

Penalty.—Any person violating any of the provisions of clause (1), (2), (3) or (4) of this section, shall, upon summary conviction before a magistrate, be sentenced to pay a fine of fifty dollars (\$50.00) and costs of prosecution, and, in default of the payment thereof, shall undergo imprisonment for not more than ten (10) days.

Any person violating any of the provisions of clause (8) of this section, shall, upon summary conviction before a magistrate, be sentenced to pay a fine of one hundred dollars (\$100.00) and costs of prosecution, and, in default of the payment thereof, shall undergo imprisonment for not more than twenty (20) days.

Any person violating any of the provisions of clause (5), (6) or (7) of this section, shall be guilty of a misdemeanor, and shall, upon conviction thereof in a court of quarter sessions, be sentenced to pay a fine of not less than one hundred dollars (\$100.00) and not more than five hundred dollars (\$500.00) and costs of prosecution, or undergo imprisonment for not more than three (3) years, or suffer both such fine and imprisonment.

* * * * *

Section 2. This act shall take effect immediately.

Act effective
immediately.

APPROVED—The 27th day of August, A. D. 1963.

WILLIAM W. SCRANTON

—
No. 534

AN ACT

Amending the act of May 5, 1933 (P. L. 364), entitled "An act relating to business corporations; defining and providing for the organization, merger, consolidation, reorganization, winding up and dissolution of such corporations; conferring certain rights, powers, duties and immunities upon them and their officers and shareholders; prescribing the conditions on which such corporations may exercise their powers; providing for the inclusion of certain existing corporations of the second class within the provisions of this act; prescribing the terms and conditions upon which foreign business corporations may be admitted, or may continue, to do business within the Commonwealth; conferring powers and imposing duties on the courts of common pleas and certain State departments, commissions, and officers; authorizing certain State departments, boards, commissions, or officers to collect fees for services required to be rendered by this act; imposing penalties; and repealing certain acts and parts of acts relating to corporations," specifying certain corporations as subject to the act, regulating the use of certain corporate names, permitting the use of abbreviations and symbols in corporate documents, authorizing multiple and fractional voting rights, eliminating the right of

shareholders to dissent from certain transfers of assets, mergers and consolidations, adding to the rights of dissenting shareholders, conferring powers on corporations in atomic and other emergencies, modifying the method of action of directors without a meeting, changing requirements for the removal of directors, fixing the mechanics of calling meetings of shareholders, changing requirements as to proxies and facsimile signatures, fixing rights of parties to shareholder derivative actions including the right to security for costs, authorizing certain dividends, changing certain shareholders' voting rights, changing dissolution requirements, and repealing certain acts and parts of acts relating to corporations.

Business Corporation Law.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Designated sections and parts of sections, act of May 5, 1933, P. L. 364, amended, added, reenacted or repealed.

Section 1. The hereinafter designated sections and parts of sections of the act of May 5, 1933 (P. L. 364), known as the "Business Corporation Law," are amended, added, reenacted or repealed as follows:

Section 4, Amended July 11, 1957 (P. L. 711).

Section 4, amended July 11, 1957, P. L. 711.

Section 4. Scope of Act.—This act does not relate to, does not affect, and does not apply to:

(1) Cooperative associations, whether for profit or not for profit.

(2) Any corporation which may be organized under the Nonprofit Corporation Law, or which, if not existing, would be required to incorporate under that act.

(3) Any corporation which, by the laws of this Commonwealth, is subject to the supervision of the Department of Banking, the Insurance Department, the Pennsylvania Public Utility Commission, or the Water and Power Resources Board, except a corporation formed for the purpose of acting as—

(i) an insurance agent, insurance broker, public adjuster or public adjuster solicitor as defined in the Insurance Department Act of one thousand nine hundred and twenty-one;

(ii) *solely* a contract carrier by motor vehicle or as broker as defined in the Public Utility Law;

(iii) a small loan company or loan broker regulated by the act of June 17, 1915 (P. L. 1012), and its amendments and supplements; or

(iv) a consumer discount company regulated by the Consumer Discount Company Act;

(v) *a safe deposit real estate or mortgage company; or*

(vi) *a dealer or investment advisor regulated by the Pennsylvania Securities Commission.*

Subsections A and B, section 202, amended September 23, 1959, P. L. 959.

Subsections A and B of Section 202,

Amended September 23, 1959 (P. L. 959).

