date of the amendment.

* * *

§ 1702. Manner of giving notice.

(a) General rule.--

(1) Any notice required to be given to any person under the provisions of this subpart or by the articles or bylaws of any business corporation shall be given to the person either personally or by [sending] delivering a copy thereof:

(ii) By first class or express mail, postage prepaid, or courier service, charges prepaid, to [his] the postal address of the person appearing on the books of the corporation or, in the case of directors, supplied by
the director to the corporation for the purpose of notice. Notice pursuant to this subparagraph shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a courier service for delivery to that person.

(ii) By facsimile transmission, e-mail or other electronic communication to the facsimile number or address for e-mail or other electronic communications supplied by the person to the corporation for the purpose of notice. Notice pursuant to this subparagraph shall be deemed to have been given to the person entitled thereto when sent.

(2) A notice of meeting shall specify the day and hour and geographic location, if any, of the meeting and any other information required by any other provision of this subpart. A notice of meeting may include other information if the information required by this subpart appears conspicuously at or near the beginning of the notice.

* * *

(d) Cross references.—See sections 2522 (relating to adjournment or postponement of meeting of shareholders), 2528 (relating to notice of shareholder meetings) and 3133 (relating to notice of meetings of members of mutual insurance companies).
means of electronic technology in accordance with section 1708 
(relating to use of conference telephone or other electronic 
technology), notwithstanding that the authority may refer to one 
or more geographic locations. Unless otherwise provided in or 
fixed pursuant to the bylaws, all meetings of the shareholders 
that are not held solely by means of electronic technology shall 
be held at the executive office of the corporation wherever 
situated. [If a meeting of the shareholders is held by means of 
the Internet or other electronic communications technology in a 
fashion pursuant to which the shareholders have the opportunity 
to read or hear the proceedings substantially concurrently with 
their occurrence, vote on matters submitted to the shareholders, 
pose questions to the directors, make appropriate motions and 
comment on the business of the meeting, the meeting need not be 
held at a particular geographic location.] 
* * *
(d) Alternative authority.--If the secretary or other 
authorized person [neglects or refuses to] does not give notice 
of a meeting within a reasonable time, a person calling the 
meeting may do so. 
* * *
§ 1708. Use of conference telephone or other electronic 
technology. 
(a) Incorporators and directors.--Except as otherwise 
provided in the bylaws, one or more persons may participate in a 
meeting of the incorporators or the board of directors of a 
business corporation by means of conference telephone or other 
electronic technology by means of which all persons 
participating in the meeting can hear each other. Participation 
in a meeting pursuant to this [section] subsection shall
constitute presence in person at the meeting.

(b) Shareholders.--Except as otherwise provided in the bylaws, the presence or participation, including voting and taking other action, by a shareholder at a meeting of shareholders [or the expression of consent or dissent to corporate action by a shareholder] by conference telephone or other electronic [means, including, without limitation, the Internet, shall constitute the presence of, or vote or action by, or consent or dissent of] technology constitutes the presence or participation, including voting and taking other action, by the shareholder for the purposes of this subpart.

(c) Exclusive use of electronic technology.--Unless the bylaws provide expressly that a meeting of shareholders may not be held solely by means of electronic technology, a meeting of the shareholders does not need to be held at a geographic location if the meeting is held by means of electronic technology in a fashion pursuant to which the shareholders have a reasonable opportunity to participate in the meeting, read or hear the proceedings substantially concurrently with their occurrence, vote on matters submitted to the shareholders and, subject to such guidelines and procedures as the board of directors may adopt, make appropriate motions and comment on the business of the meeting. Any guidelines or procedures adopted by the board must comply with sections 1709(c) (relating to conduct of shareholders meeting) and 1758(e) (relating to voting rights of shareholders).

§ 1709. Conduct of shareholders meeting.

* * *

(b) Authority of the presiding officer.--Except as otherwise provided in the bylaws, the presiding officer shall determine
the order of business and shall have the authority to establish
rules for the conduct of the meeting if the board of directors
has not determined the order of business or established the
rules.

(c) Procedural standard.--Any action by the presiding
officer in adopting rules for and in conducting a meeting shall
rules adopted for, and the conduct of, a meeting must be fair to
the shareholders.

* * *

Section 41. Section 1711 of Title 15 is amended by adding a
subsection to read:

§ 1711. Alternative provisions.

* * *

(d) Reversal of opt-out.--A provision of the articles or
bylaws providing that section 1715 or corresponding provisions
of prior law shall not be applicable to the corporation may be
rescinded pursuant to the procedures required by this subpart
and the articles and bylaws at the time of the rescission to
amend the articles or bylaws.

Section 42. Section 1712 of Title 15 is amended to read:

§ 1712. Standard of care and [and], justifiable reliance and
business judgment rule.

(a) [Directors] General rule.--A director of a business
corporation shall stand in a fiduciary relation to the
corporation and shall perform [his duties as] the duties of a
director, including [his] duties as a member of any committee of
the board upon which [he] the director may serve, in good faith,
in a manner [he] the director reasonably believes to be in the
best interests of the corporation and with such care, including
reasonable inquiry,] the skill and diligence[, as] that a
person of ordinary prudence would use under similar

and reasonable inquiry into those issues

required by the statutes of this Commonwealth to be considered

in the circumstances and those interests and factors listed or
described in section 1715(a) (relating to exercise of powers
generally) or 1716(a) (relating to alternative standard) that
the director considers appropriate. This subsection is subject
to subsection (d) where applicable.

(a.1) Justifiable reliance.--In performing the
duties of a director, and in satisfying the requirements of
subsection (d), a director is entitled to rely in
good faith on information, opinions, reports or statements,
including financial statements and other financial data, in each
case prepared or presented by any of the following:

(1) One or more officers or employees of the corporation

or an affiliate of the corporation whom the director
reasonably believes to be reliable and competent in the
matters presented.

(2) Counsel, public accountants or other persons as to
matters which the director reasonably believes to be within
the professional or expert competence of such person.

(3) A committee of the board upon which he does not serve, duly designated in accordance with
law, as to matters within its designated authority, which
committee the director reasonably believes to merit
confidence.

(b) Effect of actual knowledge.--A director is not considered to be acting in good faith under
subsection (a.1) if the director has actual knowledge concerning
the matter that causes the
director to believe reliance [to be] is unwarranted.

[(c) Officers.--Except as otherwise provided in the bylaws, an officer shall perform his duties as an officer in good faith, in a manner he reasonably believes to be in the best interests of the corporation and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. A person who so performs his duties shall not be liable by reason of having been an officer of the corporation.]

(d) Business judgment rule.--A director who makes a business judgment in good faith fulfills the duties under this section if:

(1) the subject of the business judgment does not involve self-dealing by the director or an associate or affiliate of the director;

(2) the director is informed with respect to the subject of the business judgment to the extent the director reasonably believes to be appropriate under the circumstances; and

(3) the director rationally believes that the business judgment is in the best interests of the corporation.

(e) Burden of proof.--A person challenging the conduct of a director as violating the duty of care under this section has the burden of proving:

(1) a breach of the duty of care, including that a requirement for fulfillment of that duty under subsection (d) has not been met; and

(2) in a damage action, that the breach was the legal cause of damage suffered by the corporation.
amended and the section is amended by adding a subsection to read:

§ 1713. Personal liability of directors.
(a) General rule.--If a bylaw adopted by the shareholders of a business corporation so provides, a director shall not be personally liable, as such, for monetary damages for any action taken unless:

(1) the director has breached or failed to perform the duties of a director under this subchapter; and

* * *

(c) Application.--An amendment or repeal of a provision adopted under subsection (a) does not affect its application with respect to an act by a director occurring before the amendment or repeal unless the provision in effect at the time of the act explicitly authorizes its amendment or repeal after an act has occurred.

[(c)] (d) Cross reference.--See 42 Pa.C.S. § 8332.5 (relating to corporate representatives).

Section 44. Sections 1714, 1715(b), (d) and (e)(1)(i), 1716, 1717 and 1718 of Title 15 are amended to read:

§ 1714. [Notation of dissent] Presumption of assent.

A director of a business corporation who is present at a meeting of its board of directors, or of a committee of the board, at which action on any corporate matter is taken on which the director is generally competent to act, shall be presumed to have assented to the action taken unless [his dissent] the director's dissent, abstention or vote against the matter is entered in the minutes of the meeting or unless [he files his written dissent] the director delivers to the secretary of the meeting before the adjournment thereof a dissent in record form.

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to the action [with the secretary of the meeting before the adjournment thereof] or transmits the dissent [in writing] in record form to the secretary of the corporation immediately after the adjournment of the meeting. The right to dissent shall not apply to a director who voted in favor of the action.

Nothing in this subchapter shall bar a director from asserting that minutes of the meeting incorrectly omitted [his dissent] the director's dissent, abstention or vote against if, promptly upon receipt of a copy of such minutes, [he] the director notifies the secretary [in writing] of the corporation in record form of the asserted omission or inaccuracy.

§ 1715. Exercise of powers generally.

* * *

(b) Consideration of interests and factors.--The board of directors, committees of the board and individual directors shall not be required, in considering the best interests of the corporation or the effects of any action, to regard any corporate interest or the interests of any particular group affected by such action as a dominant or controlling interest or factor. The consideration of interests and factors in the manner described in this subsection and in subsection (a) shall not constitute a violation of section 1712 (relating to standard of care [and justifiable reliance and business judgment rule]).

* * *

(d) Presumption.--[Absent breach of fiduciary duty, lack of good faith or self-dealing, any act as the board of directors, a committee of the board or an individual director shall be presumed to be in the best interests of the corporation.] In assessing whether the standard set forth in section 1712 or 1728 (relating to interested directors or officers; quorum) has been
satisfied, there shall not be any greater obligation to justify, or higher burden of proof with respect to, any act as the board of directors, any committee of the board or any individual director relating to or affecting an acquisition or potential or proposed acquisition of control of the corporation than is applied to any other act as a board of directors, any committee of the board or any individual director. Notwithstanding section 1712(d) and the preceding provision of this subsection, any act as the board of directors, a committee of the board or an individual director relating to or affecting an acquisition or potential or proposed acquisition of control to which a majority of the disinterested directors shall have assented shall be presumed to satisfy the standard set forth in section 1712 or 1728, unless it is proven by clear and convincing evidence that the disinterested directors did not assent to such act in good faith after reasonable investigation. (e) Definition.--The term "disinterested director" as used in subsection (d) and for no other purpose means: (1) A director of the corporation other than: (i) A director who has a direct or indirect financial or other interest in the person acquiring or seeking to acquire control of the corporation or who is an affiliate or associate, as defined in section 2552 (relating to definitions), of, or was nominated or designated as a director by, a person acquiring or seeking to acquire control of the corporation. 

* * *

§ 1716. Alternative standard. (a) General rule.--In discharging the duties of their respective positions, the board of directors, committees of the
board and individual directors of a business corporation may, in
considering the best interests of the corporation, consider the
effects of any action upon employees, upon suppliers and
customers of the corporation and upon communities in which
offices or other establishments of the corporation are located,
and all other pertinent factors. The consideration of those
factors shall not constitute a violation of section 1712
(relating to standard of care [and] justifiable reliance and
business judgment rule).

[(b) Presumption.--Absent breach of fiduciary duty, lack of
good faith or self-dealing, actions taken as a director shall be
presumed to be in the best interests of the corporation.]

(c) Cross reference.--See section 1711 (relating to
alternative provisions).

§ 1717. Limitation on standing.
The duty of the board of directors, committees of the board
and individual directors under section 1712 (relating to
standard of care [and] justifiable reliance and business
judgment rule) is solely to the business corporation and not to
any shareholder or creditor or any other person or group, and
may be enforced directly by the corporation or may be enforced
by [a shareholder, as such, by] an action in the right of the
corporation, and may not be enforced directly by a shareholder
or creditor or by any other person or group. Notwithstanding the
preceding sentence, sections 1715(a) and (b) (relating to
exercise of powers generally) and 1716(a) (relating to
alternative standard) do not impose upon the board of directors,
committees of the board and individual directors any legal or
equitable duties, obligations or liabilities or create any right
or cause of action against, or basis for standing to sue, the

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board of directors, committees of the board and individual
directors.
§ 1718. Inconsistent articles ineffective.
Except as otherwise expressly provided in this subchapter,
the articles may not contain any provision that relaxes,
restricts, is inconsistent with or supersedes any provision of
this subchapter. [The last sentence of section 1306(b)] Section
1306(b)(2) (relating to other provisions authorized) shall not
apply to this subchapter.
Section 45. Title 15 is amended by adding a section to read:
§ 1719. Renunciation of business opportunities.
The articles of incorporation, or an action of the board of
directors, may renounce any interest or expectancy of a business
corporation in, or in being offered an opportunity to
participate in, a specified business opportunity or specified
classes or categories of business opportunities that are
presented to the corporation or to one or more of its directors,
officers or shareholders.
Section 46. Sections 1721(a) and 1722(b) of Title 15 are
amended to read:
§ 1721. Board of directors.
(a) General rule.--Unless otherwise provided by statute or
in a bylaw adopted by the shareholders, all powers enumerated in
section 1502 (relating to general powers) and elsewhere in this
subpart title or otherwise vested by law in a business
corporation shall be exercised by or under the authority of the
board of directors, and the business and affairs of every
business corporation shall be managed by or under the direction
of, a board of directors. If any such provision is made in the
bylaws, the powers and duties conferred or imposed upon the
board of directors by this [subpart] title shall be exercised or performed to such extent and by such person or persons as shall be provided in the bylaws. Persons upon whom the [liabilities] powers and duties of directors are imposed by this section shall to that extent be subject to the liabilities imposed, and entitled to the rights and immunities conferred by or pursuant to this part and other provisions of law upon directors of a corporation.

* * *

§ 1722. Qualifications of directors.

* * *

(b) Cross [reference] references.--See [section] sections 2530 (relating to qualifications of directors) and 3131 (relating to directors).

Section 47. Section 1724(a) of Title 15 is amended and the section is amended by adding a subsection to read:

§ 1724. Term of office of directors.

(a) General rule.--Each director of a business corporation shall hold office until the expiration of the term for which [he] the director was selected and until [his] a successor has been selected and qualified or until [his] the director's earlier death, resignation or removal. [Any director may resign at any time upon written notice to the corporation. The resignation shall be effective upon receipt thereof by the corporation or at such subsequent time as shall be specified in the notice of resignation.] Each director shall be selected for the term of office provided in the bylaws, which shall be one year [and until his successor has been selected and qualified or until his earlier death, resignation or removal,] unless the board is classified as provided by subsection (b). A decrease in
the number of directors shall not have the effect of shortening
the term of any incumbent director.

* * *

(c) Resignation.--A director may resign at any time upon
notice in record form to the corporation. A resignation that is
not conditioned upon acceptance by the board of directors shall
be effective upon receipt by the corporation of the notice of
resignation, unless the notice specifies a later effective time
or an effective time determined upon the happening of an event
or events. If a resignation is conditioned upon its acceptance
by the board, a decision by the board to accept or reject the
resignation shall be made by the board in accordance with
Subchapter B (relating to fiduciary duty).

Section 48. Section 1725(b) of Title 15 is amended by adding
a paragraph to read:

§ 1725. Selection of directors.

* * *

(b) Vacancies.--

* * *

(3) At any time when the offices of all of the directors
of a corporation are vacant, any officer or shareholder, or a
fiduciary for a shareholder, may call a special meeting of
shareholders for the purpose of electing directors. This
paragraph shall not apply if the articles or bylaws, or an
agreement among the shareholders of a closely held
corporation, provide that all of the powers and duties of
directors are exercised by persons other than directors.

* * *

Section 49. Sections 1727(b) and 1728(a) of Title 15 are
amended and the sections are amended by adding subsections to
§ 1727. Quorum of and action by directors.

* * *

(b) Action by consent.--Unless otherwise restricted in the bylaws, any action required or permitted to be approved at a meeting of the directors may be approved without a meeting by a consent or consents to the action in record form.

Except as provided in subsection (c), the consents must be signed, before, on or after the effective date of the action by all of the directors in office on the date the first consent is signed at the effective time. The consent or consents must be filed with the minutes of the proceedings of the board of directors.

(c) Effectiveness of consent.--A consent may provide, or a person signing a consent, whether or not then a director, may instruct in record form, that the consent will be effective at a future time, including a time determined upon the happening of an event. In the case of a consent signed by a person not a director at the time of signing, the consent is effective at the stated effective time if the person who signed the consent is a director at the effective time and did not revoke the consent in record form prior to the effective time. A consent is effective at the stated effective time even if one or more signers are no longer directors at the effective time unless the consent has been revoked by a signer who is a director at the effective time. A signer of a consent may revoke the signer's consent in record form until the consent becomes effective.

§ 1728. Interested directors or officers; quorum.

(a) General rule.--A contract or transaction between a business corporation and one or more of its directors or officers is void to the extent that it involves a conflict of interest unless:

1. The action has been specifically authorized by the board of directors or a committee of directors to which the matter is referred for their consideration; or

2. The matter is approved by the board of directors or such committee of directors, notwithstanding the interest of any of its members, except that no member may participate in the voting on the matter if the member is interested, or; or

3. A majority of the健全 Directors or a majority of the members of such a committee, or such a majority excluding the interest of any of its members, resolves to approve the matter, notwithstanding the interest of any of its members.

As used in this section, "director" means any person who is or was a director of the business corporation at any time during the 120 days preceding the date on which the contract or transaction was to be approved.
officers or between a business corporation and another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other enterprise in which one or more of [its] the corporation's directors or officers are [directors] governors or officers of the other association or have a financial or other interest, [shall not be] is not void or voidable solely for that reason, or solely because the director or officer of the corporation is present at or participates in the meeting of the board of directors that authorizes the contract or transaction, or solely because [his or their votes are] the vote of the director or officer is counted for that purpose, if:

(1) the material facts as to the relationship or interest and as to the contract or transaction are disclosed or are known to the board of directors and the board authorizes the contract or transaction by the affirmative votes of a majority of the disinterested directors even though the disinterested directors are less than a quorum;

(2) the material facts as to [his] the relationship or interest and as to the contract or transaction are disclosed or are known to the shareholders entitled to vote thereon and the contract or transaction is specifically approved in good faith by vote of those shareholders; [or]

(3) the contract or transaction is fair as to the corporation as of the time it is authorized, approved or ratified by the board of directors or the shareholders[.]; or

(4) the contract or transaction satisfies subsection (d) or (e).

* * *

(d) Common governors or officers with not wholly owned
associations.--A contract or transaction between a business
 corporation and an association that is not wholly owned by the
corporation, is not void or voidable solely on the grounds that
a person who is a director or officer of the corporation is also
a governor or officer of the other association if:

(1) one of the conditions set forth in subsection (a)
(1), (2) or (3) is satisfied; or

(2) (i) the director or officer does not participate
personally and substantially in negotiating the
transaction for either the corporation or the other
association; and

(ii) if the transaction is approved by the governors
of either association, the person that is a governor or
officer of each association does not cast a vote that
would be necessary at a meeting to approve the
transaction on behalf of either association.

(e) Common governors or officers with wholly owned
associations.--A contract or transaction between a business
corporation and an association that is wholly owned by the
corporation is not void or voidable solely on the grounds that a
director or officer of the corporation is also a governor or
officer of the wholly owned association.

(f) Cross references.--See sections 1715(d) (relating to
exercise of powers generally) and 1730 (relating to compensation
of directors).

Section 50. Sections 1730, 1731(a) and 1732 of Title 15 are
amended to read:

§ 1730. Compensation of directors.

(a) General rule.--Except as otherwise restricted in the
byslaws, the board of directors of a business corporation [shall

have has the authority to fix the compensation of directors for their services as directors, regardless of the personal interest of the directors. A director may be a salaried officer of the corporation.

(b) Presumption.--If the board of directors establishes the compensation of directors in accordance with subsection (a), that action is presumed to be fair to the corporation.

§ 1731. Executive and other committees of the board.

(a) Establishment and powers.--Unless otherwise restricted in the bylaws:

(1) The bylaws or the board of directors of a business corporation may establish one or more committees to consist of one or more directors of the corporation.

(2) Any committee, to the extent provided in the resolution of the board of directors or in the bylaws, shall have and may exercise all of the powers and authority of the board of directors except that a committee shall not have any power or authority as to the following:

(i) The submission to shareholders of any action or matter, other than the election or removal of directors, requiring approval of shareholders under this subpart or Chapter 3 (relating to entity transactions).

(ii) The creation or filling of vacancies in the board of directors.

(iii) The adoption, amendment or repeal of the bylaws.

(iv) The amendment or repeal of any resolution of the board that by its terms is amendable or repealable only by the board.

(v) Action on matters committed by the bylaws or
[resolution] action of the board of directors exclusively to another committee of the board.

(3) The board may designate one or more directors as alternate members of any committee who may replace any absent or disqualified member at any meeting of the committee or for the purposes of [any written] action in record form by the committee. In the absence or disqualification of a member and alternate member or members of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not [he or they] those present constitute a quorum, may unanimously appoint another director to act at the meeting in the place of the absent or disqualified member.

* * *

§ 1732. Officers.

(a) General rule.--Every business corporation shall have a president, a secretary and a treasurer, or persons who shall act as such, regardless of the name or title by which they may be designated, elected or appointed and may have such other officers [and assistant officers] as it may authorize from time to time. The bylaws may prescribe special qualifications for the officers. The president and secretary shall be natural persons of full age. The treasurer may be a corporation, but if a natural person shall be of full age. Unless otherwise restricted in the bylaws, it shall not be necessary for the officers to be directors. Any number of offices may be held by the same person.

(b) Election, appointment and term of office.--The officers [and assistant officers] shall be elected or appointed at such time, in such manner and for such terms as may be fixed by or pursuant to the bylaws. Unless otherwise provided by or pursuant
to the bylaws, each officer shall hold office for a term of one year and until [his] the officer's successor has been selected and qualified or until [his] the officer's earlier death, resignation or removal.

(c) Resignation.--Any officer may resign at any time upon written notice to the corporation. The resignation shall be effective upon receipt thereof by the corporation or at such subsequent time as may be specified in the notice of resignation.

(d) Bonding.--The corporation may secure the fidelity of any or all of the officers by bond or otherwise.

(e) Vacancies.--Unless otherwise provided in the bylaws, the board of directors has the power to fill any vacancies in any office occurring from whatever reason.

[(b)] (f) Authority.--Unless otherwise provided in the bylaws, all officers of the corporation, as between themselves and the corporation, shall have such authority and perform such duties in the management of the corporation as may be provided by or pursuant to the bylaws or, in the absence of controlling provisions in the bylaws, as may be determined by or pursuant to resolutions or orders actions of the board of directors.

[(c) Cross references.--See sections 1110 (relating to annual report information), 1712(c) (relating to officers) and 3132 (relating to officers).]

(g) Right to bylaws.--Every officer shall have the right to receive, promptly after demand and without charge, a copy in record form of the currently effective text of the bylaws, but only to the extent reasonably related to the officer's duties.

