

1 SB104  
2 216352-3  
3 By Senators Givhan and Smitherman  
4 RFD: Fiscal Responsibility and Economic Development  
5 First Read: 18-JAN-22

1 SB104

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4 ENROLLED, An Act,

5 Relating to business and nonprofit entities; to  
6 amend Section 10A-2A-6.04, Code of Alabama 1975, to revise the  
7 requirements for a corporation to issue or transfer fractional  
8 stock; and to prohibit a corporation from issuing a  
9 certificate representing scrip in bearer form.

10 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

11 Section 1. Section 1. Section 10A-2A-6.04, Code of  
12 Alabama 1975, is amended to read as follows:

13 "§10A-2A-6.04.

14 "(a) A corporation may issue fractions of a share of  
15 stock or in lieu of doing so may:

16 "(1) pay in cash the value of fractions of a share  
17 of stock;

18 "(2) issue scrip in certificated or uncertificated  
19 ~~registered or bearer~~ form entitling the holder to receive a  
20 full share of stock upon surrendering enough scrip to equal a  
21 full share of stock; or

22 "(3) arrange for disposition of fractional stock by  
23 the holders of that stock.

24 "(b) Each certificate representing scrip must be  
25 conspicuously labeled "scrip" and must contain the information

1 required by Section 10A-1-3.42(c). A corporation shall not  
2 issue a certificate representing scrip in bearer form. Within  
3 a reasonable time after the issuance or transfer of scrip  
4 without certificate, the corporation shall comply with the  
5 notice requirements of Section 10A-1-3.45.

6 "(c) The holder of a fractional share of stock is  
7 entitled to exercise the rights of a stockholder, including  
8 the rights to vote, to receive dividends, and to receive  
9 distributions upon dissolution. The holder of scrip is not  
10 entitled to any of these rights unless the scrip provides for  
11 them.

12 "(d) The board of directors may authorize the  
13 issuance of scrip subject to any condition, including that:

14 "(1) the scrip will become void if not exchanged for  
15 full stock before a specified date; and

16 "(2) the stock for which the scrip is exchangeable  
17 may be sold and the proceeds paid to the scripholders."

18 Section 2. This act shall become effective on the  
19 first day of the third month following its passage and  
20 approval by the Governor, or its otherwise becoming law.

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President and Presiding Officer of the Senate

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Speaker of the House of Representatives

SB104

Senate 08-FEB-22

I hereby certify that the within Act originated in and passed the Senate.

Patrick Harris,  
Secretary.

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House of Representatives  
Passed: 03-MAR-22

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By: Senator Givhan