Section 202. The Corporate Name.—A. The corporate name may be in any language, but must be expressed

in English letters or characters, and shall contain the word "corporation," "company," or "incorporated," or an abbreviation thereof, except that the word "company" or the abbreviation "Co." may not be used where that word or abbreviation is immediately preceded by the word "and" or any symbol or substitute therefor, unless the word "incorporated," or any abbreviation thereof, immediately follows the word "company" or the abbreviation "Co." The corporate name shall not imply that the corporation is a governmental agency of the Commonwealth or of the United States or a bank, bank and trust company, or a trust company, as defined in the act of May 15, 1933 (P. L. 624), known as the "Banking Code," or an insurance company of any of the classes governed by the act of May 17, 1921 (P. L. 682), known as "The Insurance Company Law of 1921," or a public utility as defined in the act of May 28, 1937 (P. L. 1053), known as the "Public Utility Law," *unless there be submitted to the Department of State a certificate from the Public Utility Commission certifying that the corporation or proposed corporation is entitled to use such designation*, nor shall the corporate name contain the word "college" or "university" when used in such a way as to give the impression that it is an educational institution conforming to the standards and qualifications prescribed by the State Council of Education, unless there be submitted a certificate from the State Council of Education certifying that the corporation or proposed corporation is entitled to use such designation.

B. The corporate name shall not be the same as, or deceptively similar to:

(1) The name of any other domestic corporation, or of any foreign corporation authorized to do business in this Commonwealth, or the name of any unincorporated body whatsoever, voluntarily registered with the Department of State under any act of Assembly, unless such other domestic or foreign corporation or unincorporated body is about to change its name, or to cease to do business, or is being wound up, or such foreign corporation is about to withdraw from doing business in this Commonwealth, and the written consent of such other domestic or foreign corporation or unincorporated body to the adoption of its name, or a deceptively similar name, has been given and is filed with the articles, or unless such domestic or foreign corporation has filed with the Department of Revenue a certificate of out of existence, or unless such domestic or foreign corporation has failed for a period of three successive years to file with the Department of Revenue or with the Department of State a report or return required by law, and such

failure to file with the Department of Revenue has been certified by the Department of Revenue to the Department of State, or unless the name of a proposed corporation is identical *or deceptively similar* to the name of another corporation registered with the Department of State and such proposed corporation is to be affiliated with the registered corporation, then such name may be made available for use by the proposed corporation upon the addition at the end of the name of a geographical or numerical designation or the word or words "sales" or "service" or "sales and [service] services" *or some other word or words differentiating the type of activity of the proposed corporation from that of the registered corporation.* In every such case, the application for charter shall be accompanied by a letter from the registered corporation signed by two duly authorized officers thereof and under the corporate seal, stating that the corporations will be affiliated and the corporation consents to the use of the name by the proposed corporation. Affiliation shall be deemed to exist where (i) a parent-subsidiary relationship exists, or (ii) at least a majority of the outstanding stock of each corporation is to be owned by the same interests, or (iii) one corporation grants franchises in regards to a service or product including the right to the use of a particular name, which is to be in the name of the corporation receiving such franchise. The corporations receiving such franchises shall be deemed to be affiliated with each other and with the corporation granting the franchises: Provided, That nothing herein contained shall be construed to refer or apply to any assumed or fictitious name required by law to be filed with the Department of State.

(2) The name of any administrative department, board, or commission, or other agency of the Commonwealth.

(3) A name the exclusive right to which is at the time reserved by any other corporation whatsoever in the manner provided in this act or any other act of Assembly.

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Section 302,
amended July 11,
1957, P. L. 711.

Section 302, Amended July 11, 1957 (P. L. 711).

Section 302. General Powers.—Subject to the limitations and restrictions contained in this act or in its articles, every business corporation shall have power:

(1) To continue as a corporation for the time specified in its articles, subject to the power of the General Assembly under the Constitution of this Commonwealth.

(2) To sue and be sued, complain and defend, in its corporate name.

(3) To have a corporate seal, which may be altered at pleasure, and to use the same by causing it or a facsimile thereof to be impressed or affixed, or in any manner reproduced.

(4) To purchase, take, receive, lease as lessee, take by gift, or bequest, or otherwise acquire, and to own, hold, use and otherwise deal with any personal property, or any interest therein, situated in or out of this Commonwealth, which may be appropriate to enable it to accomplish fully and properly its corporate purpose or purposes.