Section 51. Title 15 is amended by adding sections to read:

§ 1734. Officer's standard of care and justifiable reliance.
(a) General rule.--Except as otherwise provided in the bylaws, an officer shall perform the officer's duties in good faith, in a manner the officer reasonably believes to be in the best interests of the business corporation and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. A person who performs the duties of an officer in accordance with this subsection, and any provision of the bylaws that modify this subsection, shall not be liable to the corporation by reason of having been an officer of the corporation.

(b) Justifiable reliance.--In performing the duties of an officer, an officer is entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

1. One or more other officers or employees of the corporation or an affiliate of the corporation whom the officer reasonably believes to be reliable and competent in the matters presented.

2. Counsel, public accountants or other persons as to matters that the officer reasonably believes to be within the professional or expert competence of such person.

(c) Effect of actual knowledge.--An officer is not considered to be acting in good faith under subsection (a) if the officer has actual knowledge concerning the matter that causes the officer to believe reliance is unwarranted.

(d) Business judgment rule.--Except as otherwise restricted in the bylaws, an officer who makes a business judgment in good faith fulfills the duties of an officer if:

1. the subject of the business judgment does not
involve self-dealing by the officer or an associate or affiliate of the officer;

(2) the officer is informed with respect to the subject of the business judgment to the extent the officer reasonably believes to be appropriate under the circumstances; and

(3) the officer rationally believes that the business judgment is in the best interests of the corporation.

(e) Burden of proof.--A person challenging the conduct of an officer under this section has the burden of proving a breach of the duty of care, including the provisions of subsections (c) and (d), and, in a damage action, the burden of proving that the breach was the legal cause of damage suffered by the corporation.

§ 1735. Personal liability of officers.

(a) General rule.--If a bylaw adopted by the shareholders of a business corporation so provides, an officer shall not be personally liable, as such, for monetary damages for any action taken unless:

(1) the officer has breached or failed to perform the duties of an officer under this subchapter; and

(2) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

(b) Exceptions.--Subsection (a) shall not apply to:

(1) the responsibility or liability of an officer pursuant to any criminal statute; or

(2) the liability of an officer for the payment of taxes pursuant to Federal, State or local law.

(c) Application.--An amendment or repeal of a provision described in subsection (a) does not affect its application with respect to an act by an officer occurring before the amendment.
or repeal unless the provision in effect at the time of the act explicitly authorizes its amendment or repeal after an act has occurred.

(d) Certain provisions of articles ineffective.--This section may not be relaxed by any provision of the articles.

(e) Cross reference.--See 42 Pa.C.S. § 8332.5 (relating to corporate representatives).

Section 52. Sections 1743 and 1750 of Title 15 is amended to read:

§ 1743. Mandatory indemnification.

(a) General rule.--To the extent that a representative present or former director or officer of a business corporation has been successful on the merits or otherwise in defense of any action or proceeding referred to in section 1741 (relating to third-party actions) or 1742 (relating to derivative and corporate actions) or in defense of any claim, issue or matter therein, he the director or officer shall be indemnified against expenses (including attorney fees) actually and reasonably incurred by him the director or officer in connection therewith.

(b) Prospective application.--The limitation of the scope of subsection (a) to a present or former director or officer applies only to acts occurring after (insert the effective date of the amendment of subsection (a)).

§ 1750. Duration and extent of coverage.

The indemnification and advancement of expenses provided by, or granted pursuant to, this subchapter shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a representative of the corporation and shall inure to the benefit of the heirs and personal

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representative of that person. A right to indemnification or to advancement of expenses arising under a provision of the articles or bylaws may not be eliminated or impaired by an amendment to or repeal of the provision after the occurrence of an act that is the subject of the threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, for which indemnification or advancement of expenses is sought, unless the provision in effect at the time of the act explicitly authorizes the elimination or impairment after an act has occurred.

Section 53. Section 1755(b), (c) and (d) of Title 15 are amended and the section is amended by adding a subsection to read:

§ 1755. Time of holding meetings of shareholders.
* * *
(b) Special meetings.--Special meetings of the shareholders may be called at any time:

(1) by the board of directors;

(2) unless otherwise provided in the articles, by shareholders entitled to cast at least 20% of the votes that all shareholders are entitled to cast at the particular meeting; [or]

(3) by such officers or other persons as may be provided in the bylaws[.]; or

(4) as provided in section 1725(b)(3) (relating to selection of directors).

(b.1) Duties of secretary.--At any time, upon written request of any person who has called a special meeting, it shall be the duty of the secretary to fix the time of the meeting which, if the meeting is called pursuant to a statutory right,
shall be held within any period specified by this subpart, or if no period is specified, not more than 60 days after the receipt of the request. If the secretary neglects or refuses to fix the time of the meeting, the person or persons calling the meeting may do so. See [section] sections 2521 (relating to call of special meetings of shareholders) and 2565(a) (relating to procedure for establishing voting rights of control shares).

(c) Adjournments.--Adjournments of any regular or special meeting may be taken but any meeting at which directors are to be elected shall be adjourned [only] for no longer than from day to day, or for such longer periods not exceeding 15 days each as the shareholders present and entitled to vote shall direct, until the directors have been elected. See section 2522 (relating to adjournment [of meetings] or postponement of meeting of shareholders).

(d) Postponement or cancellation.--The board of directors may postpone, or delegate to an officer the authority to postpone, the annual or other regular meeting of shareholders, subject to the provision of subsection (a) providing for a meeting each calendar year. Unless otherwise restricted in the bylaws or otherwise provided by statute, the holding of a special meeting of shareholders may be postponed for not more than 15 days or may be canceled by the person or group that called the special meeting. In the case of a postponed or canceled meeting, prompt notice in record form of the postponement or cancellation must be given to the shareholders entitled to vote at the meeting.

[(d)] (e) Cross reference.--See section 1106(b)(4) (relating to uniform application of subpart).

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§ 1756. Quorum.

(a) General rule.--A meeting of shareholders of a business corporation duly called shall not be organized for the transaction of business unless a quorum is present. Unless otherwise provided in a bylaw adopted by the shareholders:

(1) A quorum for the purposes of consideration and action on a particular matter at a meeting shall consist of:

(i) the presence of shareholders entitled to cast at least a majority of the votes that all shareholders are entitled to cast on a particular matter to be acted upon at the meeting shall constitute a quorum for the purposes of consideration and action on the matter; and

(ii) if any shareholders are entitled to vote as a class on the matter, the presence of shareholders entitled to cast at least a majority of the votes entitled to be cast in the class vote.

* * *

(3) If a meeting cannot be organized because a quorum has not attended, those present may, except as otherwise provided in this subpart, adjourn the meeting to such a time and place as they may determine.

(4) If a proxy casts a vote or takes other action on behalf of a shareholder on any issue other than a procedural motion considered at a meeting of shareholders, the [shareholder] shares for which the proxy has so acted shall be deemed to be present during the entire meeting for purposes of determining whether a quorum is present for consideration of any other issue.

* * *
§ 1758. Voting rights of shareholders.

(a) General rule.—Unless otherwise provided in the articles, every shareholder of a business corporation shall be entitled to one vote for every share standing in [his the] shareholder's name on the [books of the corporation] share register. The articles may restrict the number of votes that a single holder or beneficial owner, or such a group of holders or owners as the bylaws may define, of shares of any class or series may directly or indirectly cast in the aggregate for the election of directors or on any other matter coming before the shareholders on the basis of any facts or circumstances that are not manifestly unreasonable, including without limitation:

(1) the number of shares of any class or series held by such single holder or beneficial owner or group of holders or owners; or

(2) the length of time shares of any class or series have been held by such single holder or beneficial owner or group of holders or owners.

(b) Procedures for election of directors.—The following apply to the election of directors:

(1) Unless otherwise restricted in the bylaws, in elections for directors at a meeting of shareholders held at a geographic location, voting need not be by ballot unless required by vote of the shareholders before the voting for election of directors begins. The shareholders do not have the right to vote by ballot at a meeting that is not held at a geographic location pursuant to section 1708(c) (relating to use of conference telephone or other electronic technology).

(2) Unless otherwise provided in a bylaw adopted by the
shareholders, the candidates for election as directors receiving the highest number of votes from each class or group of classes, if any, entitled to elect directors separately up to the number of directors to be elected by the class or group of classes shall be elected. This paragraph applies retroactively, and a bylaw described in this paragraph shall be valid if it was adopted after January 1, 2000.

(3) If at any meeting of shareholders, directors of more than one class are to be elected, each class of directors shall be elected in a separate election.

* * *

§ 1763. Determination of shareholders of record.

(a) Fixing record date.---Unless otherwise restricted in the bylaws, the board of directors of a business corporation may fix a time prior to the date of any meeting of shareholders as a record date for the determination of the shareholders entitled to notice of, or to vote at, the meeting, which time, except in the case of an adjourned or postponed meeting, shall be not more than 90 days prior to the date of the meeting of shareholders. If the board fixes a record date for notice of a meeting, that date shall also be the record date for determining the shareholders entitled to vote at the meeting unless the board determines, at the time it fixes the record date for notice, that a later date on or before the date of the meeting shall be the date for determining the shareholders entitled to vote. Only shareholders of record on the date fixed shall be so entitled notwithstanding any transfer of shares on the books of the corporation after any record date fixed as provided in this subsection. Unless otherwise provided in the bylaws, the board
of directors may similarly fix a record date for the
determination of shareholders of record for any other purpose. A
record date may not precede the date on which the board acts to
fix that record date. The shareholders of record shall be
determined as of the close of business on the record date unless
the board fixes a different time of day for that determination.
When a determination of shareholders of record has been made as
provided in this section for purposes of a meeting, the
determination shall apply to any adjournment or postponement
thereof unless otherwise restricted in the bylaws or unless the
board fixes a new record date for the adjourned meeting.

(b) Determination when a record date is not fixed.--Unless
otherwise provided in the bylaws, if a record date is not fixed:

(1) The [record date for determining shareholders
entitled to notice of or to vote at a meeting of shareholders
shall be at the] close of business on the day next preceding
the day on which notice is given or, if notice is waived, at
the close of business on the day immediately preceding the
day on which the meeting is held[] shall be the record date
for determining shareholders entitled to notice of or to vote
at a meeting of shareholders.

(2) The close of business on the day on which the first
consent, request or petition is filed in record form with the
secretary of the corporation shall be the record date for
determining shareholders entitled to:

(i) express consent or dissent to corporate action
[in writing] without a meeting, when prior action by the
board of directors is not necessary;

(ii) call a special meeting of the shareholders; or

(iii) propose an amendment of the articles.
shall be at the close of business on the day on which the
first written consent or dissent, request for a special
meeting or petition proposing an amendment of the articles is
filed with the secretary of the corporation.]

(3) The record date for determining shareholders for any
other purpose shall be at the close of business on the day on
which the board of directors adopts the resolution relating
thereto.

(c) Certification by nominee.--If the bylaws so provide, the
board of directors may adopt a procedure whereby a shareholder
of the corporation may certify in writing to the corporation
that all or a portion of the shares registered in the name of
the shareholder are held for the account of a specified person
or persons. [The resolution of the board may set forth:] The
persons specified in a certification shall be deemed, for the
purposes set forth in the certification, to be the holders of
record of the number of shares specified in place of the
shareholder making the certification. A certification procedure
may include provisions on:

(1) The classification of shareholder who may certify.
(2) The purpose or purposes for which the certification
may be made.
(3) The form of certification and information to be
contained therein.
(4) If the certification is with respect to a record
date, the time after the record date within which the
certification must be received by the corporation.
(5) Such other provisions with respect to the procedure
as are deemed necessary or desirable.

[Upon receipt by the corporation of a certification complying
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with the procedure, the persons specified in the certification shall be deemed, for the purposes set forth in the certification, to be the holders of record of the number of shares specified in place of the shareholder making the certification.]

§ 1764. Voting lists.

(a) General rule.--The officer or agent having charge of the [transfer books for shares] share register of a business corporation shall make a complete list of the shareholders entitled to vote at any meeting of shareholders, arranged in alphabetical order, with the address of and the number of shares held by each. This section does not require the corporation to include electronic mail addresses or other electronic contact information on the list. The list shall be produced and kept open at the time and place of each meeting of shareholders [of a nonregistered corporation held at a geographic location] and shall be subject to the inspection of any shareholder during the whole time of the meeting for the purposes thereof. [See section 2529 (relating to voting lists).] A shareholder and any agent or attorney who inspects the list may use the information on the list only for purposes related to the meeting and must keep the information on the list confidential.

(b) Effect of list.--Failure to comply with the requirements of this section shall not affect the validity of any action taken at a meeting prior to a demand at the meeting by any shareholder entitled to vote thereat to examine the list. The original share register [or transfer book], or a duplicate thereof kept in this Commonwealth, shall be prima facie evidence as to who are the shareholders entitled to examine the list or share register [or transfer book] or to vote at any meeting of

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shareholders.

(c) Electronic meetings.--If a meeting of shareholders [of a nonregistered corporation] is not held at a geographic location, the corporation shall make the list of shareholders required by subsection (a) available in a reasonably accessible manner.

(d) Cross reference.--See section 2529 (relating to voting lists).

§ 1766. Consent of shareholders in lieu of meeting.

(a) Unanimous consent.--Unless otherwise restricted in the bylaws, any action required or permitted to be taken at a meeting of the shareholders or of a class of shareholders of a business corporation may be taken without a meeting if a consent or consents to the action in record form are signed, before, on or after the effective date time of the action by all of the shareholders who would be entitled to vote at a meeting for such purpose. The consent or consents must be filed with the minutes of the proceedings of the shareholders.

(b) Partial consent.--If the bylaws so provide, any action required or permitted to be taken at a meeting of the shareholders or of a class of shareholders may be taken without a meeting upon the signed consent or consents of shareholders who would have been entitled to cast the minimum number of votes that would be necessary to authorize the action at a meeting at which all shareholders entitled to vote thereon were present and voting. The consent or consents must be filed in record form with the minutes of the proceedings of the shareholders.

(c) Effectiveness of action by partial consent.--An action taken pursuant to subsection (b) to approve a transaction under Chapter 3 (relating to entity transactions) shall not become
effective until after at least ten days' notice of the action has been given to each shareholder entitled to vote thereon who has not consented thereto. Any other action may become effective immediately, but prompt notice that the action has been taken shall be given to each shareholder entitled to vote thereon that has not consented. Notice under this subsection must include the information that a notice of a meeting of shareholders seeking approval of the action would have been required to contain. This subsection may not be relaxed by any provision of the articles.

(d) Escrowing of consents.--A consent may provide, or a person signing a consent, whether or not then a shareholder, may instruct in record form, that the consent will be effective at a future time, including a time determined upon the happening of an event. In the case of a consent signed by a person not a shareholder at the time of signing, the consent is effective at the stated effective time if the person who signed the consent is a shareholder at the effective time and did not revoke the consent in record form prior to the effective time. A consent is effective at the stated effective time, even if one or more signers are no longer shareholders at the effective time if consents by shareholders entitled to cast the required number of votes have not been revoked before the effective time.

(e) Revocation of consent.--Unless otherwise provided in a consent, a signer of the consent may revoke the signer's consent in record form until it becomes effective.

(f) Cross references.--See sections 1702 (relating to manner of giving notice) and 2524 (relating to consent of shareholders in lieu of meeting).

Section 55. Section 1781(a)(1) and (c) and 1782(a) and (d) of Title 15 are amended and the sections are amended by adding

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§ 1781. Derivative action.

(a) General rule.--Subject to section 1782 (relating to eligible shareholder plaintiffs and security for costs) and subsections (b) and (g), a plaintiff may maintain a derivative action to enforce a right of a business corporation only if:

(1) the plaintiff first makes a demand on the corporation or the board of directors requesting that it cause the corporation to bring an action to enforce the right, and:

   (i) if a special litigation committee is not appointed under section 1783 (relating to special litigation committee), the corporation does not bring the action within a reasonable time; or

   (ii) if a special litigation committee is appointed under section 1783, a determination is made:

       (A) under section 1783(e)(1) that the corporation not object to an action being brought by the party that made the demand; or

       (B) under section 1783(e)(5)(i) that the plaintiff continue the action;
(c) Contents of demand.--A demand under this section must be in record form and give notice with reasonable specificity of:

1. the essential material facts relied upon to support each of the claims made in the demand[,] against each proposed defendant; and

2. in the case of a derivative action commenced by a shareholder, the basis on which the person making the demand has standing under section 1782.

* * *

(g) Exception.--This subchapter does not apply to an action brought by a holder of an equity security of a business corporation under Subchapter H of Chapter 25 (relating to disgorgement by certain controlling shareholders following attempts to acquire control).

§ 1782. Eligible shareholder plaintiffs and security for costs.

(a) General rule.--Except as provided in subsection (b), in any action or proceeding brought [to enforce a secondary right on the part of] by one or more shareholders of a business corporation [against any present or former officer or director of the corporation because the corporation refuses to enforce rights that may properly be asserted by it, each plaintiff must aver and it must be made to appear that each plaintiff] to enforce rights that the plaintiff claims could be, but have not been, asserted by the corporation, each plaintiff has standing to commence and maintain the derivative action only if the plaintiff:

1. was a shareholder of the corporation or owner of a beneficial interest in the shares at the time of the transaction or conduct of which [he] the plaintiff complains, or that [his] the plaintiff's shares or beneficial interest
in the shares devolved upon [him] the plaintiff by operation of law from a person who was a shareholder or owner of a beneficial interest in the shares at that time[ ]; and

(2) continues to hold the shares until the time of judgment, unless the failure to do so is the result of corporate action that:

(i) was done merely to eliminate derivative claims;

or

(ii) has the effect of a reorganization that does not affect the plaintiff's ownership of the business enterprise.

* * *

(d) Failure to maintain ownership.--If a plaintiff loses the right to maintain a derivative action under subsection (a)(2), the court may entertain a motion by the corporation to substitute the corporation as the named plaintiff.

[(d)] (e) Cross reference.--See section 4146 (relating to provisions applicable to all foreign corporations).

Section 56. Sections 1783 and 1905 of Title 15 are amended to read:

§ 1783. Special litigation committee.

(a) General rule.--If a business corporation or the board of directors receives a demand to bring an action to enforce a right of the corporation, or if a derivative action is commenced before demand has been made on the corporation or the board, the board may appoint a special litigation committee to investigate the claims asserted in the demand or action and to determine on behalf of the corporation or recommend to the board whether pursuing any of the claims asserted is in the best interests of the corporation. The corporation [shall send] must deliver a
notice in record form to the person making the demand, or to the plaintiff if a derivative action has been commenced, promptly after the appointment of a committee under this section notifying the person making the demand or the plaintiff that a committee has been appointed and identifying by name the members of the committee. A committee may not be appointed under this section if every shareholder of the corporation is also a director of the corporation.

(b) Discovery stay.--If the board of directors appoints a special litigation committee and an action is commenced before a determination has been made under subsection (e):

(1) On motion by the business corporation, or the committee made in the name of the business corporation, the court shall stay discovery for the time reasonably necessary to permit the committee to complete its investigation, except for good cause shown.

(2) The time for the defendants to plead shall be tolled until the process provided for under subsection (f) has been completed.

(c) Composition of committee.--A special litigation committee shall be composed of two or more individuals who:

(1) are not interested in the claims asserted in the demand or action;

(2) are capable as a group of objective judgment in the circumstances; and

(3) may, but need not, be shareholders or directors.

(c.1) Committee members who are not directors.--A member of a special litigation committee who is not a director is subject, when acting as a member of the committee, to the liabilities imposed, and entitled to the rights and immunities conferred,
under Subchapters B (relating to fiduciary duty) and D (relating to indemnification) and other provisions of law upon directors of a corporation.

(d) Appointment of committee.--A special litigation committee may be appointed:

(1) by a majority of the directors not named as actual or potential parties in the demand or action; or

(2) if all the directors are named as actual or potential parties in the demand or action, by a majority of the directors so named.

(e) Determination.--After appropriate investigation by a special litigation committee, the committee [or the] may determine, or the committee may recommend to the board of directors [may] that the board determine that it is in the best interests of the business corporation that:

(1) an action based on some or all of the claims asserted in the demand not be brought by the corporation but that the corporation not object to an action being brought by the party that made the demand;

(2) an action based on some or all of the claims asserted in the demand be brought by the corporation;

(3) some or all of the claims asserted in the demand be settled on terms [approved] determined or recommended by the committee;

(4) an action not be brought based on any of the claims asserted in the demand;

(5) an action already commenced continue under the control of:

(i) the plaintiff;

(ii) the corporation; or
(iii) the committee;

(6) some or all the claims asserted in an action already commenced be settled on terms approved determined or recommended by the committee; or

(7) an action already commenced be dismissed.

(f) Court review and action.--If a special litigation committee is appointed and a derivative action is commenced either before or after the committee makes a determination under subsection (e) or the board of directors determines under subsection (e) to accept the recommendation of the committee:

(1) The business corporation or the committee shall file with the court after a determination is made under subsection (e) a statement of the determination and a report of the committee supporting the determination. The corporation or the committee shall serve each party with a copy of the determination and report. If the corporation or the committee moves to file the report under seal, the report shall be served on the parties subject to an appropriate stipulation agreed to by the parties or a protective order issued by the court.

(2) The corporation or the committee shall file with the court a motion, pleading or notice consistent with the determination under subsection (e).

(3) If the determination is one described in subsection (e)(2), (3), (4), (5)(ii), (6) or (7), the court shall determine whether the members of the committee met the qualifications required under subsection (c)(1) and (2) and whether the committee conducted its investigation and made its determination or recommendation in good faith,
independently and with reasonable care. The plaintiff has the
duty of proving that the committee did not meet those
qualifications or act in the required manner. If the court
finds that the members of the committee met the
qualifications required under subsection (c)(1) and (2) and
that the committee acted in good faith, independently and
with reasonable care, the court shall enforce the
determination of the committee or the board. Otherwise, the
court shall:

(i) dissolve any stay of discovery entered under
subsection (b);

(ii) allow the action to continue under the control
of the plaintiff; and

(iii) permit the defendants to file preliminary
objections, other appropriate pleadings and motions.

(g) Certain provisions of articles ineffective.--The
provisions of this section may not be varied by the articles.

(h) Interest of a defendant.--The fact that a person is
named as a defendant does not make the person interested in the
claims asserted in a demand or action for purposes of subsection
(c)(1) if the claims against the person:

(1) are based only on an allegation that the person
approved of or acquiesced in the transaction or conduct that
is the subject of the claims; and

(2) do not otherwise allege with particularity facts
that, if true, raise a significant prospect that the person
would be adjudged liable.

§ 1905. Proposal of fundamental transactions.
Where any provision of this chapter requires that an
amendment of the articles, a plan of asset transfer or the
dissolution of a business corporation be proposed or approved by 
directors, that requirement shall be
construed to authorize and be satisfied by the [written] 
agreement or consent in record form of all of the shareholders 
of the corporation entitled to vote thereon.

