

1-1 By: Estes S.B. No. 1568
1-2 (In the Senate - Filed March 11, 2011; March 23, 2011, read
1-3 first time and referred to Committee on Business and Commerce;
1-4 April 13, 2011, reported favorably by the following vote: Yeas 9,
1-5 Nays 0; April 13, 2011, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to shareholder standing after a merger.

1-9 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-10 SECTION 1. Section 21.552, Business Organizations Code, is
1-11 amended to read as follows:

1-12 Sec. 21.552. STANDING TO BRING PROCEEDING. ~~[(a)]~~ A
1-13 shareholder may not institute or maintain a derivative proceeding
1-14 unless:

1-15 (1) the shareholder:

1-16 (A) was a shareholder of the corporation at the
1-17 time of the act or omission complained of; or

1-18 (B) became a shareholder by operation of law from
1-19 a person that was a shareholder at the time of the act or omission
1-20 complained of; and

1-21 (2) the shareholder fairly and adequately represents
1-22 the interests of the corporation in enforcing the right of the
1-23 corporation.

1-24 ~~[(b) To the extent a shareholder of a corporation has~~
1-25 ~~standing to institute or maintain a derivative proceeding on behalf~~
1-26 ~~of the corporation immediately before a merger, Subchapter J or~~
1-27 ~~Chapter 10 may not be construed to limit or terminate the~~
1-28 ~~shareholder's standing after the merger.]~~

1-29 SECTION 2. This Act takes effect September 1, 2011.

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