(4.1) To purchase, take, receive, lease as lessee, take by gift or devise, or otherwise acquire, and to own, hold, use and otherwise deal with any real property, or any interest therein, situated in or out of this Commonwealth, which may be necessary and proper for its legitimate business.

(5) To sell and convey, mortgage, pledge, lease as lessor, and otherwise dispose of all or any part of its property and assets.

(6) Whenever appropriate to enable it to accomplish any or all of the purposes for which it is organized, to guarantee, become surety for, purchase, take, receive, or otherwise acquire, hold, sell, assign, transfer, mortgage, loan, pledge, or otherwise dispose of, and otherwise use and deal in and with the obligations, shares, bonds, securities, and evidences of indebtedness of any other domestic corporation or of any corporation formed under any laws other than those of this Commonwealth, and, while the owner of the same, to exercise all the rights, powers, or privileges of ownership, including the right to vote thereon.

(8) To borrow money for any or all of the purposes for which it is organized, to issue its promissory notes, bonds, or other forms of certificates of indebtedness, for money, labor done, or money or property, including shares of the corporation properly acquirable by it under this act, actually received and to secure any of its obligations by mortgage, pledge, or deed of trust of, or on, any of its property, franchises and income.

(9) To invest its surplus funds from time to time, to lend money for any or all of the purposes for which it is organized, and to take and hold real and personal property as security for the payment of funds so invested or loaned.

(10) To conduct its business, carry on its operations, and have offices within and outside of this Commonwealth, and to exercise in any other state, territory, district, or possession of the United States, or in any foreign country and the territories and colonies thereof, the powers granted by this act.

(11) To make, alter, amend, and repeal by-laws, not inconsistent with its articles or with law, for the administration and regulation of the affairs of the corporation.

(12) To elect or appoint and remove officers and agents of the corporation, and to define their duties and fix their compensation.

(13) To enter into any obligation appropriate for the transaction of its affairs.

(14) To have and exercise all of the powers and means appropriate to effect the purpose or purposes for which the corporation is organized.

(15) To dissolve and wind up.

(16) To make contributions and donations for the public welfare or for religious, charitable, scientific or educational purposes.

(17) *To use abbreviations, words or symbols in connection with the registration of, and inscription of ownership or entitlement on certificates evidencing its stock or other securities upon the records of the corporation, upon stock certificates, bonds, debentures, warrants, and certificates evidencing its other securities and upon checks, proxies, notices and other instruments and documents relating to the foregoing, which abbreviations, words or symbols shall thereupon have the same force and legal effect as though the respective words and phrases for which they stand were set forth in full for the purposes of all statutes of the Commonwealth and all other purposes.*

The powers herein enumerated shall not be construed as limiting or enlarging the grant of authority hereinbefore made by this article, or as a limitation on the purposes for which a corporation may be organized. It shall not be permissible or necessary to set forth any of such enumerated powers in the articles of the corporation. Except as otherwise provided in this act or in the articles or in the by-laws, the powers herein enumerated shall be exercised by the board of directors of the corporation.

Section 304,
amended July 2,
1937, P. L. 2828.

Section 304, Amended July 2, 1937 (P. L. 2828).

Section 304. Adoption and Contents of By-Laws.—The shareholders shall have the power to make, alter, amend, and repeal the by-laws of a business corporation, but the authority to make, alter, amend and repeal by-laws may be expressly vested by the articles or the by-laws in the board of directors, subject always to the power of the shareholders to change such action. Unless the articles or by-laws otherwise provide, the powers hereby conferred shall be exercised by a majority vote of the members of the board of directors, or [of the shareholders entitled to vote] *by the vote of shareholders*

entitled to cast at least a majority of the votes which all shareholders are entitled to cast thereon, as the case may be, at any regular or special meeting duly convened after notice to the shareholders or directors of that purpose. The by-laws may contain any provisions for the regulation and management of the affairs of the corporation not inconsistent with law or the articles, and may provide penalties for the breach thereof, not exceeding twenty dollars.

Subsections B, D and F of Section 311,
Amended July 11, 1957 (P. L. 711)
and November 10, 1959 (P. L. 1406).

Subsections B, D
and F, section
311, amended
July 11, 1957,
P. L. 711 and
November 10,
1959, P. L. 1406.

