
Significant Amendments to Delaware General Corporation Law Become Effective

Date: 08/14/23

The Delaware State Legislature recently approved several amendments to the Delaware General Corporation Law (the “DGCL”) affecting voting and approval requirements, certain of which should be of particular interest to lenders, participants in M&A transactions, and any company seeking to implement a stock split. The amendments relate to the following topics (among others):

- Sale of Collateral – the amendments expressly permit a corporation to sell mortgaged or pledged assets without stockholder approval, subject to certain conditions.
- Domestications; Appraisal Rights – the amendments lower the stockholder voting requirement for the transfer, domestication, or continuance of Delaware corporations into other jurisdictions from a unanimous vote to a majority vote.
- Conversions – the amendments eliminate the need for board or stockholder approval by a converted entity with a plan of conversion approved by the converting company’s board and stockholders.
- Stock Splits – the amendments include additional exceptions to the general requirement of a stockholder vote to effectuate a charter amendment relating to a forward or reverse stock split, so long as certain conditions are satisfied.

As more fully described in the memorandum, the amendments generally became effective as of August 1, 2023.

Attorney

- Geoffrey E. Liebmann