Section 57. Sections 1911(a)(1), (b)(2) and (c), 1912(a) and 
(b)(1) and 1914(a) and (c)(2) of Title 15 are amended and the 
sections are amended by adding subsections to read:

§ 1911. Amendment of articles authorized.

(a) General rule.--A business corporation, in the manner 
provided in this subchapter, may from time to time amend its 
articles for one or more of the following purposes:

(1) To adopt a new name, subject to the restrictions

provided in this [subpart] title.

* * *

(b) Exceptions.--An amendment adopted under this section
shall not amend articles in such a way that as so amended they
would not be authorized by this subpart as original articles of
incorporation except that:

* * *

(2) The corporation shall not be required to revise any
other provision of its articles if the provision is valid and
operative immediately prior to the [filing of the amendment
in] delivery of the amendment to the Department of State for
filing.

(c) Amendments pursuant to other provisions.--Amendments to
the articles authorized pursuant to Chapter 2 (relating to
entities generally) or 3 (relating to entity transactions) or
set forth in statements or certificates permitted or required to
be delivered to the department for filing by section 108.
(relating to change in location or status of registered office provided by agent) or 138 (relating to statement of correction) or by this subpart need not be proposed or adopted in the manner provided in this subchapter, except to the extent that the provisions of this subchapter have been incorporated into Chapter 2 or 3 or into the provisions authorizing such statements or certificates.

[(c)(d)] Cross reference.—See section 1521(b)(1)(i) (relating to provisions specifically authorized).] references.—See sections 224(f) (relating to action on ratification), 321 (relating to approval by business corporation), 1103 (relating to definitions), 1507 (relating to registered office) and 1522(c) (relating to issuance of shares in classes or series; board action).

§ 1912. Proposal of amendments.

(a) General rule.—Every amendment of the articles of a business corporation shall be proposed:

(1) by the adoption by the board of directors of a resolution setting forth the proposed amendment; or

(2) unless otherwise provided in the articles, by petition of shareholders entitled to cast at least 10% of the votes that all shareholders are entitled to cast thereon, setting forth the proposed amendment, which petition shall be directed to the board of directors and filed with the secretary of the corporation.

Except where the approval of the shareholders is unnecessary under this subchapter, the board of directors shall direct that the proposed amendment be submitted to a vote of the shareholders entitled to vote thereon. An amendment proposed pursuant to paragraph (2) shall be submitted to a vote either at
the next annual meeting held not earlier than 120 days after the amendment is proposed or at a special meeting of the shareholders called for that purpose by the shareholders. See sections 1106(b)(4) (relating to uniform application of subpart) and 2535 (relating to proposal of amendment to articles).]; or

(3) by action of the board of directors directing the submission of the proposed amendment to the shareholders without the board having adopted the amendment.

(b) Form of amendment.--The resolution or petition shall contain the language of the proposed amendment of the articles:

(1) by setting forth the existing text of the articles or the provision thereof that is proposed to be amended, with brackets around language that is to be deleted and underscoring under language that is to be added or otherwise clearly showing the changes to be made; or

* * *

(d) Submission to the shareholders.--Except where the approval of the shareholders is unnecessary under this subchapter, the board of directors shall direct that the proposed amendment be submitted to a vote of the shareholders entitled to vote thereon. An amendment proposed under subsection (a)(2) shall be submitted to a vote either at the next annual meeting held not earlier than 120 days after the amendment is proposed or at a special meeting of the shareholders called for that purpose by the shareholders.

(e) Cross references.--See sections 1106(b)(4) (relating to uniform application of subpart) and 2535 (relating to proposal of amendment to articles).
vote on a proposed amendment shall be taken at the next annual or special meeting of which notice for that purpose has been duly given. Unless the articles or a specific provision of this subpart requires a greater vote, a proposed amendment of the articles of a business corporation shall be adopted upon receiving the affirmative vote of a majority of the votes cast by all shareholders entitled to vote thereon and, if any class or series of shares is entitled to vote thereon as a class, the affirmative vote of a majority of the votes cast in each such class vote. Any number of amendments may be submitted to the shareholders and voted upon by them at one meeting. [Except as provided in section 1912(a)(2) (relating to proposal of amendments), a proposed] An amendment of the articles proposed under section 1912(a)(3) (relating to proposal of amendments) shall not be deemed to have been adopted by the corporation unless it has also been approved by the board of directors, regardless of the fact that the board has directed or suffered the submission of the amendment to the shareholders for action.

* * *

(c) Adoption by board of directors.—Unless otherwise restricted in the articles, an amendment of articles shall not require the approval of the shareholders of the corporation if:

* * *

(2) the amendment is restricted to one or more of the following:

(i) changing the corporate name;

(ii) providing for perpetual existence;

(iii) reflecting a reduction in authorized shares effected by operation of section 1552(a) (relating to power of corporation to acquire its own shares) and, if
appropriate, deleting all references to a class or series of shares that is no longer outstanding;

(iv) adding or deleting a provision authorized by section 1528(f) (relating to shares represented by certificates and uncertificated shares); [or]

(v) adding, changing or eliminating the par value of any class or series of shares if the par value of that class or series does not have any substantive effect under the terms of that or any other class or series of shares; or

(vi) implementing an amendment authorized by section 229(h) (relating to limitation on voiding certain defective entity actions);

* * *

(c.1) Board amendment under other sections.--Whenever a provision of this subpart authorizes the board of directors to take any action without the approval of the shareholders and provides that a statement, certificate, plan or other document relating to such action shall be filed in the Department of State and shall operate as an amendment of the articles, the board upon taking such action may, in lieu of filing the statement, certificate, plan or other document, amend the articles under this subsection without the approval of the shareholders to reflect the taking of such action.

(c.2) Effect of board amendment.--An amendment of articles under [this subsection] subsection (c) shall be deemed adopted by the corporation when it has been adopted by the board of directors pursuant to section 1912 (relating to proposal of amendments).

* * *

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Section 58.  Section 1932(g) of Title 15 is amended to read:
§ 1932.  Voluntary transfer of corporate assets.

* * *

(g) Presumption.--The following apply to a determination whether a corporation has sold, leased, exchanged or otherwise disposed of all or substantially all, of its property and assets, with or without good will:

(1) A corporation will conclusively be deemed not to have sold, leased, exchanged or otherwise disposed of all, or substantially all, of its property and assets, with or without goodwill,] done so if the corporation or any direct or indirect subsidiary controlled by the corporation retains a business activity that represented at the end of its most recently completed fiscal year before the transaction, on a consolidated basis, at least:

[(1)  (i)  25% of total assets; and
[(2)]  (ii)  25% of either:

[(i)]  (A) income from continuing operations before taxes; or
[(ii)]  (B) revenues from continuing operations.

(2) A determination under paragraph (1)(i) may be based on a balance sheet that reflects:

(i) the book values of the assets of the corporation, as reflected on its books and records;
(ii) a valuation that takes into consideration unrealized appreciation and depreciation or other changes in value of the assets of the corporation;
(iii) the current value of the assets of the corporation, either valued separately or valued in segments or as an entirety as a going concern; or
(iv) any other method that is reasonable in the circumstances.

(3) A determination under paragraph (1)(ii) may be based on financial statements prepared on the basis of generally accepted accounting principles, or such other accounting practices and principles as are used generally by the corporation in the maintenance of its books and records and as are reasonable in the circumstances.

Section 59. Section 1979(b) of Title 15 is amended and the section is amended by adding a subsection to read:


* * *

(b) Rights and assets.--The dissolution of a business corporation shall not affect the limited liability of a shareholder of the corporation theretofore existing with respect to transactions occurring or acts or omissions done or omitted in the name of or by the corporation except that, subject to subsection (d) and sections 1992(d) (relating to [claims barred notice to claimants]) and 1993(b) (relating to [claims barred acceptance or rejection of matured claims]), if applicable, each shareholder shall be liable for his pro rata portion of the unpaid liabilities of the corporation up to the amount of the net assets of the corporation distributed to the shareholder in connection with the dissolution. Should any property right of a corporation be discovered, or the corporation be named as a defendant in an action or proceeding, at any time after the dissolution of the corporation, the surviving member or members of the board of directors that wound up the affairs of the corporation, or a receiver appointed by the court, shall have authority to enforce the property right and to collect and
divide the assets so discovered among the persons entitled
there to and to prosecute actions or proceedings in the corporate
name of the corporation. Any assets so collected shall be
distributed and disposed of in accordance with the applicable
order of court, if any, and otherwise in accordance with this
subchapter.

* * *

(f) Late-filed action or proceeding.--The following apply to
an action or proceeding commenced against a dissolved
corporation after the expiration of the period specified in
subsection (a)(2):

(1) Any judgment against a dissolved corporation in an
action or proceeding shall be void.

(2) The dissolved corporation may, but need not, appear
and raise as a defense the expiration of the period specified
in subsection (a)(2) and any other reasonably related matters
in response to the action or proceeding.

(3) Any person who was a director, officer or
shareholder of the dissolved corporation when the dissolution
became effective or any governing person of any successor
entity acting pursuant to Subchapter H (relating to
postdissolution provision for liabilities), and any
successor-in-interest to any of those persons, may, but need
not, act on behalf of the dissolved corporation in taking the
actions described in paragraph (2), and shall not thereby be
deemed to be deprived of the operation of subsections (c) and
(d) or section 1978(b) (relating to winding up of corporation
after dissolution) or otherwise be responsible for any
obligations of the dissolved corporation.
§ 2104. Election of an existing business corporation to become a nonstock corporation.

(a) General rule. -- Any business corporation may become a nonstock corporation under this chapter by:

(1) Adopting a plan of conversion election providing for the redemption by the corporation of all of its shares whether or not redeemable by the terms of its articles and adjusting its affairs so as to comply with the requirements of this chapter applicable to nonstock corporations.

(2) Filing articles of amendment which shall contain, in addition to the requirements of section 1915 (relating to articles of amendment):

   (i) A heading stating the name of the corporation and that it is a nonstock corporation.

   (ii) A statement that it elects to become a nonstock corporation.

   (iii) A statement that the corporation is organized on a nonstock basis.

   (iv) Such other changes, if any, that may be desired in the articles.

(b) Procedure. -- The plan of conversion election of the corporation into a nonstock corporation (which plan shall include the amendment of the articles required by subsection (a)) shall be adopted in accordance with the requirements of Subchapter B of Chapter 19 (relating to amendment of articles) except that:

(1) The holders of shares of every class shall be entitled to vote on the plan regardless of any limitations
stated in the articles or bylaws on the voting rights of any
class.

(2) The plan must be approved by two-thirds of the votes
cast by all shares of each class.

(3) If any shareholder of a business corporation that
adopts a plan of conversion election into a nonstock
corporation objects to the plan of conversion election and
complies with the provisions of Subchapter D of Chapter 15
(relating to dissenters rights), the shareholder shall be
entitled to the rights and remedies of dissenting
shareholders therein provided. There shall be included in, or
enclosed with, the notice of the meeting of shareholders
called to act upon the plan of conversion election a copy
or a summary of the plan and a copy of Subchapter D of
Chapter 15 and of this subsection.

(4) The plan shall not impose any additional liability
upon any existing patron of the business of the corporation,
whether or not that person becomes a member of the
corporation pursuant to the plan, unless the patron expressly
assumes such liability.

§ 2105. Termination of nonstock corporation status.

(a) General rule.—A nonstock corporation may terminate its
status as such and cease to be subject to this chapter by:

(1) Adopting a plan of conversion termination
providing for the issue of appropriate shares to its members
and adjusting its affairs so as to comply with the
requirements of this subpart applicable to business
corporations that are not nonstock corporations.

(2) Amending its articles to delete therefrom the
additional provisions required or permitted by sections
2102(a)(1) (relating to formation of nonstock corporations) and 2103 (relating to contents of articles and other documents of nonstock corporations) to be stated in the articles of a nonstock corporation. The plan of conversion (which plan shall include the amendment of the articles required by this section) shall be adopted in accordance with Subchapter B of Chapter 19 (relating to amendment of articles) except that:

(i) The members of every class shall be entitled to vote on the plan regardless of any limitations stated in the articles or bylaws, or in a document evidencing membership, on the voting rights of any class.

(ii) The plan must be approved by a majority of the votes cast by the members of each class.

* * *

§ 2322. Share transfer restrictions.

* * *

(b) Exception.--Subsection (a) shall not apply to a transfer:

* * *

(5) By merger or consolidation or share or interest exchange that becomes effective pursuant to section 2336 (relating to fundamental changes) or a share exchange reclassification of existing shares for other shares of a different class or series in the corporation.

* * *

(c) Offer by nonexempt purchaser.--Any person desiring to transfer shares in a transaction not exempt under subsection (b) (1) through (7) shall obtain an offer from a third party who meets the requirements of subsection (d) to purchase the shares.
for cash and shall deliver written notice of the third-party
offer to the corporation at its registered office stating the
number and [kind] type of shares, the offering price, the other
terms of the offer and the name and address of the third-party
offeror.

* * *

§ 2336. Fundamental changes.
Except as permitted or required by this chapter, a statutory
close corporation shall not effect any corporate action that
under Chapter 3 (relating to entity transactions) or 19
(relating to fundamental changes) requires the approval of
shareholders unless the action is adopted by at least the
minimum vote.

§ 2521. Call of special meetings of shareholders.
(a) General rule.--[The] Except as provided in subsections
(b) and (c), the shareholders of a registered corporation [shall
not be entitled by statute to] described in subsection 2502(1)
(relating to registered corporation status) do not have the
right to call a special meeting of the shareholders.

(b) Exception.--[Subsection (a) shall not apply to the call
of a special meeting by an] An interested shareholder (as
defined in section 2553 (relating to interested shareholder))
may call a special meeting of shareholders for the purpose of
approving a business combination under section 2555(3) or (4)
(relating to requirements relating to certain business
combinations).

(c) Contrary articles provision.--A provision of the
articles of a registered corporation described in section
2502(1) [(relating to registered corporation status)] that gives
shareholders the right to call a special meeting of the
shareholders and:

(1) is adopted after July 1, 2015, may [not] provide that a special meeting may be called [by less than 25%] only by shareholders entitled to cast 25% or more of the votes that all shareholders would be entitled to cast at the meeting[:]; or

(2) was adopted on or before July 1, 2015, is enforceable in accordance with its terms.

§ 2522. Adjournment [of meetings] or postponement of meeting of shareholders.

(a) Authority to adjourn.--Except as otherwise provided in the bylaws, any regular or special meeting of the shareholders of a registered corporation, including one at which directors are to be elected, may be adjourned for such period as the presiding officer or the shareholders present and entitled to vote shall direct.

(b) Notice of adjourned virtual meeting.--If notice of an adjourned meeting of shareholders of a registered corporation held exclusively by means of electronic technology as provided in section 1708(c) (relating to use of conference telephone or other electronic technology) cannot be given by announcement at the meeting at which the adjournment is taken when permitted by section 1702(b) (relating to manner of giving notice), notice may be given by means solely of a publicly available filing with the Securities and Exchange Commission.

(c) Postponement of virtual meeting.--If the presiding officer for a meeting of shareholders of a registered corporation that is to be held exclusively by means of electronic technology as provided in section 1708(c) decides in his or her reasonable judgment on the day of the meeting that
the meeting cannot be convened because of a reason outside the control of the corporation, the presiding officer may postpone the meeting to a specified time later that day or the following day. Notice of the postponed meeting may be given by means solely of a publicly available filing with the Securities and Exchange Commission.

§ 2524. Consent of shareholders in lieu of meeting.

(a) General rule.--An action may be authorized by the shareholders of a registered corporation without a meeting by less than unanimous consent of all shareholders entitled to vote thereon only if permitted by its articles.

* * *

§ 2528. Notice of shareholder meetings.

(a) Householding.--If a registered corporation solicits proxies generally with respect to a meeting of its shareholders, the corporation is not required to give notice of the meeting to any shareholder to whom the corporation is not required to send a proxy statement pursuant to the rules of the Securities and Exchange Commission.

(b) Notice and access.--If a registered corporation has given a shareholder notice of the Internet availability of proxy materials in a manner conforming with the rules of the Securities and Exchange Commission, the corporation may give notice of the meeting to the shareholder by posting the notice on the Internet website to which the proxy materials are posted.

Section 61. Title 15 is amended by adding a section to read:

§ 2530. Qualifications of directors.

(a) General rule.--The bylaws of a registered corporation may not impose a qualification of directors that is based on a past, present or future action by a nominee or director in the
discharge of the director's powers or duties as a governor of an association.

(b) Certain permitted qualifications.--This section does not prohibit qualifications relating to:

(1) not having entered a guilty plea, or not being or having been subject to a criminal conviction, civil judgment or regulatory sanction or penalty; or

(2) not having been removed as a governor of an association by judicial action or for cause.

(c) Relationship to nomination procedures.--This section applies to a qualification included in a nomination procedure adopted under section 1758(e) (relating to voting rights of shareholders), but does not prohibit the corporation from excluding a nomination that does not comply with such a procedure.

Section 62. Section 2541 of Title 15 is amended by adding a subsection to read:

§ 2541. Application and effect of subchapter.

* * *

(e) Exemption.--Voting shares acquired by a person or group in a transaction that complies with section 321(f) (relating to approval by business corporation) shall be disregarded for purposes of determining if the person or group constitutes a controlling person or group.

Section 63. The definitions of "affiliate" and "associate" in section 2552 of Title 15 are amended to read:

§ 2552. Definitions.

The following words and phrases when used in this subchapter shall have the meanings given to them in this section unless the context clearly indicates otherwise:
"Affiliate." A person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, a specified person."

* * *

"Associate." When used to indicate a relationship with any person:

(1) any corporation or organization of which such person is an officer, director or partner or is, directly or indirectly, the beneficial owner of shares entitling that person to cast at least 10% of the votes that all shareholders would be entitled to cast in an election of directors of the corporation or organization;

(2) any trust or other estate in which such person has a substantial beneficial interest or as to which such person serves as trustee or in a similar fiduciary capacity; and

(3) any relative or spouse of such person, or any relative of the spouse, who has the same home as such person.

* * *

Section 64. Section 2554(1) and (5) of Title 15 are amended to read:

§ 2554. Business combination.

The term "business combination," when used in reference to any registered corporation and any interested shareholder of the corporation, means any of the following:

(1) A merger, [consolidation, share interest] exchange or division of the corporation or any subsidiary of the corporation:

(i) with the interested shareholder; or

(ii) with, involving or resulting in any other
corporation (whether or not itself an interested
shareholder of the registered corporation) which is, or
after the merger, a consolidation, share interest
exchange or division would be, an affiliate or associate
of the interested shareholder.

* * *

(5) A reclassification of securities (including, without
limitation, any split of shares, dividend of shares, or other
distribution of shares in respect of shares, or any reverse
split of shares), or recapitalization of the corporation, or
any merger or consolidation of the corporation with any
subsidiary of the corporation, or any other transaction
(whether or not with or into or otherwise involving the
interested shareholder), proposed by, or pursuant to any
agreement, arrangement or understanding (whether or not in
writing) with, the interested shareholder or any affiliate or
associate of the interested shareholder, which has the
effect, directly or indirectly, of increasing the
proportionate share of the outstanding shares of any class or
series of voting shares or securities convertible into voting
shares of the corporation or any subsidiary of the
corporation which is, directly or indirectly, owned by the
interested shareholder or any affiliate or associate of the
interested shareholder, except as a result of immaterial
changes due to fractional share adjustments.

* * *

Section 65. Section 2561(b)(5) and (e) of Title 15 are
amended, subsection (d) is amended by adding a paragraph and the
section is amended by adding a subsection to read:

§ 2561. Application and effect of subchapter.
(b) Exceptions.--This subchapter shall not apply to any control-share acquisition:

(5) Consummated:

(i) Pursuant to:

(A) a gift, devise, bequest or otherwise through the laws of inheritance or descent; or

(B) a transfer, sale or other disposition by a beneficial or record holder of shares of the corporation, or by a fiduciary of a beneficial or record holder, either to, or in trust for, a spouse, parent, sibling, child or descendant of:

(I) the holder; or

(II) a spouse, parent, sibling, child or descendant of the holder.

(ii) By a settlor to a trustee under the terms of a family, testamentary or charitable trust.

(iii) By a trustee to a trust beneficiary or a trustee to a successor trustee under the terms of, or the addition, withdrawal or demise of a beneficiary or beneficiaries of, a family, testamentary or charitable trust.

(iv) Pursuant to the appointment of a guardian or custodian.

(v) Pursuant to a transfer from one spouse to another by reason of separation or divorce or pursuant to community property laws or other similar laws of any jurisdiction.

(vi) Pursuant to the satisfaction of a pledge or
other security interest created in good faith and not for
the purpose of circumventing this subchapter.

(vii) Pursuant to a plan of merger or plan of interest exchange effected in
compliance with the provisions of this chapter if the
corporation is a party to the agreement of merger,
consolidation or plan of share merger or is the acquired
entity in the interest exchange.

(viii) Pursuant to a transfer from a person who
beneficially owns voting shares of the corporation that
would entitle the holder thereof to cast at least 20% of
the votes that all shareholders would be entitled to cast
in an election of directors of the corporation and who
acquired beneficial ownership of such shares prior to
October 17, 1989.

(ix) By the corporation or any of its subsidiaries.

(x) By any savings, stock ownership, stock option or
other benefit plan of the corporation or any of its
subsidiaries, or by any fiduciary with respect to any
such plan when acting in such capacity.

(xi) By a person engaged in business as an
underwriter of securities who acquires the shares
directly from the corporation or an affiliate or
associate of the corporation through his participation in
good faith in a firm commitment underwriting registered
under the Securities Act of 1933.

(xi.1) Pursuant to an acquisition of shares directly
from the corporation in a transaction exempt from the
registration requirements of the Securities Act of 1933.

(xii) Or commenced by a person who first became an
acquiring person:

(A) after April 27, 1990; and

(B) (I) at a time when this subchapter was or is not applicable to the corporation; or

(II) on or before ten business days after the first public announcement by the corporation that this subchapter is applicable to the corporation, if this subchapter was not applicable to the corporation on July 27, 1990.

* * *

d) Status of certain shares and effect of formation of group on status.--

* * *

(5) The acquisition of record title to a voting share by a member of a group that is an acquiring person as a result of a transfer of the share from another member of the group does not constitute a control-share acquisition.

(e) Application of duties.--The duty of the board of directors, committees of the board and individual directors under section 2565 (relating to procedure for establishing voting rights of control shares) is solely to the corporation and not to any shareholder or creditor or any other person or group, and may be enforced directly by the corporation or may be enforced by a shareholder, as such, by an action in the right of the corporation, and may not be enforced directly by a shareholder or creditor or by any other person or group.

(f) Reversal of opt-out.--A provision of the articles or bylaws providing that this subchapter shall not be applicable to the corporation may be rescinded pursuant to the procedures required by this subpart and the articles and bylaws at the time
to amend the articles or bylaws generally.