Section 311. Voluntary Transfer of Corporate Assets.—* * *

B. A sale, lease, or exchange of all, or substantially all, the property and assets, with or without the good will of a corporation, whether to a subsidiary corporation or not, if made neither (1) in the usual and regular course of its business, nor (2) for the purpose of relocating the business of the corporation, nor (3) in connection with its dissolution or liquidation, may be made upon such terms and conditions and for such considerations which may consist, in whole or in part, of money or property, real or personal, including shares, or bonds, or other evidences of indebtedness of any other corporation, domestic or foreign, as may be authorized in the manner hereinafter provided in this subsection. The board of directors shall adopt a resolution recommending such sale, lease or exchange, and directing the submission thereof, to a vote of the shareholders entitled to vote in respect thereof at a meeting which may be either an annual meeting of the shareholders or a special meeting of the shareholders entitled to vote in respect of such sale, lease, or exchange. Written notice stating that the purpose, or one of the purposes, of such meeting is to consider the sale, lease, or exchange of all, or substantially all, the property and assets of the corporation, shall be given to each shareholder of record, whether or not entitled to vote, at least ten days prior to the date of the meeting, in the manner provided by this act for the giving of notice of meetings of shareholders. If such meeting be an annual meeting, such purpose may be included in the notice of the annual meeting. [There] *Unless the last sentence of subsection D of this section is applicable, there shall be included in or enclosed with such notice a copy of subsection D of this section and [of subsections B, C and D] of section 515 of this act.* At such meeting, the shareholders may authorize such sale, lease, or exchange, and fix or may authorize the board of directors to fix, any or all of the terms and conditions thereof, and the consideration to be received

by the corporation therefor. Such authorization shall receive the affirmative vote of the [holders of] *shareholders entitled to cast* at least a majority of the [outstanding shares] *votes which all shareholders are* entitled to [vote] *cast* on the question, [unless] *and if* any class of shares is entitled to vote as a class on the question, [in which event such authorization shall receive] the affirmative vote of the holders of at least a majority of the outstanding shares of each class of shares entitled to vote as a class [on the question, and at least a majority of all outstanding shares entitled to vote thereon]. After such authorization by a vote of the shareholders, the board of directors, in its discretion, may abandon such sale, lease, or exchange, subject to the rights of third parties under any contracts relating thereto, without further action or approval by the shareholders.

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D. If any shareholder of a business corporation which sells, leases or exchanges all or substantially all of its property and assets otherwise than (1) in the usual and regular course of its business, (2) for the purpose of relocating its business, or (3) in connection with its dissolution and liquidation, shall object to such sale, lease or exchange and comply with the provisions of section 515 of this act, such shareholder shall be entitled to the rights and remedies of dissenting shareholders as therein provided. *The rights of dissenting shareholders granted by this subsection D shall not apply to a sale, lease or exchange of substantially all of the property and assets of a business corporation which directly or indirectly owns all of the outstanding shares of another corporation to such other corporation: Provided, That the preferences, qualifications, limitations, restrictions, or special or relative rights, granted to or imposed upon the shares of any class of the parent corporation are not altered by such sale, lease or exchange.*

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F. The shareholders of a business corporation which acquires by purchase, lease or exchange all or substantially all of the property of another corporation by the issuance of shares, evidences of indebtedness or otherwise, with or without assuming the liabilities of such other corporation, shall be entitled to the rights and remedies of dissenting shareholders provided in section 515 of this act, if, but only if, such acquisition shall have been accomplished by the issuance of [more than a majority of the] voting shares of such corporation to be outstanding immediately after the acquisition *sufficient to elect a majority of the directors of the corporation.*

New Section 321.

New section 321.

Section 321. By-Laws and Other Powers in Emergency.—The board of directors of any corporation may adopt emergency by-laws, subject to repeal or change by action of the shareholders, which shall, notwithstanding any different provision elsewhere in this act or in the articles of incorporation or by-laws, be operative during any emergency resulting from warlike damage or an attack on the United States or any nuclear or atomic disaster. The emergency by-laws may make any provision that may be practical and necessary for the circumstances of the emergency, including provisions that:

(1) A meeting of the board of directors may be called by any officer or director in such manner and under such conditions as shall be prescribed in the emergency by-laws;

(2) The director or directors in attendance at the meeting, or any other number fixed by the emergency by-laws, shall constitute a quorum; and

(3) The officers or other persons designated on a list approved by the board of directors before the emergency, all in such order of priority and subject to such conditions and for such period of time, not longer than reasonably necessary after the termination of the emergency as may be provided in the emergency by-laws or in the resolution approving the list, shall, to the extent required to provide a quorum at any meeting of the board of directors, be deemed directors for such meeting.

