

STATE OF OKLAHOMA

2nd Session of the 49th Legislature (2004)

HOUSE BILL HB1885:

Davis

AS INTRODUCED

An Act relating to corporations; amending 18 O.S. 2001, Section 1036, which relates to fractions of shares; requiring corporations to issue fractional shares under certain circumstances; and providing an effective date.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF OKLAHOMA:

SECTION 1. AMENDATORY 18 O.S. 2001, Section 1036, is amended to read as follows:

Section 1036.

FRACTIONS OF SHARES

A A. Except as provided in subsection B of this section, a corporation may, but shall not be required to, issue fractions of a share. If it does not issue fractions of a share, it shall:

1. arrange for the disposition of fractional interests by those entitled thereto; or

2. pay in cash the fair value of fractions of a share as of the time when those entitled to receive such fractions are determined;

or

3. issue scrip or warrants in registered form (either represented by a certificate or be uncertificated) or in bearer form (represented by a certificate) which shall entitle the holder to receive a certificate for a full share upon the surrender of such scrip or warrants aggregating a full share.

A certificate for a fractional share or an uncertificated fractional share shall, but scrip or warrants shall not unless otherwise provided therein, entitle the holder to exercise voting rights, to

receive dividends thereon, and to participate in any of the assets of the corporation in the event of liquidation. The board of directors may cause scrip or warrants to be issued subject to the conditions that they shall become void if not exchanged for certificates representing the full shares or uncertificated full shares before a specified date, or subject to the conditions that the shares for which scrip or warrants are exchangeable may be sold by the corporation and the proceeds thereof distributed to the holders of scrip or warrants, or subject to any other conditions which the board of directors may impose.

B. If a corporation exercises a reverse split of its stock and the reverse split results in a person owning less than one full share of stock, the corporation shall issue to that person a fractional share of stock.

SECTION 2. This act shall become effective November 1, 2004.

49-2-7769            SCE            01/11/04