Section 66. The definitions of "affiliate," "associate" and "beneficial owner" and "existing shares" in section 2562 of Title 15 are amended and the section is amended by adding a definition to read:

§ 2562. Definitions.

The following words and phrases when used in this subchapter shall have the meanings given to them in this section unless the context clearly indicates otherwise:

* * *

"Affiliate," "associate" and "beneficial owner." The terms shall have the meanings specified in section 2552 (relating to definitions). The corporation may adopt reasonable provisions to evidence beneficial ownership, specifically including requirements that holders of voting shares of the corporation provide verified statements evidencing beneficial ownership and attesting to the date of acquisition thereof.

* * *

"Beneficial owner." The term has the meaning specified in section 2552 (relating to definitions). The corporation may adopt reasonable provisions to evidence beneficial ownership, specifically including requirements that holders of voting shares of the corporation provide verified statements evidencing beneficial ownership and attesting to the date of acquisition thereof.

* * *

"Existing shares." (1) Voting shares which have been beneficially owned continuously by the same natural person since January 1, 1988.
(2) Voting shares which are beneficially owned by any
natural person or trust, estate, foundation or other similar
entity to the extent the voting shares were acquired solely
by gift, inheritance, bequest, devise or other testamentary
distribution or series of these transactions, directly or
indirectly, from a natural person who had beneficially owned
the voting shares prior to January 1, 1988.

(3) Voting shares which were acquired pursuant to a
stock split, stock dividend, or other similar distribution
described in section 2561(c) (relating to the application and effect of subchapter) with
respect to existing shares that have been beneficially owned
continuously since their issuance by the corporation by the
natural person or entity that acquired them from the
corporation or that were acquired, directly or indirectly,
from such natural person or entity, solely pursuant to a
transaction or series of transactions described in paragraph
(2), and that are held at such time by a natural person or
entity described in paragraph (2).

(4) Voting shares which were acquired in a transaction
described in section 2561(b)(5).

* * *

Section 67. Section 2564 of Title 15 is amended by adding a
subsection to read:

§ 2564. Voting rights of shares acquired in a control-share
acquisition.

* * *

(d) Exemption.--The acquisition of voting shares by a person
or group in a transaction that complies with section 321(f)
(relating to approval by business corporation) shall be
disregarded for purposes of determining if the transaction constitutes a control-share acquisition.

Section 68. Sections 2565(a) and (c) and 2571(b)(5) and (6) (i) and (iii) of Title 15 are amended and the sections are amended by adding subsections to read:

§ 2565. Procedure for establishing voting rights of control shares.

(a) Special meeting.--A special meeting of the shareholders of a registered corporation shall be called by the board of directors of the corporation for the purpose of considering the voting rights to be accorded to the control shares if an acquiring person:

   (1) files an information statement fully conforming to section 2566 (relating to information statement of acquiring person);

   (2) makes a request in writing for a special meeting of the shareholders at the time of delivery of the information statement;

   (3) makes a control-share acquisition or a bona fide written offer to make a control-share acquisition; and

   (4) gives a written undertaking at the time of delivery of the information statement to pay or reimburse the corporation for the expenses of a special meeting of the shareholders.

(a.1) Time of special meeting.--The special meeting requested by the acquiring person shall be held on the date set by the board of directors of the corporation, but in no event later than 50 days after the receipt of the information statement by the corporation, unless the corporation and the acquiring person mutually agree to a later date. If the
acquiring person so requests in writing at the time of delivery of the information statement to the corporation, the special meeting shall not be held sooner than 30 days after receipt by the corporation of the complete information statement. **Section 1755(d)** (relating to time of holding meetings of shareholders) does not apply to a special meeting called pursuant to this subsection, unless the acquiring person has consented in record form to the application of that subsection.

* * *

(c) Notice and record date.--The notice of any annual or special meeting at which the issue of the voting rights to be accorded the control shares shall be submitted to shareholders shall be given at least ten days prior to the date named for the meeting and shall be accompanied by:

(1) A copy of the information statement of the acquiring person.

(2) A copy of any amendment of such information statement previously delivered to the corporation at least seven days prior to the date on which such notice is given.

(3) A statement disclosing whether the board of directors of the corporation recommends approval of, expresses no opinion and remains neutral toward, recommends rejection of, or is unable to take a position with respect to according voting rights to control shares. In determining the position that it shall take with respect to according voting rights to control shares, including to express no opinion and remain neutral or to be unable to take a position with respect to such issue, the board of directors shall specifically consider, in addition to any other factors it deems appropriate, the effect of according voting rights to...
control shares upon the interests of employees and of communities in which offices or other establishments of the corporation are located.

(4) Any other matter required by this subchapter to be incorporated into or to accompany the notice of meeting of shareholders or that the corporation elects to include with such notice.

(c.1) Record date.--Only shareholders of record on the date determined by the board of directors in accordance with the provisions of section 1763 (relating to determination of shareholders of record) shall be entitled to notice of and to vote at the meeting to consider the voting rights to be accorded to control shares.

* * *

§ 2571. Application and effect of subchapter.

* * *

(b) Exceptions.--This subchapter shall not apply to any transfer of an equity security:

* * *

(5) Constituting:

(i) In the case of a person or group that, as of October 17, 1989, beneficially owned shares entitling the person or group to cast at least 20% of the votes that all shareholders would be entitled to cast in an election of directors of the corporation:

(A) The disposition of equity securities of the corporation by the person or group.

(B) Subsequent dispositions of any or all equity securities of the corporation disposed of by the person or group where such subsequent dispositions
are effected by:

(I) the direct purchaser of the securities from the person or group if, as a result of the acquisition by the purchaser of the securities disposed of by the person or group, the purchaser, immediately following the acquisition, is entitled to cast at least 20% of the votes that all shareholders would be entitled to cast in an election of directors of the corporation;

(II) a person that acquired the securities from the person or group in a transaction or series of transactions each of which is described in this paragraph (5) if at the time of the subsequent disposition the person disposing of the securities is entitled to cast at least 20% of the votes that all shareholders would be entitled to cast in an election of directors of the corporation; or

(III) an affiliate or associate of the person or group.

(ii) The transfer of the beneficial ownership of the equity security by:

(A) Gift, devise, bequest or otherwise through the laws of inheritance or descent.

(A.1) Transfer, sale or other disposition by a beneficial or record holder of the equity security of the corporation, or by a fiduciary of a beneficial or record holder, either to, or in trust for, a spouse, parent, sibling, child or descendant of:
(I) the holder; or

(II) a spouse, parent, sibling, child or descendant of the holder.

(B) A settlor to a trustee under the terms of a family, testamentary or charitable trust.

(C) A trustee to a trust beneficiary or a trustee to a successor trustee under the terms of a family, testamentary or charitable trust.

(iii) The addition, withdrawal or demise of a beneficiary or beneficiaries of a family, testamentary or charitable trust.

(iv) The appointment of a guardian or custodian with respect to the equity security.

(v) The transfer of the beneficial ownership of the equity security from one spouse to another by reason of separation or divorce or pursuant to community property laws or other similar laws of any jurisdiction.

(vi) The transfer of record or the transfer of a beneficial interest or interests in the equity security where the circumstances surrounding the transfer clearly demonstrate that no material change in beneficial ownership has occurred.

(6) Consummated by:

(i) The corporation or any of its subsidiaries as a disposition of shares by it.

* * *

(iii) A person engaged in business as an underwriter of securities who acquires the equity securities directly from the corporation or an affiliate or associate[,] as defined in section 2552 (relating to definitions),] of
the corporation through [his] the person's participation
in good faith in a firm commitment underwriting
registered under the Securities Act of 1933.

* * *

(e) Reversal of opt-out.--A provision of the articles or
bylaws providing that this subchapter shall not be applicable to
the corporation may be rescinded pursuant to the procedures
required by this subpart and the articles and bylaws at the time
to amend the articles or bylaws generally.

Section 69. The definitions of "equity security" and
"transfer" in section 2573 of Title 15 are amended to read:
§ 2573. Definitions.
The following words and phrases when used in this subchapter
shall have the meanings given to them in this section unless the
context clearly indicates otherwise:
* * *
"Equity security." Any security, including all shares, stock
or similar security, and any security convertible into (with or
without additional consideration) or exercisable for any such
shares, stock or similar security, or carrying any warrant,
right or option to subscribe to or purchase such shares, stock
or similar security or any such warrant, right, option or
similar instrument. The term also includes any other security,
instrument, right of payment or other arrangement based on the
value of any of the foregoing.
* * *
"Transfer." [Acquisition or disposition.] Includes an
acquisition or disposition of equity securities in a transaction
under chapter 3 (relating to entity transactions).
* * *
Section 70. Section 3321(a)(3), (b) and (c) of Title 15 are amended and the section is amended by adding a subsection to read:

§ 3321. Standard of conduct for directors.
(a) Consideration of interests.--Without regard to whether the benefit corporation is subject to section 1715 (relating to exercise of powers generally) or 1716 (relating to alternative standard), in discharging the duties of their respective positions, the board of directors, committees of the board and individual directors of a benefit corporation, in considering the best interest of the benefit corporation:

* * *

(3) shall not be required to give priority to [the interests of any person or group] any matter referred to in paragraph (1) or (2) over [the interests of any other person or group] any other such matter or to regard any such matter as dominant or controlling unless the benefit corporation has stated in its articles its intention to give priority to certain interests related to its accomplishment of its general public benefit purpose or of a specific public benefit purpose identified in its articles.

(b) Coordination with other provisions of law.--The consideration of [interests and factors] matters in the manner required under subsection (a)[:]

(1) shall not constitute a violation of section 1712 (relating to standard of care and justifiable reliance); and

(2) is in addition to the ability of directors to consider interests and factors as provided in section 1715 or 1716.[] shall not constitute a violation of section 1712 (relating to standards of care, justifiable reliance and
business judgment rule). A benefit corporation:

(1) shall not be subject to section 1715(a) and (b) or
section 1716(a); but

(2) shall be subject to section 1715(c), (d) and (e)
unless its articles or bylaws provide that it is subject to
section 1716, and references in section 1715(c), (d) and (e)
to the fiduciary duty of directors or the standard set forth
in section 1712 include the provisions of subsection (a).

(c) Exoneration from personal liability.--Regardless of
whether the bylaws of a benefit corporation include a provision
eliminating or limiting the personal liability of directors
authorized under section 1713 (relating to personal liability of
directors):

(1) A director shall not be personally liable, as such,
for monetary damages for any action taken as a director in
the course of performing the duties specified in subsection
(a) unless the action constitutes self-dealing, willful
misconduct or [a knowing violation of law] recklessness.

(2) A director shall not be personally liable for
monetary damages for failure of the benefit corporation to
pursue or create general public benefit or a specific public
benefit.

* * *

(e) Ownership of shares.--A director's ownership of, or
other interest in, the shares of a benefit corporation does not
alone, create a conflict of interest on the part of the director
with respect to the director's performance of the duties of a
director under subsection (a), except to the extent the
ownership or interest would create a conflict of interest if the
corporation were not a benefit corporation.

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Section 71. Section 3322(b) and (f) of Title 15 are amended to read:

§ 3322. Benefit director.

* * *

(b) Election, removal and qualifications.--The benefit director shall be elected and may be removed in the manner provided under Subchapter C of Chapter 17 (relating to directors and officers). Except as set forth in subsection [(e)(2)(i) or] (g), the benefit director shall be an individual who is independent. The benefit director may serve as the benefit officer at the same time as serving as the benefit director. The articles or bylaws of a benefit corporation may prescribe additional qualifications of the benefit director not inconsistent with this subsection.

* * *

(f) Exoneration from personal liability.--Regardless of whether the bylaws of a benefit corporation include a provision eliminating or limiting the personal liability of directors authorized under section 1713 (relating to personal liability of directors), a benefit director shall not be personally liable for any act or omission in the capacity of a benefit director unless the act or omission constitutes self-dealing, willful misconduct or [a knowing violation of law] recklessness.

* * *

Section 72. Section 3323(b) of Title 15 is amended and the section is amended by adding a subsection to read:

§ 3323. Standard of conduct for officers.

* * *

(b) Coordination with other provisions of law.--The consideration of interests and factors in the manner described 20210HB2057PN3299 - 172 -
in subsection (a) shall not constitute a violation of section [1712(c) (relating to standard of care and justifiable reliance)] 1734 (relating to officer's standard of care and justifiable reliance).

* * *

(e) Ownership of shares.--An officer's ownership of, or other interest in, the shares of a benefit corporation does not alone, create a conflict of interest on the part of the officer with respect to the officer's performance of the duties of an officer under subsection (a), except to the extent the ownership or interest would create a conflict of interest if the corporation were not a benefit corporation.

Section 73. The definition of "plan" in section 5103(a) and (b) of Title 15 are amended and subsection (a) is amended by adding a definition to read:

§ 5103. Definitions.

(a) General definitions.--Subject to additional definitions contained in subsequent provisions of this subpart that are applicable to specific provisions of this subpart, the following words and phrases when used in Part I (relating to preliminary provisions) or in this subpart shall have the meanings given to them in this section unless the context clearly indicates otherwise:

* * *

"Membership register." Records administered by or on behalf of a corporation in which the names of all of its members, the address of each member and the class and other details of the membership of each member are recorded.

* * *

["Plan." A plan of reclassification, merger, consolidation,
asset transfer, division or conversion.]

* * *

(b) Index of other definitions.--The following is a nonexclusive list of words and phrases which when used in this subpart shall have the meanings given to them in section 102 (relating to definitions):

"Act" or "action."

"Conversion."

"Corporation for profit."

"Corporation not-for-profit."

"Court."

"Department."

"Division."

"Domestic corporation for profit."

"Domestic corporation not-for-profit."

"Domestication."

"Execute."

"Foreign corporation for profit."

"Foreign corporation not-for-profit."

"Interest exchange."

"Internal Revenue Code of 1986."

"Merger."

"Obligation."

"Officially publish."

"Record form."

"Representative."

"Sign."

Section 74. Section 5110 of Title 15 is repealed:

§ 5110. Annual report.

(a) General rule.--On or before April 30 of each year, a
corporation described in subsection (b) that has effected any change in its officers during the preceding calendar year shall file in the Department of State a statement executed by the corporation and setting forth:

(1) The name of the corporation.
(2) The post office address, including street and number, if any, of its principal office.
(3) The names and titles of the persons who are its principal officers.

(b) Application.--This section shall apply to every:

(1) domestic nonprofit corporation that has been incorporated after December 31, 1972;
(2) domestic nonprofit corporation that has made any filing under the Nonprofit Corporation Law of 1933 in the Department of State as amended by the act of June 19, 1969 (P.L.86, No.31);
(3) domestic nonprofit corporation that has filed a statement of summary of record with the Department of State after December 31, 1972; and
(4) qualified foreign nonprofit corporation.

(c) Separate change in registered office required.--A filing under this section shall not constitute compliance with section 5507(b) (relating to registered office).

(d) Fee.--No fee shall be charged for effecting a filing under this section.

(e) Cross reference.--See section 134 (relating to docketing statement).

Section 75. Sections 5306(a)(8) and 5504(c) of Title 15 are amended and the sections are amended by adding subsections to read:
§ 5306. Articles of incorporation.

(a) General rule.--Articles of incorporation shall be signed by each of the incorporators and shall set forth in the English language:

* * *

(8) The name [and address, including street and number, if any,] of each of the incorporators.

* * *

(d) Reference to external facts.--Except for the provisions required by subsection (a)(1), (2), (4), (5), (6)(i) and (8), any provision of the articles of incorporation may be made dependent upon facts ascertainable outside of the articles if the manner in which the facts will operate upon the provision is set forth in the articles. The facts may include actions or events within the control of or determinations made by the corporation or a representative of the corporation.

§ 5504. Adoption, amendment and contents of bylaws.

* * *

(b.1) Restated bylaws.--Subsection (b) does not prohibit the board of directors from including in restated bylaws, without substantive change, a bylaw adopted by the members, and such a restated provision continues to have the status of a bylaw adopted by the members.

(c) [Bylaw provisions in articles] Relationship of articles and bylaws.--Where any provision of this subpart or any other provision of law refers to a rule as set forth in the bylaws of a corporation or in a bylaw adopted by the members, the reference shall be construed to include and be satisfied by any rule on the same subject as set forth in the articles of the corporation. Where any provision of this subpart or any other
provision of law refers to a rule as set forth in the articles of a corporation or prohibits the articles from setting forth a rule, the contemplated rule may not be included in a bylaw or a bylaw adopted by the members.

* * *

Section 76. Section 5505 of Title 15 is amended to read:

§ 5505. Persons bound by bylaws.

Except as otherwise provided by section 5713 (relating to personal liability of directors) or any similar provision of law, the bylaws of a nonprofit corporation shall operate only as regulations among are binding on the members, directors, members of an other body and officers of the corporation[, and] with respect to its internal affairs whether or not a member, director, member of an other body or officer has actual knowledge of the provisions of the bylaws, but a bylaw shall not affect contracts or other dealings with other persons, unless those persons have actual knowledge of the bylaws bylaw.

Section 77. Section 5507(b) and (d) of Title 15 are amended and the section is amended by adding a subsection to read:

§ 5507. Registered office.

* * *

(b) Statement of change of registered office.--After incorporation, a change of the location of the registered office may be authorized at any time by the board of directors or other body. Before the change of location becomes effective, the corporation shall include the change in an annual report under section 146 (relating to annual report), amend its articles under the provisions of this subpart to reflect the change [in location or shall file in] or deliver to the Department of State for filing a statement of change of location.
registered office executed by the corporation, setting forth:

(1) The name of the corporation.
(2) The address, including street number, if any, of its then registered office.
(3) The address, including street number, if any, to which the registered office is to be changed.
(4) A statement that the change was authorized by the board of directors or other body.

* * *

(d) Effect of statement.--A statement regarding the registered office of a corporation set forth in a document filed in the department pursuant to this section shall operate as an amendment of the articles.

[(d)] (e) Cross reference.--See section 134 (relating to docketing statement).

Section 78. Sections 5508, 5509 and 5512 of Title 15 are amended to read:

§ 5508. Corporate records; inspection by members.
(a) Required records.--Every nonprofit corporation shall keep minutes of the proceedings of the incorporators, members, the directors and any other body, and a membership register[,

giving the names and addresses of all members and the class and other details of the membership of each]. The corporation shall also keep appropriate, complete and accurate books or records of account. [The records provided for in this subsection shall be kept at any of the following locations:

(1) the registered office of the corporation in this Commonwealth;
(2) the principal place of business wherever situated; or
Right of inspection by a member.—Every member shall, upon written verified demand stating the purpose thereof, have on demand, in compliance with the requirements in subsection (b.1), a member has the right to examine, in person or by agent or attorney, during the usual hours for business for any proper purpose, the membership register, books and records of account, and any other body, and to make copies or extracts therefrom.

(b.1) Contents and delivery of demand.—All of the following apply to a demand under subsection (b):

(1) A proper purpose shall mean a purpose reasonably related to the interest of the person as a member.

(2) In every instance where an attorney or other agent is the person who seeks the right of inspection, the demand shall be accompanied by a verified power of attorney or other writing that authorizes the attorney or other agent to so act on behalf of the member.

(3) The demand must be:

(i) made in good faith;

(ii) in record form; and

(iii) verified.

(4) The demand must describe with reasonable particularity:

(i) the purpose of the member; and

(ii) the records the member desires to inspect and how the records relate to the purpose of the member.

(5) The demand must be directed must be delivered to the corporation:
at its registered office in this Commonwealth;

(ii) at its principal place of business wherever situated; [or

(iii) in care of the person in charge of an actual business office of the corporation[.]; or

(iv) in care of the secretary of the corporation at the most recent address of the secretary shown in the records of the department.

(c) Proceedings for the enforcement of inspection by a member.--If the corporation, or an officer or agent thereof, refuses to permit an inspection sought by a member or attorney or other agent acting for the member pursuant to subsection (b) or does not reply to the demand within five business days after the demand has been [made] received, the member may [apply to] file an action in the court for an order to compel the inspection. The court [shall] is hereby vested with exclusive jurisdiction to determine whether or not the person seeking inspection is entitled to the inspection sought. The court may summarily order the corporation to permit the member to inspect the membership register and the other books and records of the corporation and to make copies or extracts therefrom; or the court may order the corporation to furnish to the member a list of its members as of a specific date on condition that the member first pay to the corporation the reasonable cost of obtaining and furnishing the list and on such other conditions as the court deems appropriate. Where the member seeks to inspect the books and records of the corporation, other than its membership register or list of members, [he] the member shall first establish:
(1) that the member has complied with the provisions of this section respecting the form and manner of making demand for inspection of such document; and

(2) that the inspection seeks is for a proper purpose.

(d) Burden of proof.--Where the member seeks to inspect the membership register or list of members of the corporation and [he] has complied with the provisions of this section respecting the form and manner of making demand for inspection of the documents, the burden of proof shall be upon the corporation to establish that the inspection he seeks is for an improper purpose.

(e) Available relief.--The court may, in its discretion, prescribe any limitations or conditions with reference to the inspection, or award such other or further relief as the court deems just and proper. The court may order books, documents and records, pertinent extracts therefrom, or duly authenticated copies thereof, to be brought into this Commonwealth and kept in this Commonwealth upon such terms and conditions as the order may prescribe.

(f) Right to bylaws.--Every member shall have the right to receive, promptly after demand and without charge, a copy in record form of the currently effective text of the bylaws. If the corporation does not provide a member with a copy of the bylaws as required by this subsection, the member may apply to the court for an order to compel the production. The court shall summarily order the corporation to provide a copy of the bylaws unless the corporation establishes that the person seeking the bylaws is not a member.

(g) Reasonable restrictions permitted.--The corporation may
impose reasonable restrictions and conditions on access to and
use of information to be furnished under this section, including
designating information confidential and imposing nondisclosure
and safeguarding obligations on the recipient. In a dispute
concerning the reasonableness of a restriction, condition or
obligation under this subsection, the corporation has the burden
of proving reasonableness.
[(d)] (h) Cross references.—See sections 107 (relating to
form of records) and 5512 (relating to informational rights of a
director)[. and 42 Pa.C.S. § 2503(7) and (9) (relating to right
of participants to receive counsel fees).
§ 5509. Bylaws and other powers in emergency.
(a) General rule.—Except as otherwise restricted in the
bylaws, the board of directors or other body of any nonprofit
corporation may adopt emergency bylaws, subject to repeal or
change by action of the members, which shall, notwithstanding
any different provisions of law or of the articles or bylaws, be
effective during any emergency resulting from an attack on the
United States, a nuclear disaster or another catastrophe as a
result of which a quorum of the board cannot readily be
assembled an emergency. The emergency bylaws may make any
provision that may be appropriate for the circumstances of the
emergency, including:
(1) Procedures for calling meetings of delegates, the
board or an other body.
(2) Quorum requirements for meetings of delegates, the
board or an other body.
(3) Procedures for designating additional or substitute
directors or members of an other body.
(b) Lines of succession; head office.—The board of
directors or other body, or the officers, if [given authorization] authorized by the board of directors or other body, either before or during any emergency, may:

(1) provide, and from time to time modify, lines of succession in the event that during the emergency any or all officers or agents of the corporation shall for any reason be rendered incapable of discharging their duties; and

(2) effective in the emergency, change the head offices or designate several alternative head offices or regional offices of the corporation.