The board of directors, either before or during any such emergency, may provide, and from time to time modify, lines of succession in the event that during such an emergency any or all officers or agents of the corporation shall for any reason be rendered incapable of discharging their duties.

The board of directors, either before or during any such emergency, may, effective in the emergency, change the head office or designate several alternative head offices or regional offices, or authorize the officers so to do.

No officer, director or employe acting in accordance with any emergency by-laws shall be liable except for wilful misconduct.

To the extent not inconsistent with any emergency by-laws so adopted, the by-laws of the corporation shall remain in effect during any emergency and upon its termination the emergency by-laws shall cease to be operative.

Unless otherwise provided in emergency by-laws, notice of any meeting of the board of directors during such an emergency may be given only to such of the directors as it may be feasible to reach at the time and by such

means as may be feasible at the time, including publication or radio.

To the extent required to constitute a quorum at any meeting of the board of directors during such an emergency, the officers of the corporation who are present shall, unless otherwise provided in emergency by-laws, be deemed, in order of rank and within the same rank in order of seniority, directors for such meeting.

Section 402,
amended May 23,
1949, P. L. 1773
and September
26, 1951, P. L.
1475.

Section 402, Amended May 23, 1949 (P. L. 1773)
and September 26, 1951 (P. L. 1475).

Section 402. Number, Qualifications, and Election of Directors.—Subject to the provisions of this act, the number, qualifications, terms of office, manner of election, time and place of meeting, compensation, and powers and duties of the directors may be prescribed from time to time by the by-laws. Except as otherwise provided in the by-laws—

(1) A director shall be elected for a term of at least one year, except that the first directors shall serve only until the first annual meeting.

(2) The number of directors shall be the same as that stated in the articles.

(3) Vacancies in the board of directors, including vacancies resulting from an increase in the number of directors, shall be filled by a majority of the remaining members of the board though less than a quorum, and each person so elected shall be a director until his successor is elected by the shareholders, who may make such election at the next annual meeting of the shareholders or at any special meeting duly called for that purpose and held prior thereto.

(4) The meetings of the board of directors may be held at such place within this Commonwealth, or elsewhere, as a majority of the directors may from time to time appoint, or as may be designated in the notice calling the meeting.

(5) A majority of the directors in office shall be necessary to constitute a quorum for the transaction of business and the acts of a majority of the directors present at a meeting at which a quorum is present shall be the acts of the board of directors [Provided, That if all the directors shall severally or collectively consent in writing to any action to be taken by the corporation, such action shall be as valid corporate action as though it had been authorized at a meeting of the board of directors].

(6) The board of directors may, by resolution adopted by a majority of the whole board, delegate two or more of its number to constitute an executive committee, which, to the extent provided in such resolution, shall

have and exercise the authority of the board of directors in the management of the business of the corporation.

(7) *Any action which may be taken at a meeting of the directors or the members of the executive committee may be taken without a meeting, if consent in writing setting forth the action so taken shall be signed by all of the directors or the members of the executive committee, as the case may be, and shall be filed with the secretary of the corporation.*

Subsection A of Section 405.

Subsection A,
section 405.

Section 405. Removal of Directors.—A. The entire board of directors or any individual director may be removed from office without assigning any cause by [a majority vote of the holders of the outstanding shares entitled to vote at an] *the vote of shareholders entitled to cast at least a majority of the votes which all shareholders would be entitled to cast at any annual election of directors.* In case the board or any one or more directors be so removed, new directors may be elected at the same meeting. Unless the entire board be removed, no individual director shall be removed in case the votes of a sufficient number of shares are cast against the resolution for his removal, which if cumulatively voted at an *annual election [of the full board]* would be sufficient to elect one or more directors.

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Subsections C and D of Section 501, Amended
September 26, 1951 (P. L. 1475).

Subsections C
and D, section
501, amended
September 26,
1951, P. L. 1475.

