



SPONSOR: Senator Sharp

DELAWARE STATE SENATE

136th GENERAL ASSEMBLY

SENATE BILL NO. **348** MAY 12 1992

AN ACT TO AMEND CHAPTER 1, TITLE 8 OF THE DELAWARE CODE, RELATING TO THE GENERAL CORPORATION LAW.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

1 Section 1. Amend Section 251(b)(5), Chapter 1, Title 8, Delaware Code, by  
2 adding the words "or entity" following the words "rights or securities of any  
3 other corporation" at both places where the words "rights or securities of any  
4 other corporation" appear in such Section.

5 Section 2. Amend Section 252(b)(3), Chapter 1, Title 8, Delaware Code, by  
6 adding the words "or entity" following the words "rights or securities of any  
7 other corporation" at both places where the words "rights or securities of any  
8 other corporation" appear in such Section.

9 Section 3. Amend Section 262(b)(1), Chapter 1, Title 8, Delaware Code, by  
10 adding the words "or designated as a national market system security on an  
11 interdealer quotation system by the National Association of Securities  
12 Dealers, Inc." following the word "exchange" and before the word "or" in  
13 clause (i) thereof.

14 Section 4. Amend Section 262(b)(2)b., Chapter 1, Title 8, Delaware Code,  
15 by adding the phrase "or designated as a national market system security on an  
16 interdealer quotation system by the National Association of Securities  
17 Dealers, Inc." following the word "exchange" and before the word "or" in such  
18 Section.

19 Section 5. This Bill shall become effective on July 1, 1992, provided that  
20 Sections 3 and 4 shall be effective only with respect to mergers or  
21 consolidations consummated pursuant to an agreement of merger or consolidation  
22 entered into after July 1, 1992.

### SYNOPSIS

The amendments to Sections 251(b)(5) and 252(b)(3) make clear that shares of a constituent corporation may be converted in a merger or consolidation into the right to receive property, rights or other securities of entities which are not corporations, and thus conforms those sections with other sections of the General Corporation Law, e.g., Sections 254(c)(3), 257(b)(4) and 263(b)(3).

The amendments to Section 262(b) broaden the "market out" exception to the availability of appraisal rights to include classes of securities traded on the National Association of Securities Dealers Automated Quotation System National Market System (NASDAQ/NMS), because that system provides a market comparable to that provided by a national securities exchange.

Author: Sen. Sharp