(c) Personnel Representatives not liable.--A representative of the corporation:

(1) Acting in accordance with any emergency bylaws [shall not be] in effect at the time or otherwise in accordance with this section is not liable for monetary damages except for:

(i) self-dealing, willful misconduct or recklessness;

(ii) violation of a criminal statute; or

(iii) payment of taxes pursuant to Federal, State or local law.

(2) Shall not be liable for any action taken by him in good faith in an emergency in furtherance of the ordinary business affairs of the corporation even though not authorized by the emergency or other bylaws then in effect.

(d) Effect on regular bylaws.--To the extent [that they are] not inconsistent with any emergency bylaws [adopted], the bylaws of the corporation shall remain in effect during any emergency, and, upon its termination, the emergency bylaws shall cease to
be effective.

(e) Procedure in absence of emergency bylaws.--Unless otherwise provided in emergency bylaws, notice of any meeting of delegates, the board of directors or an other body during an emergency shall be given only to those delegates, directors or members of an other body it is feasible to reach at the time and by such means as are feasible at the time, including publication, radio or television. To the extent required to constitute a quorum at any meeting of the board of directors or an other body during any emergency, the officers of the corporation who are present at the meeting shall, unless otherwise provided in emergency bylaws, be deemed, in order of rank and within the same rank in order of seniority, directors or members of the other body, as the case may be, for the meeting. An officer serving as a director or member of an other body under this subsection shall be subject to, and entitled to the benefits of, the provisions of this subpart relating to directors or members of an other body.

(f) Corporate actions.--A corporate action to further the ordinary business affairs of the corporation that is taken in good faith in accordance with any emergency bylaws in effect at the time or otherwise in accordance with this section is valid and binding on the corporation.

(g) Member meetings.--The required time for holding the annual meeting of delegates or members of a corporation provided in section 5755(a) (relating to time of holding meetings of members) or the articles or bylaws is tolled during an emergency. The board or other body, acting by a majority of the directors or members of the other body that can be assembled, may take any action during an emergency that the board or other
body determines to be practical and necessary to address the circumstances of the emergency with respect to a meeting of members notwithstanding anything to the contrary in this subpart or in the articles or bylaws. The actions the board or other body may take include postponing the meeting to a later time or date, with the record date for determining the members entitled to notice of, and to vote at, the meeting applying to the postponed meeting without regard to section 5763 (relating to determination of members of record).

(h) Definition.--As used in this section, and for no other purpose, "emergency" means a period during which a quorum of the board or an other body cannot readily be assembled as a result of:

(1) an attack on the United States;
(2) a nuclear disaster;
(3) an epidemic or pandemic;
(4) a state of emergency under Federal or State law covering a geographic area in which the corporation has its principal office or a significant regional office or operation; or
(5) any other catastrophe or disaster.

§ 5512. Informational rights of a director.

(a) General rule.--To the extent reasonably related to the performance of the duties of the director, including those arising from service as a member of a committee of the board of directors, a director of a nonprofit corporation is entitled:

(1) in person or by any attorney or other agent, at any reasonable time, to inspect and copy corporate books, records and documents and, in addition, to inspect, and receive information regarding, the assets, liabilities and operations of the corporation.

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of the corporation and any subsidiaries of the corporation
incorporated or otherwise organized or created under the laws
of this Commonwealth that are controlled directly or
indirectly by the corporation; and
(2) to demand that the corporation exercise whatever
rights it may have to obtain information regarding any other
subsidiaries of the corporation.
(b) Proceedings for the enforcement of inspection by a
director.--If the corporation, or an officer or agent thereof,
refuses to permit an inspection or obtain or provide information
sought by a director or attorney or other agent acting for the
director pursuant to subsection (a) or does not reply to the
request within two business days after the request has been
made, the director may [apply to] file an action in the court
for an order to compel the inspection or the obtaining or
providing of the information. The court shall summarily order
the corporation to permit the requested inspection or to obtain
the information unless the corporation establishes that [the]
information other than the bylaws to be obtained by the exercise
of the right is not reasonably related to the performance of the
duties of the director or that the director or the attorney or
agent of the director is likely to use [the] that information in
a manner that would violate the duty of the director to the
corporation. The order of the court may contain provisions
protecting the corporation from undue burden or expense and
prohibiting the director from using the information in a manner
that would violate the duty of the director to the corporation.
(c) Right to the bylaws.--Every director has the right to
receive, on demand and without charge, a copy in record form of
the currently effective text of the bylaws.
(d) Reasonable restrictions permitted.--The corporation may impose reasonable restrictions and conditions on access to and use of information to be furnished under this section, including designating information confidential and imposing nondisclosure and safeguarding obligations on the recipient. In a dispute concerning the reasonableness of a restriction, condition or obligation under this subsection, the corporation has the burden of proving reasonableness.

[(c) (e) Cross references.--See sections 107 (relating to form of records), 5508 (relating to corporate records; inspection by members) and 5734 (relating to other body) and 42 Pa.C.S. § 2503(7) (relating to right of participants to receive counsel fees).

Section 79. Title 15 is amended by adding a section to read:

§ 5513. Forum selection provisions.

(a) General rule.--The bylaws may require that an internal corporate claim must be brought exclusively in a specified court or courts of this Commonwealth and, if so specified, also in other courts sitting in this Commonwealth or in any other jurisdiction with which the nonprofit corporation has a reasonable relationship.

(b) Jurisdiction.--A provision of the bylaws adopted under subsection (a) shall not have the effect of conferring jurisdiction on any court or over any person or claim, and shall not apply if none of the courts specified in the provision has the requisite personal and subject matter jurisdiction. If none of the courts of this Commonwealth specified in a provision adopted under subsection (a) has the requisite personal and subject matter jurisdiction and another court of this Commonwealth does have such jurisdiction, then the internal
corporate claim may be brought in the court with jurisdiction, notwithstanding that it is not specified in the provision.

(c) Definition.--For the purposes of this section:

(1) Except as provided in paragraph (2), "internal corporate claim" means:

(i) an action that is based upon an alleged violation of a duty owed to the nonprofit corporation under the laws of this Commonwealth by a current or former director, member of an other body, officer or member in that capacity;

(ii) a derivative action or proceeding brought on behalf of the corporation;

(iii) an action asserting a claim arising pursuant to any provision of:

(A) this title;

(B) the articles of incorporation or bylaws; or

(C) an agreement regarding the governance of the corporation or the transfer of memberships in the corporation if:

(I) the corporation and at least one member are parties to the agreement or stated or intended beneficiaries thereof; and

(II) the agreement is entered into after the adoption of the forum selection provision under this section and the agreement does not contain an inconsistent forum selection provision; or

(iv) any action asserting a claim regarding the internal affairs of the corporation that is not included in subparagraphs (i), (ii) and (iii).

(2) An internal corporate claim does not include a
claim, action or proceeding described in paragraph (1) that is subject to section 5107 (relating to subordination of subpart to canon law).

Section 80. Sections 5547(b), 5702(a)(1), 5704, 5708, 5709(b) and (c), 5711 and 5712 of Title 15 are amended to read:

§ 5547. Authority to take and hold trust property.

* * *

(b) Nondiversion of certain property.--Property committed to charitable purposes shall not, by any proceeding under Chapter 3 (relating to entity transactions) or 59 (relating to fundamental changes) amendments, sale of assets and dissolution) or otherwise, be diverted from the objects to which it was donated, granted or devised, unless and until the board of directors or other body obtains from the court an order under 20 Pa.C.S. Ch. 77 (relating to trusts) specifying the disposition of the property.

§ 5702. Manner of giving notice.

(a) General rule.--

(1) Any notice required to be given to any person under the provisions of this subpart or by the articles or bylaws of any nonprofit corporation shall be given to the person either personally or by sending a copy thereof:

(i) By first class or express mail, postage prepaid, or courier service, charges prepaid, to the person's postal address appearing on the books of the corporation or, in the case of directors or members of an other body, supplied by the person to the corporation for the purpose of notice. Notice under this subparagraph shall be deemed to have been given to the person entitled thereto when deposited in the United States mail or with a courier...
service for delivery to that person.

(ii) By facsimile transmission, e-mail or other electronic communication to the [person's] facsimile number or address for e-mail or other electronic communications supplied by the person to the corporation for the purpose of notice. Notice under this subparagraph shall be deemed to have been given to the person entitled thereto when sent.

* * *

§ 5704. Place and notice of meetings of members.

(a) Place.--Meetings of members may be held at [the] a geographic location within or without this Commonwealth as may be provided in or fixed pursuant to the bylaws. Authority to provide for the location of a meeting of the members includes the authority to determine to hold a meeting solely by means of electronic technology in accordance with section 5708 (relating to use of conference telephone or other electronic technology), notwithstanding that the authority may refer to one or more geographic locations. Unless otherwise provided in or fixed pursuant to the bylaws, all meetings of the members that are not held solely by means of electronic technology shall be held at the executive office of the corporation wherever situated. [If a meeting of members is held by means of the Internet or other electronic communications technology in a fashion pursuant to which the members have the opportunity to read or hear the proceedings substantially concurrently with their occurrence, vote on matters submitted to the members, pose questions to the directors and members of any other body, make appropriate motions and comment on the business of the meeting, the meeting need not be held at a particular geographic location.]
(b) Notice.--Notice in record form of every meeting of the members shall be given by, or at the direction of, the secretary or other authorized person to each member of record entitled to vote at the meeting at least:

1. ten days prior to the day named for a meeting that will consider a transaction under Chapter 3 (relating to entity transactions) or a fundamental change under Chapter 59 (relating to amendments, sale of assets and dissolution); or
2. five days prior to the day named for the meeting in any other case.

[If the secretary or other authorized person neglects or refuses to give notice of a meeting, the person or persons calling the meeting may do so.]

(c) Contents.--In the case of a special meeting of the members, the notice shall specify the general nature of the business to be transacted, and in all cases the notice shall comply with the express requirements of this subpart. The corporation shall not have a duty to augment the notice.

(d) Alternative authority.--If the secretary or other authorized person does not give notice of a meeting within a reasonable time, a person calling the meeting may do so.

§ 5708. Use of conference telephone or other electronic technology.

(a) Incorporators, directors and members of an other body.--Except as otherwise provided in the bylaws, one or more persons may participate in a meeting of the incorporators, the board of directors or an other body of a nonprofit corporation by means of conference telephone or other electronic technology by means of which all persons participating in the meeting can hear each other. Participation in a meeting pursuant to this section
subsection shall constitute presence in person at the meeting.

(b) Members.--Except as otherwise provided in the bylaws, the presence or participation by a member, including voting and taking other action, at a meeting of members[, or the expression of consent or dissent to corporate action, by a member] by conference telephone or other electronic [means, including,
without limitation, the Internet, shall constitute] technology constitutes the presence of, or vote or action by, [or consent or dissent of] the member for the purposes of this subpart.

(c) Exclusive use of electronic technology.--Unless the bylaws provide expressly that a meeting of members may not be held solely by means of electronic technology, a meeting of the members does not need to be held at a geographic location if the meeting is held by means of electronic technology in a fashion pursuant to which the members have a reasonable opportunity to participate in the meeting, read or hear the proceedings substantially concurrently with their occurrence, vote on matters submitted to the members and, subject to such guidelines and procedures as the board of directors may adopt, make appropriate motions and comment on the business of the meeting. Any guidelines or procedures adopted by the board or an other body must comply with section 5709(c) (relating to conduct of members meeting).

§ 5709. Conduct of members meeting.

* * *

(b) Authority of the presiding officer.--Except as otherwise provided in the bylaws, the presiding officer shall determine the order of business and shall have the authority to establish rules for the conduct of the meeting [if the board of directors has not determined the order of business or established such]
rules.
(c) Procedural standard.--Any [action by the presiding officer in adopting rules for, and in conducting] rules adopted for, and the conduct of, a meeting shall be fair to the members.

* * *
§ 5711. Alternative provisions.
(a) General rule.--Section 5716 (relating to alternative standard) shall not be applicable to any nonprofit corporation to which section 5715 (relating to exercise of powers generally) is applicable. Section 5715 shall be applicable to any corporation except a corporation:
(1) the bylaws of which by amendment adopted by the board of directors on or before July 26, 1990, and not subsequently rescinded by an articles amendment, explicitly provide that section 5715 or corresponding provisions of prior law shall not be applicable to the corporation; or
(2) the articles of which explicitly provide that section 5715 or corresponding provisions of prior law shall not be applicable to the corporation.
(b) Reversal of opt-out.--A provision of the articles or bylaws providing that section 5715 or corresponding provisions of prior law shall not be applicable to the corporation may be rescinded pursuant to the procedures required by this subpart and the articles and bylaws at the time of the rescission to amend the articles or bylaws.

(a) [Directors] General rule.--A director of a nonprofit corporation shall stand in a fiduciary relation to the corporation and shall perform [his duties as] the duties of a
director, including [his] duties as a member of any committee of
the board upon which [he] the director may serve, in good faith,
in a manner [he] the director reasonably believes to be in the
best interests of the corporation and with such care, including
[reasonable inquiry,] the skill and diligence[, as] that a
person of ordinary prudence would use under similar
circumstances[,] and reasonable inquiry into those issues
required by the statutes of this Commonwealth to be considered
in the circumstances and those interests and factors listed in
section 5715(a) (relating to exercise of powers generally) or
5716(a) (relating to alternative standard) that the director
considers appropriate. This subsection is subject to subsection
(d) where applicable.

(a.1) Justifiable reliance.--In performing [his duties] the
duties of a director and in satisfying the requirements of
subsection (d), a director [shall be] is entitled to rely in
good faith on information, opinions, reports or statements,
including financial statements and other financial data, in each
case prepared or presented by any of the following:

(1) One or more officers or employees of the corporation
or an affiliate of the corporation whom the director
reasonably believes to be reliable and competent in the
matters presented.

(2) Counsel, public accountants or other persons as to
matters which the director reasonably believes to be within
the professional or expert competence of such person.

(3) A committee of the board upon which [he] the
director does not serve, duly designated in accordance with
law, as to matters within its designated authority, which
committee the director reasonably believes to merit
confidence.

(b) Effect of actual knowledge.--A director [shall not be]

is not considered to be acting in good faith [if he has] under

subsection (a.1) if the director has actual knowledge concerning

the matter [in question that would cause his reliance to be]

that causes the director to believe reliance is unwarranted.

[(c) Officers.--Except as otherwise provided in the bylaws,

an officer shall perform his duties as an officer in good faith,

in a manner he reasonably believes to be in the best interests

of the corporation and with such care, including reasonable

inquiry, skill and diligence, as a person of ordinary prudence

would use under similar circumstances. A person who so performs

his duties shall not be liable by reason of having been an

officer of the corporation.]

(d) Business judgment rule.--A director who makes a business

judgment in good faith fulfills the duties under this section

if:

(1) the subject of the business judgment does not

involve self-dealing by the director or an associate or

affiliate of the director;

(2) the director is informed with respect to the subject

of the business judgment to the extent the director

reasonably believes to be appropriate under the

circumstances; and

(3) the director rationally believes that the business

judgment is in the best interests of the corporation.

(e) Burden of proof.--A person challenging the conduct of a

director as violating the duty of care under this section has

the burden of proving:

(1) a breach of the duty of care, including the
inapplicability of the provisions as to the fulfillment of
that duty under subsection (d); and

(2) in a damage action, that the breach was the legal
cause of damage suffered by the corporation.

Section 81. Section 5713(c) of Title 15 is amended and the
section is amended by adding a subsection to read:

§ 5713. Personal liability of directors.

* * *

(c) Application.--An amendment or repeal of a provision
adopted under subsection (a) does not affect its application
with respect to an act by a director occurring before the
amendment or repeal unless the provision in effect at the time
of the act explicitly authorizes its amendment or repeal after
an act has occurred.

[(c)] (d) Cross reference.--See 42 Pa.C.S. § 8332.5
(relating to corporate representatives).

Section 82. Sections 5714, 5715(b), (d) and (e)(1)(i), 5716
and 5717 of Title 15 are amended to read:

§ 5714. [Notation of dissent] Presumption of assent.

A director of a nonprofit corporation who is present at a
meeting of its board of directors, or of a committee of the
board, at which action on any corporate matter is taken on which
the director is generally competent to act, shall be presumed to
have assented to the action taken unless [his] the director's
dissent, abstention or vote against the matter is entered in the
minutes of the meeting or unless [he files his written dissent]
the director delivers to the secretary of the meeting before the
adjournment thereof a dissent in record form to the action [with
the secretary of the meeting before the adjournment thereof] or
transmits the dissent in [writing] record form to the secretary
of the corporation immediately after the adjournment of the
meeting. The right to dissent shall not apply to a director who
voted in favor of the action. Nothing in this subchapter shall
bar a director from asserting that minutes of the meeting
incorrectly omitted [his] the director's dissent, abstention or
vote against if, promptly upon receipt of a copy of such
minutes, [he] the director notifies the secretary [in writing]
of the corporation in record form of the asserted omission or
inaccuracy.
§ 5715. Exercise of powers generally.
   * * *
   (b) Consideration of interests and factors.--The board of
directors, committees of the board and individual directors
shall not be required, in considering the best interests of the
corporation or the effects of any action, to regard any
corporate interest or the interests of any particular group
affected by such action as a dominant or controlling interest or
factor. The consideration of interests and factors in the manner
described in this subsection and in subsection (a) shall not
constitute a violation of section 5712 (relating to standard of
care [and] justifiable reliance and business judgment rule).
   * * *
   (d) Presumption.--[Absent breach of fiduciary duty, lack of
good faith or self-dealing, any act as the board of directors, a
committee of the board or an individual director shall be
presumed to be in the best interests of the corporation.] In
assessing whether the standard set forth in section 5712 or 5728
(relation to interested directors or officers; quorum) has been
satisfied, there shall not be any greater obligation to justify,
or higher burden of proof with respect to, any act as the board
of directors, any committee of the board or any individual
director relating to or affecting an acquisition or potential or
proposed acquisition of control of the corporation than is
applied to any other act as a board of directors, any committee
of the board or any individual director. Notwithstanding section
5712(d) and the preceding [provisions] provision of this
subsection, any act as the board of directors, a committee of
the board or an individual director relating to or affecting an
acquisition or potential or proposed acquisition of control to
which a majority of the disinterested directors shall have
assented shall be presumed to satisfy the standard set forth in
section 5712 or 5728, unless it is proven by clear and
convincing evidence that the disinterested directors did not
assent to such act in good faith after reasonable investigation.
(e) Definition.--The term "disinterested director" as used
in subsection (d) and for no other purpose means:
(1) A director of the corporation other than:
   (i) A director who has a direct or indirect
   financial or other interest in the person acquiring or
   seeking to acquire control of the corporation or who is
   an affiliate or associate[, as defined in section 2552
   (relating to definitions)], of, or was nominated or
designated as a director by, a person acquiring or
seeking to acquire control of the corporation.
   * * *
§ 5716. Alternative standard.
(a) General rule.--In discharging the duties of their
respective positions, the board of directors, committees of the
board and individual directors of a nonprofit corporation may,
in considering the best interests of the corporation, consider
the effects of any action upon employees, upon suppliers and
customers of the corporation and upon communities in which
offices or other establishments of the corporation are located,
and all other pertinent factors. The consideration of those
factors shall not constitute a violation of section 5712
(relating to standard of care and justifiable reliance and
business judgment rule).

[(b) Presumption.--Absent breach of fiduciary duty, lack of
good faith or self-dealing, actions taken as a director shall be
presumed to be in the best interests of the corporation.]

(c) Cross reference.--See section 5711 (relating to
alternative provisions).

§ 5717. Limitation on standing.

The duty of the board of directors, committees of the board
and individual directors under section 5712 (relating to
standard of care and justifiable reliance and business
judgment rule) is solely to the nonprofit corporation and not to
any member or creditor or any other person or group, and may be
enforced directly by the corporation or may be enforced by [a
member, as such, by] an action in the right of the corporation,
and may not be enforced directly by a member or creditor or by
any other person or group. Notwithstanding the preceding
sentence, sections 5715(a) and (b) (relating to exercise of
powers generally) and 5716(a) (relating to alternative standard)
do not impose upon the board of directors, committees of the
board and individual directors, any legal or equitable duties,
obligations or liabilities or create any right or cause of
action against, or basis for standing to sue, the board of
directors, committees of the board and individual directors.

Section 83. Title 15 is amended by adding sections to read:

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§ 5718. (Reserved).

§ 5719. Renunciation of corporate opportunities.

The articles of incorporation or bylaws, or an action of the board of directors, may renounce any interest or expectancy of a nonprofit corporation in, or in being offered an opportunity to participate in, a specified corporate opportunity or specified classes or categories of corporate opportunities that are presented to the corporation or to one or more of its directors, officers or members.

Section 84. Sections 5721 and 5724(b) of Title 15 are amended to read:

§ 5721. Board of directors.

Unless otherwise provided by statute or in a bylaw adopted by the members, all powers enumerated in section 5502 (relating to general powers) and elsewhere in this [subpart] title or otherwise vested by law in a nonprofit corporation shall be exercised by or under the authority of the board of directors, and the business and affairs of every nonprofit corporation shall be managed by or under the direction of, a board of directors. If any such provision is made in the bylaws, the powers and duties conferred or imposed upon the board of directors by this [subpart] title shall be exercised or performed to such extent and by such other body as shall be provided in the bylaws.

§ 5724. Term of office of directors.

* * *

(b) Resignations.--[Any director may resign at any time upon notice in record form to the corporation. The resignation shall be effective upon its receipt by the corporation or at a subsequent time specified in the notice of resignation.] A
director may resign at any time upon notice in record form to
the corporation. A resignation that is not conditioned upon
acceptance by the board of directors shall be effective upon
receipt by the corporation of the notice of resignation, unless
the notice specifies a later effective time or an effective time
determined upon the happening of an event or events. If a
resignation is conditioned upon its acceptance by the board, a
decision by the board to accept or reject the resignation shall
be made by the board in the manner required by Subchapter B
(relating to fiduciary duty).

* * *

Section 85. Section 5725 of Title 15 is amended by adding a
subsection to read:

§ 5725. Selection of directors.

* * *

(c.1) No directors in office.--At any time when the offices
of all of the directors of a membership corporation are vacant,
any officer, member of an other body or member may call a
special meeting of members for the purpose of electing
directors.

* * *

Section 86. Sections 5727, 5728, 5730, 5731(a) and 5732 of
Title 15 are amended to read:

§ 5727. Quorum of and action by directors.