Section 501. Meetings of Shareholders.— * * *

C. Special meetings of the shareholders may be called at any time by the president, or the board of directors, or [the holders of not less than one-fifth of all the shares outstanding and entitled to vote] *shareholders entitled to cast at least one-fifth of the votes which all shareholders are entitled to cast at the particular meeting, or by such other officers or persons as may be provided in the articles or by-laws.* At any time, upon written request of any person [entitled to call] *or persons who have duly called a special meeting, it shall be the duty of the secretary to [call a special] fix the date of the meeting [of the shareholders], to be held [at such time as the secretary may fix not less than ten nor] not more than sixty days after the receipt of the request and to give due notice thereof.* If the secretary shall neglect or refuse to [issue such call] *fix the date of the meeting and give notice thereof* the person or persons [making the request] *calling the meeting* may do so.

D. Adjournment or adjournments of any annual or special meeting may be taken but any meeting at which

directors are to be elected shall be adjourned only from day to day, or for such longer periods not exceeding fifteen days each, as [the holders of a majority of the shares present in person or by proxy shall direct] *may be directed by shareholders who are present in person or by proxy and who are entitled to cast at least a majority of the votes which all such shareholders would be entitled to cast at an election of directors, until such directors have been elected.*

Section 503.

Section 503.

Section 503. Quorum of Shareholders.—A shareholders' meeting duly called shall not be organized for the transaction of business unless a quorum is present. Unless otherwise provided in the articles:

(1) The presence, in person or by proxy, of [the holders of a majority of the outstanding shares entitled to vote] *shareholders entitled to cast at least a majority of the votes which all shareholders are entitled to cast on the particular matter shall constitute a quorum for the purpose of considering such matter.*

(2) The shareholders present at a duly organized meeting can continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum.

(3) If a meeting cannot be organized because a quorum has not attended, those present may, except as otherwise provided in this act, adjourn the meeting to such time and place as they may determine, but in the case of any meeting called for the election of directors, those who attend the second of such adjourned meetings, although less than a quorum as fixed in this section or in the articles, shall nevertheless constitute a quorum for the purpose of electing directors.

Subsection A,
section 504,
amended July 11,
1957, P. L. 711.

Subsection A of Section 504, Amended July 11, 1957
(P. L. 711).

Section 504. Voting Rights of Shareholders.—A. Except as otherwise provided in the articles and this act, every shareholder of record shall have the right, at every shareholders' meeting, to one vote for every share standing in his name on the books of the corporation. Every shareholder may vote either in person or by proxy. Every proxy shall be executed in writing by the shareholder, or by his duly authorized attorney in fact, and filed with the secretary of the corporation. A proxy, unless coupled with an interest, shall be revocable at will, notwithstanding any other agreement or any provision in the proxy to the contrary, but the revocation of a proxy shall not be effective until notice thereof has been given to the secretary of the corporation. No unrevoked proxy shall be valid after eleven months from

the date of its execution, unless a longer time is expressly provided therein, but in no event shall a proxy, unless coupled with an interest, be voted on after three years from the date of its execution. A proxy shall not be revoked by the death or incapacity of the maker unless before the vote is counted or the authority is exercised, written notice of such death or incapacity is given to the secretary of the corporation. A shareholder shall not sell his vote or execute a proxy to any person for any sum of money or anything of value. *A proxy coupled with an interest shall include an unrevoked proxy in favor of a creditor of a shareholder and such a proxy shall be valid so long as the debt owed by him to the creditor remains unpaid.*

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Section 507, Amended September 26, 1951 (P. L. 1475).

Section 507,
amended Septem-
ber 26, 1951,
P. L. 1475.

Section 507. Voting by Joint Holders of Shares.—Where shares are held jointly or as tenants in common by two or more persons, such shares shall be voted and any proxy shall be given by the person or persons designated for that purpose in the agreement under which such shares are held jointly or by tenancy in common. If the agreement does not determine the question which person or persons shall vote such shares or give any proxy in regard thereto, the will of the majority of such persons shall control the manner of voting or the giving of a proxy. If only one or more of such persons is present in person or by proxy, he or they shall have the right to vote all such shares, and all of the shares standing in the names of such persons shall be deemed to be represented for the purpose of determining a quorum. Where in any case such persons are equally divided upon the manner of voting the shares held by them, the vote of such shares shall be divided equally among such persons. Except as hereinafter provided, the same shall be true in the case of [trustees] *fiduciaries* however appointed unless the instrument by which the trust or estate was created or the decree of court appointing them otherwise directs. Where in any case such [trustees] *fiduciaries* are equally divided upon the manner of voting the shares jointly held by them, it shall be lawful for the court having jurisdiction over the [trustees] *fiduciaries*, upon petition filed by any of the [trustees] *fiduciaries*, or by any beneficiary, to direct the voting of such shares in the manner which, in the opinion of the court, will be for the best interests of the parties beneficially interested in the shares.

