

By: Elkins

H.B. No. 3244

Substitute the following for H.B. No. 3244:

By: Quintanilla

C.S.H.B. No. 3244

A BILL TO BE ENTITLED

AN ACT

relating to shareholder standing to institute or maintain a derivative proceeding after a merger.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 21.552, Business Organizations Code, is amended to read as follows:

Sec. 21.552. STANDING TO BRING PROCEEDING. ~~[(a)]~~ A shareholder may not institute or maintain a derivative proceeding unless:

(1) the shareholder:

(A) was a shareholder of the corporation at the time of the act or omission complained of; or

(B) became a shareholder by operation of law from a person that was a shareholder at the time of the act or omission complained of; and

(2) the shareholder fairly and adequately represents the interests of the corporation in enforcing the right of the corporation.

~~[(b) To the extent a shareholder of a corporation has standing to institute or maintain a derivative proceeding on behalf of the corporation immediately before a merger, Subchapter J or Chapter 10 may not be construed to limit or terminate the shareholder's standing after the merger.]~~

SECTION 2. This Act takes effect September 1, 2011.