(a) General rule.--Unless otherwise provided in the bylaws,
a majority of the directors in office of a nonprofit corporation
shall be necessary to constitute a quorum for the transaction of
business, and the acts of a majority of the directors present
and voting at a meeting at which a quorum is present shall be
the acts of the board of directors.

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(b) Action by consent.--Unless otherwise restricted in the bylaws, any action required or permitted to be approved at a meeting of the directors may be approved without a meeting [if a consent or] if one or more consents to the action in record form [are]. Except as provided in subsection (c), the consents must be signed, before, on or after the effective [date] time of the action by all of the directors in office [on the date the last consent is signed] at the effective time. The consent or consents must be filed with the secretary of the corporation.

(c) Effectiveness of consent.--A consent may provide, or a person signing a consent, whether or not then a director, may instruct in record form, that the consent will be effective at a future time, including a time determined upon the happening of an event. In the case of a consent signed by a person not a director at the time of signing, the consent is effective at the stated effective time if the person who signed the consent is a director at the effective time and did not revoke the consent in record form prior to the effective time. A consent is effective at the stated effective time even if one or more signers are no longer directors at the effective time unless the consent has been revoked by a signer who is a director at the effective time. A signer of a consent may revoke the signer's consent in record form until the consent becomes effective.

§ 5728. Interested directors or officers; quorum.

(a) General rule.--A contract or transaction between a nonprofit corporation and one or more of its directors or officers or between a nonprofit corporation and another domestic or foreign corporation for profit or not-for-profit, partnership, joint venture, trust or other association in which one or more of [its] the corporation's directors or officers are
[directors] governors or officers of the other association or
have a financial or other interest, [shall not be] is not void
or voidable solely for that reason, or solely because the
director or officer of the corporation is present at or
participates in the meeting of the board of directors that
authorizes the contract or transaction, or solely because the
vote of the director or officer is counted for that purpose, if:

(1) the material facts as to the relationship or
interest and as to the contract or transaction are disclosed
or are known to the board of directors and the board
authorizes the contract or transaction by the affirmative
votes of a majority of the disinterested directors even
though the disinterested directors are less than a quorum;

(2) the material facts as to the [director's or
officer's] relationship or interest and as to the contract or
transaction are disclosed or are known to the members
entitled to vote thereon, if any, and the contract or
transaction is specifically approved in good faith by vote of
those members; [or]

(3) the contract or transaction is fair as to the
corporation as of the time it is authorized, approved or
ratified by the board of directors or the members[; or]

(4) the contract or transaction satisfies subsection (d)

or (e).

(b) Quorum.--Common or interested directors may be counted
in determining the presence of a quorum at a meeting of the
board that authorizes a contract or transaction specified in
subsection (a).

(c) Applicability.--The provisions of this section shall be
applicable except as otherwise restricted in the bylaws.

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(d) Common governors or officers with nonwholly owned associations.--A contract or transaction between a nonprofit corporation and an association that is not wholly owned or controlled by the corporation, is not void or voidable solely on the grounds that a person who is a director or officer of the corporation is also a governor or officer of the other association if:

1. one of the conditions set forth in subsection (a) (1), (2) or (3) is satisfied; or
2. (i) the director or officer does not participate personally and substantially in negotiating the transaction for either the corporation or the other association; and
   (ii) if the transaction is approved by the governors of either association, the person that is a governor or officer of each association does not cast a vote that would be necessary at a meeting to approve the transaction on behalf of either association.

(e) Common governors or officers with wholly owned associations.--A contract or transaction between a nonprofit corporation and an association wholly owned or controlled by the corporation is not void or voidable solely on the grounds that a director or officer of the corporation is also a governor or officer of the wholly owned or controlled association.

(f) Cross references.--See sections 5715(d) (relating to exercise of powers generally) and 5730 (relating to compensation of directors).

§ 5730. Compensation of directors.

(a) General rule.--Except as otherwise restricted in the bylaws, the board of directors of a nonprofit corporation shall
have] has the authority to fix the compensation of directors for their services as directors[, and a] regardless of the personal interest of the directors. A director may be a salaried officer of the corporation.

(b) Presumption.--If the board of directors of a nonprofit corporation that is not incorporated for a charitable purpose establishes the compensation of directors in accordance with subsection (a), that action is presumed to be fair to the corporation.

§ 5731. Executive and other committees of the board.

(a) Establishment and powers.--Unless otherwise restricted in the bylaws:

(1) The bylaws or the board of directors [may, by resolution adopted by a majority of the directors in office,] of a nonprofit corporation may establish one or more committees to consist of one or more directors of the corporation.

(2) Any committee, to the extent provided in the [resolution] action of the board of directors or in the bylaws, shall have and may exercise all of the powers and authority of the board of directors, except that a committee shall not have any power or authority as to the following:

(i) The submission to members of any action or matter, other than the election or removal of directors, requiring approval of members under this subpart or Chapter 3 (relating to entity transactions).

(ii) The creation or filling of vacancies in the board of directors.

(iii) The adoption, amendment or repeal of the bylaws.
(iv) The amendment or repeal of any resolution of the board that by its terms is amendable or repealable only by the board.

(v) Action on matters committed by the bylaws or action of the board of directors exclusively to another committee of the board.

(3) The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee or for purposes of action in record form by the committee. In the absence or disqualification of a member and alternate member or members of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not those present constitute a quorum, may unanimously appoint another director to act at the meeting in the place of any absent or disqualified member.

* * *

§ 5732. Officers.

(a) General rule.--Every nonprofit corporation shall have a president, a secretary, and a treasurer, or persons who shall act as such, regardless of the name or title by which they may be designated, elected or appointed and may have such other officers as it may authorize from time to time. The bylaws may prescribe special qualifications for the officers. The president and secretary shall be natural persons of full age. The treasurer may be a corporation, but if a natural person shall be of full age. Unless otherwise restricted in the bylaws, it shall not be necessary for the officers to be directors. Any number of offices may be held by the same person.
(b) Term of office.--The officers [and assistant officers] shall be elected or appointed at such time, in such manner and for such terms as may be fixed by or pursuant to the bylaws. Unless otherwise provided by or pursuant to the bylaws, each officer shall hold office for a term of one year and until [his] the officer's successor has been selected and qualified or until [his] the officer's earlier death, resignation or removal.

(c) Resignation.--Any officer may resign at any time upon written notice to the corporation. The resignation shall be effective upon receipt thereof by the corporation or at such subsequent time as may be specified in the notice of resignation.

(d) Bonding.--The corporation may secure the fidelity of any or all of the officers by bond or otherwise.

(e) Vacancies.--Unless otherwise provided in the bylaws, the board of directors shall have power to fill any vacancies in any office occurring from whatever reason.

[(b)] (f) Authority.--Unless otherwise provided in the bylaws, all officers of the corporation, as between themselves and the corporation, shall have such authority and perform such duties in the management of the corporation as may be provided by or pursuant to the bylaws or, in the absence of controlling provisions in the bylaws, as may be determined by or pursuant to [resolutions or orders] actions of the board of directors or other body.

[(c) Nomination of officers.--Unless the bylaws provide otherwise, officers shall be nominated by a nominating committee or from the floor.

(d) Cross reference.--See section 5110 (relating to annual report).]
(g) Right to bylaws.--Every officer shall have the right to receive, promptly after demand and without charge, a copy in record form of the currently effective text of the bylaws, but only to the extent reasonably related to the officer's duties.

Section 87. Title 15 is amended by adding sections to read:

§ 5733.1. Officer's standard of care and justifiable reliance.

(a) General rule.--Except as otherwise provided in the bylaws, an officer shall perform the duties of an officer in good faith, in a manner the officer reasonably believes to be in the best interests of the nonprofit corporation and with such care, including reasonable inquiry, skill and diligence, as a person of ordinary prudence would use under similar circumstances. A person who performs the duties of an officer in accordance with this subsection, and any provision of the bylaws that modify this subsection, shall not be liable to the corporation by reason of having been an officer of the corporation.

(b) Justifiable reliance.--In performing the duties of an officer, an officer is entitled to rely in good faith on information, opinions, reports or statements, including financial statements and other financial data, in each case prepared or presented by any of the following:

(1) One or more other officers or employees of the corporation or an affiliate of the corporation whom the officer reasonably believes to be reliable and competent in the matters presented.

(2) Counsel, public accountants or other persons as to matters that the officer reasonably believes to be within the professional or expert competence of such person.

(c) Effect of actual knowledge.--An officer is not
considered to be acting in good faith under subsection (a) if the director has actual knowledge concerning the matter that causes the officer to believe reliance is unwarranted.

(d) Business judgment rule.--Except as otherwise restricted in the bylaws, an officer who makes a business judgment in good faith fulfills the duties of an officer if:

(1) the subject of the business judgment does not involve self-dealing by the officer or an associate or affiliate of the officer;

(2) the officer is informed with respect to the subject of the business judgment to the extent the officer reasonably believes to be appropriate under the circumstances; and

(3) the officer rationally believes that the business judgment is in the best interests of the corporation.

(e) Burden of proof.--A person challenging the conduct of an officer under this section has the burden of proving a breach of the duty of care, including the provisions of subsections (c) and (d), and, in a damage action, the burden of proving that the breach was the legal cause of damage suffered by the corporation.

§ 5733.2. Personal liability of officers.

(a) General rule.--If a bylaw adopted by the members of a nonprofit corporation so provides, an officer shall not be personally liable, as such, for monetary damages for any action taken unless:

(1) the officer has breached or failed to perform the duties of an officer under this subchapter; and

(2) the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

(b) Exceptions.--Subsection (a) shall not apply to:
the responsibility or liability of an officer pursuant to any criminal statute; or
the liability of an officer for the payment of taxes pursuant to Federal, State or local law.

(c) Application.--An amendment or repeal of a provision described in subsection (a) does not affect its application with respect to an act by an officer occurring before the amendment or repeal unless the provision in effect at the time of the act explicitly authorizes its amendment or repeal after an act has occurred.

(d) Cross reference.--See 42 Pa.C.S. § 8332.5 (relating to corporate representatives).

Section 88. Sections 5743, 5750, 5755, 5756(a)(1) and (b), 5758 and 5763 of Title 15 are amended to read:

§ 5743. Mandatory indemnification.

(a) General rule.--To the extent that a present or former director or officer of a nonprofit corporation has been successful on the merits or otherwise in defense of any action or proceeding referred to in section 5741 (relating to third-party actions) or 5742 (relating to derivative and corporate actions) or in defense of any claim, issue or matter therein, the director or officer shall be indemnified against expenses (including attorney fees) actually and reasonably incurred by the director or officer in connection therewith.

(b) Prospective application.--The limitation of the scope of subsection (a) to a present or former director or officer applies only to acts occurring after (insert the effective date of this act).

([b]) (c) Cross reference.--See section 6145 (relating to

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applicability of certain safeguards to foreign corporations).
§ 5750. Duration and extent of coverage.

The indemnification and advancement of expenses provided by or granted pursuant to this subchapter shall, unless otherwise provided when authorized or ratified, continue as to a person who has ceased to be a representative of the corporation and shall inure to the benefit of the heirs and personal representative of that person. A right to indemnification or to advancement of expenses arising under a provision of the articles or bylaws may not be eliminated or impaired by an amendment to or repeal of the provision after the occurrence of an act that is the subject of the threatened, pending or completed action or proceeding, whether civil, criminal, administrative or investigative, for which indemnification or advancement of expenses is sought, unless the provision in effect at the time of the act explicitly authorizes the elimination or impairment after an act has occurred.

§ 5755. Time of holding meetings of members.

(a) Regular meetings.--The bylaws of a nonprofit corporation may provide for the number and the time of meetings of members[, but unless]. Except as otherwise provided in a bylaw adopted by the members, at least one meeting of the members [of a corporation that has members, as such,] that are entitled to vote[,] for the election of directors shall be held in each calendar year for the election of directors at the time provided in or fixed pursuant to authority granted by the bylaws. Failure to hold the annual or other regular meeting at the designated time shall not work a dissolution of the corporation or affect otherwise valid corporate acts. If the annual or other regular meeting is not called and held within six months after the
designated time, any member may call the meeting at any time thereafter.

(b) Special meetings.--Special meetings of the members may be called at any time by:

(1) the board of directors;

(2) members entitled to cast at least 10% of the votes that all members are entitled to cast at the particular meeting; or

(3) such officers or other persons as may be provided in the bylaws; or

(4) as provided in section 5725(c.1) (relating to selection of directors).

(b.1) Duties of secretary.--At any time, upon written request of any person who has called a special meeting, it shall be the duty of the secretary to fix the time of the meeting which, if the meeting is called pursuant to a statutory right, shall be held within any period specified by this subpart, or if no period is specified, not more than 60 days after the receipt of the request. If the secretary neglects or refuses to fix the time of the meeting, the person or persons calling the meeting may do so.

(c) Adjournments.--Adjournments of any regular or special meeting may be taken but any meeting at which directors are to be elected shall be adjourned for no longer than from day to day, or for longer periods not exceeding 15 days each, as the members present and entitled to vote shall direct, until the directors have been elected.

(d) Postponement or cancellation.--The board of directors may postpone, or delegate to an officer the authority to postpone, the annual or other regular meeting of members,
subject to the provision of subsection (a) providing for a meeting each calendar year. Unless otherwise restricted in the bylaws or otherwise provided by statute, the holding of a special meeting of members may be postponed for not more than 15 days or may be canceled by the person or group that called the special meeting. In the case of a postponed or canceled meeting, prompt notice in record form of the postponement or cancellation must be given to the members entitled to vote at the meeting.

[(d)] (e) Cross reference.--See section 6145 (relating to applicability of certain safeguards to foreign domiciliary corporations).

§ 5756. Quorum.

(a) General rule.--A meeting of members of a nonprofit corporation duly called shall not be organized for the transaction of business unless a quorum is present. Unless otherwise provided in a bylaw adopted by the members:

(1) [The] A quorum for the purposes of consideration and action on a particular matter at a meeting shall consist of:

   (i) the presence of members entitled to cast at least a majority of the votes that all members are entitled to cast on [a particular] the matter [to be acted upon at the meeting shall constitute a quorum for the purposes of consideration and action on the matter].

   and

   (ii) if any members are entitled to vote as a class on the matter, the presence of members entitled to cast at least a majority of the votes entitled to be cast in the class vote.

* * *

(b) Exceptions.--Notwithstanding any contrary provision in
the articles or bylaws, those members entitled to vote who attend a meeting of members:

(1) At which directors are to be elected that has been previously adjourned for lack of a quorum, although less than a quorum as fixed in this section or in the bylaws, shall nevertheless constitute a quorum for the purpose of [election of] electing directors.

* * *

§ 5758. Voting rights of members.

(a) General rule.--Unless otherwise provided in a bylaw adopted by the members, every member of a nonprofit corporation shall be entitled to one vote.

(b) Procedures.--The following apply to voting by the members:

(1) The manner of voting on any matter, including changes in the articles or bylaws, may be by ballot, mail or any reasonable means provided in a bylaw adopted by the members.

(2) If a bylaw adopted by the members provides a fair and reasonable procedure for the nomination of candidates for any office, only candidates who have been duly nominated in accordance therewith shall be eligible for election.

(3) Unless otherwise provided in [such] a bylaw adopted by the members, in elections for directors at a meeting of members held at a geographic location, voting shall be by ballot[, and the]. The members do not have the right to vote by ballot at a meeting that is not held at a geographic location pursuant to section 5708(c) (relating to use of conference telephone or other electronic technology).

(4) The candidates for election as directors receiving
the highest number of votes from each class or group of
classes, if any, of members entitled to elect directors
separately up to the number of directors to be elected by
such class or group of classes shall be elected. If at any
meeting of members directors of more than one class are to be
elected, each class of directors shall be elected in a
separate election.

(c) Cumulative voting.--If a bylaw adopted by the members so
provides, in each election of directors of a nonprofit
corporation every member entitled to vote shall have the right
to multiply the number of votes to which he may be entitled by
the total number of directors to be elected in the same election
by the members or the class of members to which he belongs, and
he may cast the whole number of his votes for one candidate or
he may distribute them among any two or more candidates.

(d) Sale of votes.--No member shall sell his vote or issue a
proxy for money or anything of value.

(e) Voting lists.--Upon request of a member, the [books or
records of] membership register shall be produced at any regular
or special meeting of the corporation. If at any meeting the
right of a person to vote is challenged, the presiding officer
shall require the [books or records] membership register to be
produced as evidence of the right of the person challenged to
vote, and all persons who appear by the [books or records]
membership register to be members entitled to vote may vote. See
section 6145 (relating to applicability of certain safeguards to
foreign corporations).

§ 5763. Determination of members of record.

(a) Fixing record date.--Unless otherwise restricted in the
bylaws, the board of directors of a nonprofit corporation may
fix a time prior to the date of any meeting of members as a
record date for the determination of the members entitled to
notice of, or to vote at, the meeting, which time, except in the
case of an adjourned meeting, shall not be more than 90 days
prior to the date of the meeting of members. Only members of
record on the date fixed shall be so entitled notwithstanding
any increase or other change in membership on the books of the
corporation after any record date fixed as provided in this
subsection. Unless otherwise provided in the bylaws, the board
of directors may similarly fix a record date for the
determination of members of record for any other purpose. A
record date may not precede the date on which the board acts to
fix that record date. The members of record shall be determined
as of the close of business on the record date unless the board
fixes a different time of day for that determination. When a
determination of members of record has been made as provided in
this section for purposes of a meeting, the determination shall
apply to any adjournment thereof unless otherwise restricted in
the bylaws or unless the board fixes a new record date for the
adjourned meeting.

(b) Determination when no record date fixed.--Unless
otherwise provided in the bylaws, if a record date is not fixed:

(1) The [record date for determining members entitled to
notice of or to vote at a meeting of members shall be at the]
close of business on the day next preceding the day on which
notice is given or, if notice is waived, at the close of
business on the day immediately preceding the day on which
the meeting is held[.] shall be the record date for
determining members entitled to notice of or to vote at a
meeting of members.
(2) The close of business on the day on which the first consent or dissent, request or petition is filed in record form with the secretary of the corporation shall be the record date for determining members entitled to:

(i) express consent or dissent to corporate action [in writing] without a meeting, when prior action by the board of directors or other body is not necessary;

(ii) call a special meeting of the members; or

(iii) propose an amendment of the articles. [shall be the close of business on the day on which the first written consent or dissent, request for a special meeting or petition proposing an amendment of the articles is filed with the secretary of the corporation.]

(3) The record date for determining members for any other purpose shall be at the close of business on the day on which the board of directors or other body adopts the resolution relating thereto.

Section 89. Section 5766(a) of Title 15 is amended and the section is amended by adding subsections to read:

§ 5766. Consent of members in lieu of meeting.

(a) Unanimous consent.--Unless otherwise restricted in the bylaws, any action required or permitted to be taken at a meeting of the members or of a class of members of a nonprofit corporation may be taken without a meeting if a consent or consents to the action in record form are signed, before, on or after the effective date time of the action by all of the members who would be entitled to vote at a meeting for that purpose. The consent or consents must be filed with the minutes of the proceedings of the members.

* * *

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(d) Escrowing of consents.--A consent may provide, or a person signing a consent, whether or not then a member, may instruct in record form, that the consent will be effective at a future time, including a time determined upon the happening of an event. In the case of a consent signed by a person not a member at the time of signing, the consent is effective at the stated effective time if the person who signed the consent is a member at the effective time and did not revoke the consent in record form prior to the effective time. A consent is effective at the stated effective time, even if one or more signers are no longer members at the effective time if consents by members entitled to cast the required number of votes have not been revoked before the effective time.

(e) Revocation of consent.--Unless otherwise provided in a consent, a signer of the consent may revoke the signer's consent in record form until it becomes effective.

Section 90. Section 5781(a)(1)(i), (b) and (c) of Title 15 are amended to read:

§ 5781. Derivative action.

(a) General rule.--Subject to section 5782 (relating to eligible member plaintiffs and security for costs) and subsection (b), a plaintiff may maintain a derivative action to enforce a right of a nonprofit corporation only if:

(1) the plaintiff first makes a demand on the corporation or the board of directors, requesting that it cause the corporation to bring an action to enforce the right, and:

(i) if a special litigation committee is not appointed under section 5783 (relating to special litigation committee), [the corporation does not bring
the action within a reasonable time; or] the board
determines that:

(A) an action based on some or all of the claims
asserted in the demand not be brought by the
 corporation but that the corporation not object to an
action being brought by the party that made the
demand; or

(B) an action already commenced continue under
the control of the plaintiff; or

* * *

(b) Prior demand excused.--
(1) A demand under subsection (a)(1) is excused only if
the [member plaintiff makes a specific showing that
immediate and irreparable harm to the nonprofit corporation
would otherwise result.
(2) If demand is excused under paragraph (1), demand
shall be made promptly after commencement of the action.

(c) Contents of demand.--A demand under this section must be
in record form and give notice with reasonable specificity of:

(1) the [essential] material facts relied upon to
support each of the claims made in the demand[.] against each
proposed defendant; and

(2) in the case of a derivative action commenced by a
member, the basis on which the person making the demand has
standing under section 5782.

* * *

Section 91. Section 5782(a) and (d) of Title 15 are amended
and the section is amended by adding a subsection to read:
§ 5782. Eligible member plaintiffs and security for costs.
(a) General rule.--Except as provided in subsection (b), in
any action or proceeding brought [to enforce a secondary right on the part of] by one or more members of a nonprofit corporation [against any present or former officer, director or member of an other body of the corporation because the corporation refuses to enforce rights that may properly be asserted by it] to enforce rights that the plaintiff claims could be, but have not been, asserted by the corporation, each plaintiff [must aver and it must be made to appear that each plaintiff] has standing to commence and maintain the derivative action if the plaintiff:

(1) was a member of the corporation at the time of the transaction or conduct of which [he] the plaintiff complains[.]; and

(2) continues to be a member until the time of judgment, unless the failure to do so is the result of corporate action that:

(i) was done merely to eliminate derivative claims;

or

(ii) has the effect of a reorganization that does not affect the plaintiff's ownership of the enterprise.

* * *

(d) Failure to maintain ownership.—If a plaintiff loses the right to maintain a derivative action under subsection (a)(2), the court may entertain a motion to substitute the corporation as the named plaintiff.

[(d)] (e) Cross reference.—See section 6146 (relating to provisions applicable to all foreign corporations).

Section 92. Section 5783(a), (b)(1), (e) introductory paragraph, (3) and (6) and (f) of Title 15 are amended and the section is amended by adding subsections to read:

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§ 5783. Special litigation committee.

(a) General rule.--If a nonprofit corporation or the board of directors receives a demand to bring an action to enforce a right of the corporation, or if a derivative action is commenced before demand has been made on the corporation or the board, the board may appoint a special litigation committee to investigate the claims asserted in the demand or action and to determine on behalf of the corporation or recommend to the board whether pursuing any of the claims asserted is in the best interests of the corporation. The corporation [shall send] must deliver a notice in record form to the [plaintiff] person making the demand, or to the plaintiff if a derivative action has been commenced, promptly after the appointment of a committee under this section notifying the person making the demand or the plaintiff that a committee has been appointed and identifying by name the members of the committee.