Section 508, Amended July 11, 1957 (P. L. 711).

Section 508,
amended July 11,
1957, P. L. 711.

Section 508. Voting Shares Held by Corporation.—Any corporation owning shares in a domestic business

corporation may vote the same by any of its officers, or by proxy appointed by any such officer, unless some other person, by resolution of its board of directors, shall be appointed its general or special proxy, in which case such person shall be entitled to vote the shares. Treasury shares of a domestic business corporation shall not be voted, directly or indirectly, at any meeting, and shall not be counted in determining the total number of outstanding shares for voting purposes at any given time. *Shares of a domestic or foreign corporation other than a domestic business corporation, standing in the name of a shareholder which is a domestic business corporation, may be voted by the persons and in the manner provided for shares of domestic business corporations by this section unless the laws of the jurisdiction in which the issuer of any such shares is incorporated shall require the shares to be voted by some other person or persons or in some other manner, in which case to the extent that such laws are inconsistent herewith this section shall not apply.*

New section 516.

New Section 516.

Section 516. Suits by Shareholders to Enforce a Secondary Right.—A. In any suit brought to enforce a secondary right on the part of one or more shareholders against any officer, or director, or former officer or director of a corporation, domestic or foreign, because such corporation refuses to enforce rights which may properly be asserted by it, the plaintiff or plaintiffs must aver and it must be made to appear, that the plaintiff or each plaintiff was a shareholder or holder of a beneficial interest in such shares at the time of the transaction of which he complains, or that his shares or beneficial interest in such shares devolve upon him by operation of law from a person who was a shareholder or holder of a beneficial interest in such shares at such time: Provided, however, That any shareholder or person beneficially interested in shares of the corporation, who except for this section would be entitled to maintain such a suit and who does not meet such requirements, may, nevertheless, in the discretion of the court, be allowed to maintain such suit on preliminary showing to the court, by petition, and upon affidavits and depositions as may be required by the court, that there is a strong prima facie case in favor of the claim asserted on behalf of the corporation and that without such suit serious injustice will result.

B. In any such suit instituted or maintained by a holder or holders of less than five per centum of the outstanding shares of any class of such corporation or voting trust certificates therefor unless the shares or voting trust certificates held by such holder or holders

have a fair market value in excess of fifty thousand dollars (\$50,000), the corporation in whose right such action is brought shall be entitled at any stage of the proceedings, to require the plaintiff or plaintiffs to give security for the reasonable expenses, including attorneys' fees, which may be incurred by it in connection with such suit, and by the other parties defendant in connection therewith, for which it may become liable pursuant to subsection C of this section 516, to which security the corporation shall have recourse in such amount as the court having jurisdiction shall determine upon the termination of such action. The amount of such security may, from time to time, be increased or decreased in the discretion of the court having jurisdiction of such action upon showing that the security provided has or may become inadequate or excessive: Provided, however, That such security may be denied or limited in the discretion of the court upon preliminary showing to the court, by petition, and affidavits and depositions as may be required by the court, establishing prima facie that the requirement of security or full security would impose undue hardship on plaintiffs and serious injustice would result.

C. The reasonable expenses, including attorneys' fees, of any party defendant incurred in connection with the successful defense of such suit shall be assessed upon the corporation, or if any party defendant shall be successful in part only, or if such action shall be settled with the approval of the court having jurisdiction thereof, the reasonable costs, including attorneys' fees, of any such party defendant shall be assessed upon the corporation in such amount as the court shall determine and find to be reasonable in the circumstances. The amount of all such expenses so assessed shall be awarded as costs of the suit and be recoverable in the same manner as statutory taxable costs.

Section 601, Amended May 23, 1949 (P. L. 1773).