(b) Discovery stay.--If the board of directors appoints a special litigation committee and an action is commenced before a determination has been made under subsection (e):

   (1) On motion by the nonprofit corporation, or the committee made in the name of the nonprofit corporation, the court shall stay discovery for the time reasonably necessary to permit the committee to complete its investigation, except for good cause shown.

   * * *

(c.1) Committee members who are not directors or members of an other body.--A member of a special litigation committee who is not a director or member of an other body, when acting as a member of the committee, is subject to the liabilities imposed, and entitled to the rights and immunities conferred, by
Subchapters B (relating to fiduciary duty) and D (relating to indemnification) and other provisions of law upon directors of a corporation.

* * *

(e) Determination.--After appropriate investigation by a special litigation committee, the committee [or the] may determine, or the committee may recommend to the board of directors [may] that the board determine that it is in the best interests of the nonprofit corporation that:

* * *

(3) some or all of the claims asserted in the demand be settled on terms [approved] determined or recommended by the committee;

* * *

(6) some or all the claims asserted in an action already commenced be settled on terms [approved] determined or recommended by the committee; or

* * *

(f) Court review and action.--If a special litigation committee is appointed and a derivative action is commenced before or after the committee makes a determination [is made] under subsection (e) or the board of directors determines under subsection (e) to accept the recommendation of the committee:

(1) The nonprofit corporation or the committee shall file with the court after a determination is made under subsection (e) a statement of the determination and a report of the committee supporting the determination. The corporation or the committee shall serve each party with a copy of the determination and report. If the corporation or the committee moves to file the report under seal, the report
shall be served on the parties subject to an appropriate stipulation agreed to by the parties or a protective order issued by the court.

(2) The corporation or the committee shall file with the court a motion, pleading or notice consistent with the determination under subsection (e).

(3) If the determination is one described in subsection (e)(2), (3), (4), (5)(ii), (6) or (7), the court shall determine whether the members of the committee met the qualifications required under subsection (c)(1) and (2) and whether the committee conducted its investigation and made its determination or recommendation in good faith, independently and with reasonable care. The plaintiff has the burden of proving that the committee did not meet those qualifications or act in the required manner. If the court finds that the members of the committee met the qualifications required under subsection (c)(1) and (2) and that the committee acted in good faith, independently and with reasonable care, the court shall enforce the determination of the committee or the board. Otherwise, the court shall:

(i) dissolve any stay of discovery entered under subsection (b);

(ii) allow the action to continue under the control of the plaintiff; and

(iii) permit the defendants to file preliminary objections, other appropriate pleadings and motions.

**

(h) Interest of a defendant.--The fact that a person is named as a defendant does not make the person interested in the
claims asserted in a demand or action for purposes of subsection (c)(1) if the claims against the person:

(1) are based only on an allegation that the person approved of or acquiesced in the transaction or conduct that is the subject of the claims; and

(2) do not otherwise allege with particularity facts that, if true, raise a significant prospect that the person would be adjudged liable.

Section 93. Section 5911(b) of Title 15 is amended and the section is amended by adding a subsection to read:

§ 5911. Amendment of articles authorized.

* * *

(b) Exceptions.--An amendment adopted under this section shall not amend articles in such a way that as so amended they would not be authorized by this subpart as original articles of incorporation except that:

(1) Restated articles shall, subject to section 109 (relating to name of commercial registered office provider in lieu of registered address), state the address of the current instead of the initial registered office of the corporation in this Commonwealth and need not state the names and addresses of the incorporators.

(2) The corporation shall not be required to revise any other provision of its articles if the provision is valid and operative immediately prior to the filing of the amendment in delivery of the amendment to the department for filing.

(c) Amendments pursuant to other provisions.--Amendments to the articles authorized pursuant to Chapter 2 (relating to entities generally) or Chapter 3 (relating to entity transactions) or set forth in statements or certificates
permitted or required to be delivered to the department for filing by sections 108 (relating to change in location or status of registered office provided by agent) and 138 (relating to statement of correction) or by this subpart need not be proposed or adopted in the manner provided in this subchapter, except to the extent that the provisions of this subchapter have been incorporated into Chapter 2 or Chapter 3 or into the provisions authorizing such statements or certificates.

Section 94. Section 5912(b) and (c)(1) of Title 15 are amended to read:

§ 5912. Proposal of amendments.

* * *

(b) Submission to members.--Except where the approval of the members is unnecessary under this subchapter, the board of directors or other body shall direct that the proposed amendment be submitted to a vote of the members entitled to vote thereon [at a regular or special meeting of the members]. An amendment proposed pursuant to subsection (a)(2) shall be submitted to a vote either at the next annual meeting held not earlier than 120 days after the amendment is proposed or at a special meeting of the members called for that purpose by the members.

(c) Form of amendment.--The resolution or petition shall contain the language of the proposed amendment of the articles:

(1) by setting forth the existing text of the articles or the provision thereof that is proposed to be amended, with brackets around language that is to be deleted and underscoring under language that is to be added or otherwise clearly showing the changes to be made; or

* * *

Section 95. Section 5979(b) of Title 15 is amended and the
section is amended by adding a subsection to read:

§ 5979. Survival of remedies and rights after dissolution.

* * *

(b) Rights and assets.—The dissolution of a nonprofit corporation shall not affect the limited liability of a member of the corporation theretofore existing with respect to transactions occurring or acts or omissions done or omitted in the name of or by the corporation except that, subject to subsection (d) and sections 5992(d) (relating to notice to claimants) and 5993(b) (relating to acceptance or rejection of matured claims), if applicable, each member shall be liable for his pro rata portion of the unpaid liabilities of the corporation up to the amount of the net assets of the corporation distributed to the member in connection with the dissolution. Should any property right of a corporation be discovered, or the corporation be named as a defendant in an action or proceeding, at any time after the dissolution of the corporation, the surviving member or members of the board of directors or other body that wound up the affairs of the corporation, or a receiver appointed by the court, shall have authority to enforce the property right and to collect and divide the assets so discovered among the persons entitled thereto and to prosecute or defend actions or proceedings in the corporate name of the corporation. Any assets so collected shall be distributed and disposed of in accordance with the applicable order of court, if any, and otherwise in accordance with this subchapter.

* * *

(f) Late-filed action or proceeding.—The following apply to an action or proceeding commenced against a dissolved
corporation after the expiration of the period specified in subsection (a)(2):

(1) Any judgment against a dissolved corporation in the action or proceeding shall be void.

(2) The dissolved corporation may, but need not, appear and raise as a defense the expiration of the period specified in subsection (a)(2) and any other reasonably related matters in response to the action or proceeding.

(3) Any person who was a director, member of an other body, officer or member of the dissolved corporation when the dissolution became effective or any governing person of any successor entity acting pursuant to Subchapter H (relating to postdissolution provision for liabilities), and any successor-in-interest to any of those persons, may, but need not, act on behalf of the dissolved corporation in taking the actions described in paragraph (2), and shall not thereby be deemed to be deprived of the operation of subsections (c) and (d) or of section 5978(b) (relating to winding up of corporation after dissolution) or otherwise be responsible for any obligations of the dissolved corporation.

Section 96. Section 7331 heading and (a) of Title 15 are amended to read:

§ 7331. Merger, [consolidation,] division or sale of assets.

(a) Merger, [consolidation] or division.--Any two or more electric cooperative corporations may merge, consolidate or divide but only if the surviving or resulting corporation is a corporation existing under this chapter. Every merger, [consolidation] or division shall be proposed by the adoption by the board of directors of a resolution approving the plan of merger, [consolidation] or division and directing that the plan
be submitted to a vote of the members entitled to vote thereon
at a regular or special meeting of the members.

* * *

Section 97. Section 8411(e) of Title 15 is amended and the
section is amended by adding a subsection to read:
§ 8411. Short title and application of chapter.

* * *

(e) References to withdrawal.--A reference in a partnership
agreement to the withdrawal of a partner shall be deemed to be a
reference to the dissociation of the partner.

[(e)] (f) Cross reference.--See section 8415(c)(5) (relating
to contents of partnership agreement).

Section 98. Section 8441(a) of Title 15 is amended to read:
§ 8441. Partner's rights and duties.

(a) Distributions [and losses].--Each partner is entitled to
share in distributions as provided in section 8445 (relating to
sharing of and right to distribution before dissolution).

* * *

Section 99. Sections 8446(k) and 8611(f) of Title 15 are
amended and the sections are amended by adding subsections to
read:

§ 8446. Rights to information.

* * *

(k) Enforcement of right to information.--If the
partnership, or a partner or agent thereof, refuses to permit an
inspection sought by a partner or person dissociated as a
partner or attorney or other agent acting for the partner or
person dissociated as a partner pursuant to subsection (b) or
(e), or does not reply to the demand made under either of those
subsections within ten days after the demand has been received,
the partner or person dissociated as a partner may file an
action in the court for an order to compel the inspection. The
court is vested with exclusive jurisdiction to determine whether
or not the person seeking inspection is entitled to the
inspection sought. The court may summarily order the partnership
to permit the partner or person dissociated as a partner to
inspect the information and to make copies or extracts
therefrom.

[(k)]  (l)  Cross reference.--See section 8415 (relating to
contents of partnership agreement).

§ 8611.  Short title and application of chapter.

* * *

(f)  References to withdrawal.--A reference in the organic
rules of a limited partnership to the withdrawal of a general
partner or limited partner shall be deemed to be a reference to
the dissociation of the partner.

[(f)]  (g)  Cross reference.--See section 8615 (relating to
contents of partnership agreement).

Section 100.  Section 8623(a)(3) of Title 15 is amended to
read:

§ 8623.  Signing of filed documents.

(a)  Required signatures.--Except as provided in this title,
a document delivered to the department for filing under this
title relating to a limited partnership must be signed as
follows:

* * *

(3)  An amendment to the certificate of limited
partnership designating as general partner a person admitted
under section 8681(a)(3)(ii) (relating to events causing
dissolution) following the dissociation of a limited
partnership's last general partner must be signed by [that person] the person admitted as a general partner.

* * *

Section 101. Section 8625(b) and (d), 8634(i) and 8647(k) of Title 15 are amended and the sections are amended by adding subsections to read:

§ 8625. Registered office.

* * *

(b) Change of registered office.--After formation, a change in the location of the registered office may be effected at any time by the limited partnership. Before the change becomes effective, the limited partnership shall amend its certificate of limited partnership under the provisions of this chapter to reflect the change [in location], include the change in an annual report under section 146 (relating to annual report) or [shall] deliver to the department for filing a certificate of change of registered office setting forth:

(1) The name of the limited partnership.
(2) The address, including street and number, if any, of its then registered office.
(3) The address, including street and number, if any, to which the registered office is to be changed.

* * *

(d) Effect of statement.--A statement regarding the registered office of a limited partnership set forth in a document filed in the department pursuant to this section shall operate as an amendment of the certificate of limited partnership.

[(d)]  [(e) Cross references.--See: Section 108 (relating to change in location or status of]
registered office provided by agent).

Section 134 (relating to docketing statement).

Section 135 (relating to requirements to be met by filed
documents).

Section 136(c) (relating to processing of documents by
Department of State).

Section 8615(c)(6) (relating to contents of partnership
agreement).

Section 8623 (relating to signing of filed documents).

§ 8634. Limited partner rights to information.

* * *

(i) Enforcement of right to information.--If the limited
partnership, or a general partner or agent thereof, refuses to
permit an inspection sought by a limited partner or person
dissociated as a limited partner or attorney or other agent
acting for the limited partner or person dissociated as a
limited partner pursuant to subsection (a), (b) or (c), or does
not reply to the demand made under any of those subsections
within ten days after the demand has been received, the limited
partner may file an action in the court for an order to compel
the inspection. The court is vested with exclusive jurisdiction
to determine whether or not the person seeking inspection is
entitled to the inspection sought. The court may summarily order
the limited partnership to permit the limited partner to inspect
the information and to make copies or extracts therefrom.

[(i)] (j) Cross reference.--See section 8615 (relating to
contents of partnership agreement).

§ 8647. General partner rights to information.

* * *

(k) Enforcement of right to information.--If the limited
partnership, or a general partner or agent thereof, refuses to
permit an inspection sought by a general partner or person
dissociated as a general partner or attorney or other agent
acting for the general partner or person dissociated as a
general partner pursuant to subsection (a), (b) or (e), or does
not reply to the demand made under any of those subsections
within ten days after the demand has been received, the general
partner may file an action in the court for an order to compel
the inspection. The court is vested with exclusive jurisdiction
to determine whether or not the person seeking inspection is
entitled to the inspection sought. The court may summarily order
the limited partnership to permit the general partner to inspect
the information and to make copies or extracts therefrom.

[(k)] (l) Cross reference.--See section 8615 (relating to
contents of partnership agreement).

Section 102. Sections 8692(a)(1)(i), (b)(1) and (c) and 8693
of Title 15 are amended to read:

§ 8692. Derivative action.

(a) General rule.--Subject to section 8693 (relating to
eligible partner plaintiffs and security for costs) and
subsection (b), a [partner] plaintiff may maintain a derivative
action to enforce a right of a limited partnership only if:

(1) the [partner] plaintiff first makes a demand on the
limited partnership or the general partners requesting that
[they cause] the partnership [to] bring an action to enforce
the right, and:

(i) if a special litigation committee is not
appointed under section 8694 (relating to special
litigation committee), the [partnership does not bring
the action within a reasonable time; or] general partners
determine that:

(A) an action based on some or all of the claims asserted in the demand not be brought by the limited partnership but that the partnership not object to an action being brought by the party that made the demand; or

(B) an action already commenced continue under the control of the plaintiff; or

* * *

(b) Prior demand excused.--

(1) A demand under subsection (a)(1) is excused only if the [partner] plaintiff makes a specific showing that immediate and irreparable harm to the limited partnership would otherwise result.

* * *

(c) Contents of demand.--A demand under this section must be in record form and give notice with reasonable specificity of:

(1) the [essential] material facts relied upon to support each of the claims made in the demand[. against each proposed defendant; and

(2) in the case of a derivative action commenced by a partner, the basis on which the person making the demand has standing under section 8693.

* * *

§ 8693. [Security] Eligible partner plaintiffs and security for costs.

(a) General rule.--Except as provided in subsection (b), in any action or proceeding brought by one or more partners of a limited partnership to enforce rights that the plaintiff claims could be, but have not been, asserted by the partnership, each
plaintiff has standing to commence and maintain a derivative action only if the plaintiff:

(1) was a partner at the time of the transaction or conduct of which the plaintiff complains, or that the plaintiff's interest as a partner devolved upon the plaintiff by operation of law from a person who was a partner at that time; and

(2) continues to be a partner until the time of judgment, unless the failure to do so is the result of partnership action that:

   (i) was done merely to eliminate derivative claims;

   or

   (ii) has the effect of a reorganization that does not affect the plaintiff's ownership of the business enterprise.

(b) Exception.—Any partner that, except for the provisions of subsection (a), would be entitled to maintain the action or proceeding and that does not meet such requirements may, nevertheless in the discretion of the court, be allowed to maintain the action or proceeding on preliminary showing to the court, by application and upon such verified statements and depositions as may be required by the court, that there is a strong prima facie case in favor of the claim asserted on behalf of the limited partnership and that without the action serious injustice will result.

(c) Security for costs.—In any action or proceeding instituted or maintained by partners holding transferable interests entitled to receive less than 5% of any distribution by a limited partnership, unless the transferable interests held by the partners have an aggregate fair market value in excess of
$200,000, the partnership in whose right the action or proceeding is brought shall be entitled at any stage of the proceedings to require the plaintiffs to give security for the reasonable expenses, including attorneys' fees, that may be incurred by the partnership in connection therewith or for which it may become liable pursuant to section 8648(b) (relating to reimbursement, indemnification, advancement and insurance) to which security the partnership shall have recourse in such amount as the court determines upon the termination of the action or proceeding. The amount of security may, from time to time, be increased or decreased in the discretion of the court upon showing that the security provided has or is likely to become inadequate or excessive. The security may be denied or limited by the court if the court finds after an evidentiary hearing that undue hardship on plaintiffs and serious injustice would result.

(d) Failure to maintain ownership.—If a plaintiff loses the right to maintain a derivative action under subsection (a)(2), the court may entertain a motion by the limited partnership to substitute the partnership as the named plaintiff.

Section 103. Section 8694(a), (b)(1), (e)(3) and (6), (f) and (h) of Title 15 are amended and the section is amended by adding subsections to read:

§ 8694. Special litigation committee.

(a) General rule.—If a limited partnership or the general partners receive a demand to bring an action to enforce a right of the partnership, or if a derivative action is commenced before demand has been made on the partnership or the general partners, the general partners may appoint a special litigation committee to investigate the claims asserted in the demand or
action and to determine on behalf of the limited partnership or
recommend to the general partners whether pursuing any of the
claims asserted is in the best interests of the partnership. The
partnership [shall send] must deliver a notice in record form to
the person making the demand, or to the plaintiff if a
derivative action has been commenced, promptly after the
appointment of the committee under this section notifying the
person making the demand or the plaintiff that a committee has
been appointed and identifying by name the members of the
committee.

(b) Discovery stay.--If the general partners appoint a
special litigation committee and an action is commenced before a
determination has been made under subsection (e):

(1) On motion by the limited partnership, or the
committee made in the name of the partnership, the court
shall stay discovery for the time reasonably necessary to
permit the committee to make its investigation, except for
good cause shown.

* * *

(c.1) Committee members who are not general partners.--A
member of a special litigation committee who is not a general
partner, when acting as a member of the committee, is subject to
the liabilities imposed, and entitled to the rights and
immunities conferred, by sections 8648 (relating to
reimbursement, indemnification, advancement and insurance) and
8649 (relating to standards of conduct for general partners).

* * *

(e) Determination.--After appropriate investigation by a
special litigation committee, the committee [or the general
partners] may determine, or the committee may recommend to the
general partners that the general partners determine, that it is
in the best interests of the limited partnership that:

* * *

(3) some or all of the claims asserted in the demand be
settled on terms [approved] determined or recommended by the
committee;

* * *

(6) some or all of the claims asserted in an action
already commenced be settled on terms [approved] determined
or recommended by the committee; or

* * *

(f) Court review and action.--If a special litigation
committee is appointed and [an] a derivative action is commenced
before or after either the committee makes a determination [is
made] under subsection (e) or the general partners determine
under that subsection to accept the recommendation of the
committee:

(1) The limited partnership or the committee shall file
with the court after a determination is made under subsection
(e) a statement of the determination and a report of the
committee supporting the determination. The partnership or the
committee shall serve each party with a copy of the
determination and report. If the partnership or the committee
moves to file the report under seal, the report shall be
served on the parties subject to an appropriate stipulation
agreed to by the parties or a protective order issued by the
court.

(2) The partnership or the committee shall file with the
court a motion, pleading or notice consistent with the
determination under subsection (e).
(3) If the determination is one described in subsection (e)(2), (3), (4), (5)(ii), (6) or (7), the court shall determine whether the members of the committee met the qualifications required under subsection (c)(1) and (2) and whether the committee conducted its investigation and made its determination or recommendation in good faith, independently and with reasonable care. The plaintiff has the burden of proving that the committee did not meet those qualifications or act in the required manner. If the court finds that the members of the committee met the qualifications required under subsection (c)(1) and (2) and that the committee acted in good faith, independently and with reasonable care, the court shall enforce the determination of the committee or the general partners. Otherwise, the court shall:

(i) dissolve any stay of discovery entered under subsection (b);

(ii) allow the action to continue under the control of the plaintiff; and

(iii) permit the defendants to file preliminary objections and other appropriate motions and pleadings.

* * *

(h) Interest of a defendant.--The fact that a person is named as a defendant does not make the person interested in the claims asserted in a demand or action for purposes of subsection (c)(1) if the claims against the person:

(1) are based only on an allegation that the person approved of or acquiesced in the transaction or conduct that is the subject of the claims; and

(2) do not otherwise allege with particularity facts
that, if true, raise a significant prospect that the person
would be adjudged liable.

[(h)] (i) Cross reference.--See section 8615(c)(18)
(related to contents of partnership agreement).

Section 104. Section 8821(a) and (g) of Title 15 are amended
to read:

§ 8821. Formation of limited liability company and certificate
of organization.

(a) Formation.--One or more individuals 18 years of age or older
may act as organizers to
form a limited liability company by delivering to the department
for filing a certificate of organization.

* * *

(g) Cross references.--See:

Section 134 (relating to docketing statement).
Section 135 (relating to requirements to be met by filed
documents).
Section 136(c) (relating to processing of documents by
Department of State).
Section 8818(d)(1) (relating to characteristics of
limited liability company).
Section 8823 (relating to signing of filed documents).
Section 8893(a) (relating to benefit company status).

Section 105. Sections 8825(b) and (d) and 8850(i) of Title
15 are amended and the sections are amended by adding
subsections to read:

§ 8825. Registered office.

* * *

(b) Change of registered office.--After organization, a
change in the location of the registered office may be effected
at any time by the company. Before the change becomes effective, the company shall amend its certificate of organization under the provisions of this chapter to reflect the change in location, include the change in an annual report under section 146 (relating to annual report) or file with the department a certificate of change of registered office setting forth:

   (1) The name of the company.
   (2) The address, including street and number, if any, of its then-registered office.
   (3) The address, including street and number, if any, to which the registered office is to be changed.
   * * *

(d) Effect of statement.--A statement regarding the registered office of a limited liability company set forth in a document filed in the department pursuant to this section shall operate as an amendment of the certificate of organization.

[(d)] (e) Cross references.--See:

   Section 108 (relating to change in location or status of registered office provided by agent).

   Section 134 (relating to docketing statement).

   Section 135 (relating to requirements to be met by filed documents).

   Section 136(c) (relating to processing of documents by Department of State).

   Section 8815(c)(7) (relating to contents of operating agreement).

   Section 8823 (relating to signing of filed documents).

§ 8850. Rights to information.

* * *

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(i) Enforcement of right to information.--If a limited liability company, or a manager, member or agent thereof, refuses to permit an inspection sought by a person or attorney or other agent acting for the person pursuant to this section, or does not reply to the demand made under this section within ten days after the demand has been received, the person seeking inspection may file an action in the court for an order to compel the inspection. The court is vested with exclusive jurisdiction to determine whether or not the person seeking inspection is entitled to the inspection sought. The court may summarily order the company to permit the person to inspect the information and to make copies or extracts therefrom.

[(i)] [(j) Cross reference.--See section 8815 (relating to contents of operating agreement).

Section 106. Sections 8882(a)(1)(i), (b)(1) and (c) and 8883 of Title 15 are amended to read:

§ 8882. Derivative action.

(a) General rule.--Subject to section 8883 (relating to eligible plaintiffs and security for costs) and subsection (b), a [member or manager] plaintiff may maintain a derivative action to enforce a right of a limited liability company only if:

(1) the plaintiff first makes a demand on the company or the other members in a member-managed limited liability company, or the managers of a manager-managed limited liability company, requesting that [they cause] the company [to] bring an action to enforce the right and:

(i) if a special litigation committee is not appointed under section 8884 (relating to special litigation committee), [the company does not bring the action within a reasonable time; or] the members in a
member-managed company or managers of a manager-managed
company determine that:

(A) an action based on some or all of the claims
asserted in the demand not be brought by the company
but that the company not object to an action being
brought by the party that made the demand; or

(B) an action already commenced continue under
the control of the plaintiff; or

* * *

(b) Prior demand excused.--

(1) A demand under subsection (a)(1) is excused only if
the plaintiff makes a specific showing that immediate and
irreparable harm to the limited liability company would
otherwise result.

* * *

(c) Contents of demand.--A demand under this section must be
in record form and give notice with reasonable specificity of:

(1) the [essential] material facts relied upon to
support each of the claims made in the demand[.] against each
proposed defendant; and

(2) in the case of a derivative action commenced by a
member or manager, the basis on which the person making the
demand has standing under section 8883.

* * *

§ 8883. [Security] Eligible plaintiffs and security for costs.

(a) General rule.--Except as provided in subsection (b), in
any action or proceeding brought by one or more members or
managers of a limited liability company to enforce rights that
the plaintiff claims could be, but have not been, asserted by
the company, each plaintiff has standing to commence and
maintain the derivative action if the plaintiff:

(1) was a member or manager of the company at the time of the transaction or conduct of which the plaintiff complains, or that the plaintiff's status as a member or manager devolved upon the plaintiff by operation of law from a person who was a member or manager at that time; and

(2) continues to be a member or manager until the time of judgment, unless the failure to do so is the result of company action that:

(i) was done merely to eliminate derivative claims;

or

(ii) has the effect of a reorganization that does not affect the plaintiff's ownership of the business enterprise.

(b) Exception.--Any member or manager that, except for the provisions of subsection (a), would be entitled to maintain the action or proceeding and who does not meet such requirements may, nevertheless in the discretion of the court, be allowed to maintain the action or proceeding on preliminary showing to the court, by application and upon such verified statements and depositions as may be required by the court, that there is a strong prima facie case in favor of the claim asserted on behalf of the company and that without the action serious injustice will result.

(c) Security for costs.--In any action or proceeding instituted or maintained by members holding transferable interests entitled to receive less than 5% of any distribution by a limited liability company, unless the transferable interests held by the members have an aggregate fair market value in excess of $200,000, the company in whose right the
action or proceeding is brought shall be entitled at any stage of the proceedings to require the plaintiffs to give security for the reasonable expenses, including attorney fees, that may be incurred by the company in connection therewith or for which it may become liable pursuant to section 8848(b) (relating to reimbursement, indemnification, advancement and insurance) to which security the company shall have recourse in such amount as the court determines upon the termination of the action or proceeding. The amount of security may, from time to time, be increased or decreased in the discretion of the court upon showing that the security provided has or may become inadequate or excessive. The security may be denied or limited by the court if the court finds after an evidentiary hearing that undue hardship on plaintiffs and serious injustice would result.

(d) Failure to maintain ownership.--If a plaintiff loses the right to maintain a derivative action under subsection (a)(2), the court may entertain a motion by the limited liability company to substitute the limited liability company as the named plaintiff.

Section 107. Sections 8884(a), (b)(1), (e)(3) and (6), (f) and (h), 8895(a)(3), (b) and (c) and 8896(d) of Title 15 are amended and the sections are amended by adding subsections to read:

§ 8884. Special litigation committee.

(a) General rule.--If a limited liability company or its members or managers receive a demand to bring an action to enforce a right of the company, or if a derivative action is commenced before demand has been made on the company or its members or managers, the members in a member-managed limited liability company, or the managers in a manager-managed limited
liability company, may appoint a special litigation committee to
investigate the claims asserted in the demand or action and to
determine on behalf of the company or recommend to the managers
or members whether pursuing any of the claims asserted is in the
best interests of the company. The company must deliver a notice in record form to the person making the demand, or to the plaintiff if a derivative action has been commenced, promptly after the appointment of a committee under this section notifying the person making the demand or the plaintiff that a committee has been appointed and identifying by name the members of the committee. A committee may not be appointed under this section if:

(1) every member of the company is also a manager of the company; or
(2) the company is member-managed and every member is actively involved in the management of the company.

(b) Discovery stay.--If the members or managers appoint a special litigation committee and an action is commenced before a determination has been made under subsection (e):

(1) On motion by the limited liability company, or the committee made in the name of the [limited liability]
company, the court shall stay discovery for the time reasonably necessary to permit the committee to make its investigation, except for good cause shown.

**

(c.1) Committee members who are not managers.--A member of a special litigation committee who is not a manager, when acting as a member of the committee, is subject to the liabilities imposed, and entitled to the rights and immunities conferred, by sections 8848 (relating to reimbursement, indemnification,
advancement and insurance) and 8849.2 (relating to standards of
coduct for managers).

* * *

(e) Determination.--After appropriate investigation by a
special litigation committee, the committee [or the] may
determine, or the committee may recommend to the managers or
members [may] that they determine, that it is in the best
interests of the limited liability company that:

* * *

(3) some or all of the claims asserted in the demand be
settled on terms [approved] determined or recommended by the
committee;

* * *

(6) some or all of the claims asserted in an action
already commenced be settled on terms [approved] determined
or recommended by the committee; or

* * *

(f) Court review and action.--If a special litigation
committee is appointed and a derivative action is commenced
either before or after either the committee makes a
determination [is made] under subsection (e) or the members or
managers determine under that subsection to accept the
recommendation of the committee:

(1) The limited liability company or the committee shall
file with the court after a determination is made under
subsection (e) a statement of the determination and a report
of the committee supporting the determination. The company or
the committee shall serve each party with a copy of the
determination and report. If the company or the committee
moves to file the report under seal, the report shall be
served on the parties subject to an appropriate stipulation
agreed to by the parties or a protective order issued by the
court.

(2) The company or the committee shall file with the
court a motion, pleading or notice consistent with the
determination under subsection (e).

(3) If the determination is one described in subsection
(e)(2), (3), (4), (5)(ii), (6) or (7), the court shall
determine whether the members of the committee met the
qualifications required under subsection (c)(1) and (2) and
whether the committee conducted its investigation and made
its determination or recommendation in good faith,
independently and with reasonable care. The plaintiff has the
burden of proving that the committee did not meet those
qualifications or act in the required manner. If the court
finds that the members of the committee met the
qualifications required under subsection (c)(1) and (2) and
that the committee acted in good faith, independently and
with reasonable care, the court shall enforce the
determination of the committee or the members or managers.
Otherwise, the court shall:

(i) dissolve any stay of discovery entered under
subsection (b);

(ii) allow the action to continue under the control
of the plaintiff; and

(iii) permit the defendants to file preliminary
objections and other appropriate motions and pleadings.

* * *

(h) Interest of a defendant.--The fact that a person is
named as a defendant does not make the person interested in the
claims asserted in a demand or action for purposes of subsection (c)(1) if the claims against the person:

(1) are based only on an allegation that the person approved of or acquiesced in the transaction or conduct that is the subject of the claims; and

(2) does not otherwise allege with particularity facts that, if true, raise a significant prospect that the person would be adjudged liable.

[(h)] (i) Cross reference.--See section 8815(c)(18) (relating to contents of operating agreement).

§ 8895. Standard of conduct for members.

(a) Consideration of interests.--The members of a member-managed limited liability company that is a benefit company, when discharging their duties under this title or under the operating agreement:

* * *

(3) shall not be required to give priority to [the interests of any person or group] any matter referred to in paragraph (1) or (2) over [the interests of any other person or group] any other such matter or to regard any such matter as dominant or controlling unless the benefit company has stated in its certificate of organization its intention to give priority to certain interests related to its accomplishment of its general public benefit purpose or of a specific public benefit purpose identified in the certificate.

(b) Coordination with other provisions of law.--The consideration of [interests and factors] matters in the manner required under subsection (a) shall not constitute a violation of section 8849.1 (relating to standards of conduct for benefit companies).
members).

(c) Exoneration from personal liability.--Regardless of whether the operating agreement of a member-managed benefit company includes a provision eliminating or limiting the personal liability of a member:

(1) A member shall not be personally liable for monetary damages for any action taken as a member of a member-managed limited liability the benefit company in the course of performing the duties specified in subsection (a) unless the action constitutes self-dealing, willful misconduct or a knowing violation of law recklessness.

(2) A member shall not be personally liable for monetary damages for failure of the benefit company to pursue or create general public benefit or a specific public benefit.

* * *

(e) Ownership of interest.--A member's ownership, directly or indirectly, of an interest in a benefit company does not alone create a conflict of interest on the part of the member with respect to the member's performance of the duties of a member under subsection (a), except to the extent the ownership would create a conflict of interest if the limited liability company were not a benefit company.

§ 8896. Standard of conduct for managers and officers.

* * *

(d) Exoneration from personal liability.--Regardless of whether the operating agreement of a manager-managed benefit company includes a provision eliminating or limiting the personal liability of a manager or officer:

(1) A manager or officer shall not be personally liable, as such, for monetary damages for any action taken as a
manager or officer in the course of performing the duties
specified in subsection (a) or (b) unless the action
constitutes self-dealing, willful misconduct or [a knowing
violation of law] recklessness.

(2) A manager or officer shall not be personally liable
for monetary damages for failure of the benefit company to
pursue or create general public benefit or a specific public
benefit.

* * *

(f) Ownership of interest.--The ownership by a manager or
officer, directly or indirectly, of an interest in a benefit
company does not alone create a conflict of interest on the part
of the manager or officer with respect to the performance by the
manager or officer of the duties of a manager or officer under
subsection (a) or (b), except to the extent the ownership would
create a conflict of interest if the limited liability company
were not a benefit company.

Section 108. Section 8995 of Title 15 is amended by adding
subsections to read:

§ 8995. Application and effect of subchapter.

* * *

(f) Indication of status.--The certificate of organization
of a domestic restricted professional company or the foreign
registration statement of a foreign restricted professional
company shall contain a statement that the entity is a
restricted professional company and include a brief description
of the restricted professional service or services to be
rendered by the company.

(g) Definition.--For purposes of this subchapter, the
following term has the meaning indicated:
"Restricted professional company." A domestic or foreign limited liability company that renders one or more restricted professional services in this Commonwealth.

Section 109. Section 9504(b) of Title 15 is amended and the section is amended by adding a subsection to read:

§ 9504. Registered office.

* * *

(b) Change.--The registered office [location] of a business trust may be changed by an amendment of the instrument[, or by] including the change in an annual report under section 146 (relating to annual report).

* * *

(d) Effect of statement.--A statement regarding the registered office of a business trust set forth in a document filed in the department pursuant to this section shall operate as an amendment of the instrument.

Section 110. Sections 101, 103(a), 302, 311(b) and (e)(1), 331 and 332 of Title 54 are amended to read:

§ 101. Definitions.

Subject to additional definitions contained in subsequent provisions of this title which are applicable to specific provisions of this title, the [following words and phrases when used in] definitions in 15 Pa.C.S. § 102 (relating to definitions) apply to this title [shall have], unless the context clearly indicates otherwise[, the meanings given to them in this section:]

"Department." The Department of State of the Commonwealth.

"Domestic corporation." A corporation incorporated under the laws of this Commonwealth.

"Domestic corporation not-for-profit." A domestic
corporation not incorporated for a purpose or purposes involving pecuniary profit, incidental or otherwise.

"Officially publish." The meaning specified in 15 Pa.C.S. § 1103 (relating to definitions) except that the county of publication shall be as specified in this title.

"Qualified foreign corporation." A corporation incorporated under any laws other than those of this Commonwealth that is authorized to do business in this Commonwealth under either 15 Pa.C.S. Ch. 41 (relating to foreign business corporations) or Ch. 61 (relating to foreign nonprofit corporations).

"Verified statement." A document filed under this title containing statements of fact and a statement by the signatory that it is made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities).

§ 103. Execution of documents.

(a) General rule.--Any document filed in delivered to the Department of State for filing under this title by [a corporation] an association may be executed on behalf of the [corporation] association by any one duly authorized [officer] representative thereof. The corporate seal may be affixed and attested, but the affixation and attestation of the corporate seal shall not be necessary for the due execution of any filing by a corporation under this title.

* * *

§ 302. Definitions.

[(a) Definitions.--]The following words and phrases when used in this chapter shall have, unless the context clearly indicates otherwise, the meanings given to them in this section:

"Business." Any commercial or professional activity.

"Entity." Any individual or any corporation, association,
partnership, joint-stock company, business trust, syndicate, joint
adventureship or other combination or group of persons, regardless of whether it is organized or formed under the laws of this Commonwealth or any other jurisdiction.

"Fictitious name." Any assumed or fictitious name, style or designation other than the proper name of the entity using such name. The term includes a name assumed by a general partnership, syndicate, joint adventureship or similar combination or group of persons.

"Proper name." When used with respect to an association of a type listed in the following paragraphs, the term means the name set forth in:

(1) the public organic record, for a domestic filing association;
(2) the statement of registration, for a limited liability partnership;
(4) the statement of election, for an electing partnership;
(9) the statement of registration of a [foreign] registered foreign association under 15 Pa.C.S. § 412(a)(1)(i) (relating to foreign registration statement) or, if that name does not comply with 15 Pa.C.S. § 202 (relating to requirements for names generally), the name set forth in the statement under 15 Pa.C.S. § 412 (a)(1)(ii).

[(b) Other defined terms.--The definitions in 15 Pa.C.S. § 102 (relating to definitions) apply to this title except to the extent they are inconsistent with the provisions of this title.]

§ 311. Registration.

* * *

(b) Use of [corporate] designators.--A fictitious name
registered under this chapter:

(1) May not contain a corporate designator such as "corporation," "incorporated" or "limited" or any derivation or abbreviation thereof unless the entity or at least one entity named in the application for registration of fictitious name is a corporation. The use of the word "company" or any derivation or abbreviation thereof by a sole proprietorship, a partnership or a corporation is permissible.

(2) Need not contain an association designator, notwithstanding the fact that some or all of the persons interested therein are corporations. This paragraph shall not be construed to limit or affect any personal liability otherwise existing of shareholders of a corporation interest holders of an association to persons who deal with the corporation association without knowledge of its status as such.

* * *

(e) Duplicate use of names.—The fictitious name shall be distinguishable upon the records of the department from:

(1) The name of any domestic filing entity, domestic limited liability limited partnership, domestic electing partnership[7] or registered foreign association [or the name of any corporation or other association registered at any time under Chapter 5 (relating to corporate and other association names)] unless such name is available or is made available for use under the provisions or procedures of 15 Pa.C.S. § 202(b)(1) (relating to requirements for names generally).

* * *
§ 331. Contracts entered into and acts by entity using unregistered fictitious name.

(a) General rule.--No entity which has failed to register a fictitious name as required by this chapter shall be permitted to maintain any action in any tribunal of this Commonwealth until such entity shall have complied with the provisions of this chapter. Nor shall any action be maintained in any tribunal of this Commonwealth by any successor or assignee of such entity on any right, claim or demand arising out of a transaction with respect to which such entity used such fictitious name until such entity, or an entity which has acquired all or substantially all of its assets, shall have complied with the provisions of this chapter. The failure of any entity to register a fictitious name as required by this chapter shall not impair the validity of any contract or act of such entity the entity using the fictitious name and shall not prevent the entity from defending any action in any tribunal of this Commonwealth.

(b) Civil penalty.--Before any entity may institute any action in any tribunal of this Commonwealth on any cause of action arising out of any transaction in respect to which such entity used a fictitious name prior to the date of the registration of such fictitious name, or after the date its registration under this chapter was cancelled or otherwise terminated as to such entity, the entity shall pay to the department for the use of the Commonwealth a civil penalty of $500.

(c) Substantial compliance.--The penalty under subsection (a) shall not be applicable if there has been substantial compliance in good

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faith with the requirements of this chapter or the corresponding
provisions of prior law.

§ 332. Effect of registration.

(a) General rule.—Registration of a fictitious name under
this chapter imparts no legal right to the registering entity
other than that:

(1) the conducting of business by it under a fictitious
name shall not result in the penalties provided by section
331 (relating to contracts [entered into] and acts by entity
using unregistered fictitious name); and

(2) the doing of business by the entity using the
registered name has the same force and effect as doing
business under the proper name of the entity.

(b) [Corporate qualification] Foreign registration
unaffected.—The registration required under this chapter is in
addition to all other acts required of [a corporation] an entity
prerequisite to its doing business in this Commonwealth and no
 provision of this chapter shall be construed as relieving [a
corporation] an entity of any duty under any other statute.

Section 111. Sections 501, 502, 503, 504, 505 and 506 of
Title 54 are repealed:

|$ 501. Register established.

(a) General rule.—A register is established by this chapter
which shall consist of such of the following names as are not
deleted therefrom by operation of section 504 (relating to
effect of failure to make filings) or 506 (relating to voluntary
termination of registration by corporations and other
associations):

(1) A name registered prior to February 13, 1973, under
the act of May 16, 1923 (P.L.246, No.160), relating to
registration of certain names.

(2) A name registered under section 502 (relating to certain additions to register).

(3) In the case of a domestic or registered foreign corporation, a name rendered unavailable for corporate use by other corporations by reason of any filing in the department by such domestic or registered foreign corporation.

(4) A name registered under 15 Pa.C.S. § 209 (relating to registration of name of nonregistered foreign association) or any similar provision of law.

(5) In the case of a business trust which exists subject to 15 Pa.C.S. Ch. 95 (relating to business trusts), the name of the trust as set forth in the instrument filed in the department under 15 Pa.C.S. § 9503 (relating to documentation of trust).

(6) In the case of a limited partnership or limited liability company subject to 15 Pa.C.S. Ch. 86 (relating to limited partnerships) or 88 (relating to limited liability companies), the name of the partnership or company as set forth in the certificate of limited partnership, certificate of organization or statement of registration as a foreign association.

(8) In the case of a limited liability partnership subject to 15 Pa.C.S. Ch. 82 (relating to limited liability partnerships and limited liability limited partnerships) that is not also a limited partnership, the name of the partnership as set forth in the statement of registration as a foreign association.

(b) Subsequent availability of certain names.--Whenever, by reason of change in name, withdrawal or dissolution of a
domestic or registered foreign association, failure to renew a
registration of its name by a nonregistered foreign association,
or for any other cause, its name is no longer rendered
unavailable by the express provisions of Title 15 (relating to
corporations and unincorporated associations), such name shall
no longer be deemed to be registered under subsection (a)(3) or
(4) on the register established by this chapter.
§ 502. Certain additions to register.

(a) Corporation names.--

(1) A domestic corporation not-for-profit incorporated
prior to May 16, 1923 may register its name with the
department under this chapter by effecting the filing
specified in 15 Pa.C.S. § 5311 (relating to filing of
certificate of summary of record by certain corporations).

(2) Any person who is not eligible to make a filing
under 15 Pa.C.S. § 209 (relating to registration of name of
nonregistered foreign association) may register a corporation
name with the department by filing an application for
registration of name, executed by the person, which shall set
forth:

(i) The name of the corporation.

(ii) The address, including street and number, if
any, of the person who executed the application.

(b) Associations generally.--An association other than a
corporation may register with the department the name under
which it is doing business or operating by filing an application
for registration, which shall be executed by the association,
and shall set forth:

(1) The name to be registered.

(2) The address, including street and number, if any, of
the association.

(3) The length of time, if any, during which the name has been used by the applicant.

(4) Such other information necessary to the administration of this chapter as the department may specify by regulation.

(c) Limitation on names which may be registered.--Notwithstanding subsections (a) and (b), no new name shall be registered or deemed to be registered under this section which is not distinguishable upon the records of the department from any other name then registered or deemed to be registered under this chapter, without the consent of the senior registrant.

(d) Annual renewal.--A person who has in effect a registration of a name may renew the registration from year to year by annually filing an application for renewal setting forth the facts required to be set forth in an original application for registration. A renewal application may be filed between October 1 and December 31 in each year and shall extend the registration for the following calendar year.

(e) Cross reference.--See 15 Pa.C.S. § 134 (relating to docketing statement).

§ 503. Decennial filings required.

(a) General rule.--Except as otherwise provided in this section, every corporation or other association whose name is registered under this chapter shall, during the year 2001 and every tenth year thereafter, file in the department a report, which shall be executed by the corporation or other association, and shall set forth:

(1) The name of the corporation or other association.

(2) The address, including street and number, if any, of
its registered or other office.

(3) A statement that the corporation or other association continues to exist.

(4) Such other information necessary to the administration of this chapter as the department may specify by regulation.

(b) Exceptions.--Subsection (a) shall not apply to any of the following:

(1) A corporation or other association that during the ten years ending on December 31 of the year in which a filing would otherwise be required under subsection (a) has made any filing in the department pursuant to a provision of this title or 15 Pa.C.S. (relating to corporations and unincorporated associations) other than:

   (i) a report required by subsection (a); or

   (ii) a filing under 15 Pa.C.S. § 208 (relating to reservation of name) or 209 (relating to registration of name of nonregistered foreign association).

(2) A corporation whose name is registered pursuant to section 501(a)(4) (relating to register established).

(3) A corporation that has had officer information forwarded to the department by the Department of Revenue during the preceding ten years under 15 Pa.C.S. § 1110 (relating to annual report information).

(d) Cross references.--See 15 Pa.C.S. §§ 134 (relating to docketing statement) and 135 (relating to requirements to be met by filed documents).

§ 504. Effect of failure to make filings.

On January 1 of the year following the year during which a report is required to be filed under section 503 (relating to
decennial filings required), the name of every corporation and
association which has failed to comply with such section shall
no longer be deemed to be registered under this chapter.
§ 505. Late filings.
A corporation or association which has failed to file the
report required by section 503 (relating to decennial filings
required) may do so at any later time, which filing shall
reinstate the name of the corporation or association on the
register established by this chapter unless its name has been
appropriated during the period of the delinquency by any other
person in the manner provided in this chapter or as otherwise
provided by law.
§ 506. Voluntary termination of registration by corporations
and other associations.
(a) General rule.--Any corporation or other association
which has its name registered under this chapter may terminate
such registration by filing in the department a statement of
termination of registration of name, which shall be executed by
the corporation or other association, and shall set forth:
(1) The name of the corporation or other association.
(2) The address, including street and number, if any, of
the corporation or other association.
(3) The date on which and the statute under which the
name of the corporation or other association was registered.
(4) A statement that the registration of the name of the
corporation or other association under this chapter is
terminated.
(5) Such other information necessary to the
administration of this chapter as the department may specify
by regulation.
(b) Cross reference.--See 15 Pa.C.S. § 134 (relating to docketing statement).

Section 112. This act shall take effect in 60 days.