Section 601. Classes of Shares.—Every business corporation shall have power to create and issue one or more classes or kinds of shares, any or all of which classes or kinds may consist of shares with par value or shares without par value, with full limited, multiple or fractional, or no voting rights, and with such designations, preferences, qualifications, privileges, limitations, options, conversion rights, and other special rights as shall be stated or authorized in the articles. Any shares subject to redemption shall be redeemable only pro rata or by lot or by such other equitable method as is selected by the board of directors. Shares of a business corporation shall be deemed personal property. Except as otherwise provided by the articles, each share shall be in all

Section 601,
amended May 23,
1949, P. L. 1773.

respects equal to every other share. Unless the articles or by-laws otherwise provide, the board of directors shall have the power, by resolution duly adopted, to issue from time to time, in whole or in part, the kinds or classes of shares authorized in the articles. The power to increase or decrease, or otherwise adjust the stated capital of a corporation, as in this act elsewhere provided, shall apply to all or any such classes or kinds of shares authorized by this section.

Subsection B,
section 607.

Subsection B of Section 607.

Section 607. Share Certificates.— * * *

B. Every share certificate shall be signed by the president and secretary, or by such officers as the by-laws may provide, and sealed with the corporate seal, which may be a facsimile, engraved or printed, but where such certificate is signed by a transfer agent or [by a transfer clerk of such corporation and] a registrar, the signature of any corporate officer upon such certificate may be a facsimile, engraved or printed. In case any officer who has signed, or whose facsimile signature has been placed upon any share certificate shall have ceased to be such officer because of death, resignation, or otherwise, before the certificate is issued, it may be issued by the corporation with the same effect as if the officer had not ceased to be such at the date of its issue.

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Section 612,
amended July 11,
1957, P. L. 711.

Section 612, Amended July 11, 1957 (P. L. 711).

Section 612. Employes' Share Purchase Plans and Share Options.—Unless otherwise provided in its articles, every business corporation may provide and carry out a plan for the sale of, or the granting of options with respect to, its shares to some or all of its officers and employes or the officers and employes of any subsidiary corporation, or to a trustee on their behalf, without first offering such shares to its shareholders, upon such terms and conditions, and in such manner as shall be provided in the by-laws or by the board of directors, except that authorized but unissued shares subject to preemptive rights may be issued and sold under such plan only with the written consent or affirmative vote of [the holder of] *shareholders entitled to cast at least a majority of the [shares] votes which all shareholders entitled to exercise preemptive rights with respect thereto are entitled to cast*. Such shares may be sold or optioned as an incentive to service or continued service with the corporation or such subsidiary corporation, or for such other consideration or purpose or upon such other terms as its directors, including directors who may benefit by their action, shall deem advantageous to the corporation; and in the absence of fraud

in the transaction, the judgment of the board of directors as to the adequacy of the consideration received for any rights or options to purchase shares under such a plan shall be conclusive.

Subsection A of Section 702,
Amended July 11, 1957 (P. L. 711).

Subsection A,
section 702,
amended July 11,
1957, P. L. 711.

Section 702. Dividends.—A. The board of directors of a business corporation may, from time to time, declare and the corporation may pay dividends on its outstanding shares in cash or property other than its own shares, except when the corporation is insolvent or when the payment thereof would render the corporation insolvent or when the declaration or payment thereof would be contrary to any restriction contained in its articles, but—

(1) Dividends may be declared and paid in cash or property only out of unreserved and unrestricted earned surplus of the corporation except as otherwise provided in this section;

(2) No dividend shall be paid which would reduce the remaining net assets of the corporation below the aggregate preferential amount payable in the event of voluntary liquidation to the holders of shares having preferential rights to the assets of the corporation in the event of liquidation;

(3) If a business corporation is engaged in the business of exploiting natural resources or was organized solely or substantially to liquidate specific assets, dividends may be declared and paid by it in cash without deduction from assets for the depletion of such resources or assets, but each such dividend which is allowable only because of the failure to make such deduction shall be identified, and the amount per share so paid shall be disclosed to the shareholders receiving the same concurrently with the distribution thereof.

(4) *Dividends may be declared and paid in cash or property out of unrestricted capital surplus of the corporation to the extent of the net aggregate undistributed, unrestricted and unreserved consolidated earned surplus of such corporation and its majority-owned subsidiaries organized under the laws of a state, territory or possession of the United States of America if, at the time of any such dividend, such corporation has, or as a result of such dividend will have no earned surplus. In computing such consolidated earned surplus the financial statements of the corporation and its majority-owned subsidiaries shall be consolidated after eliminating all inter-company items and there shall be deducted an amount equal to the aggregate of all dividends theretofore paid pursuant to this subsection (4). Each such*

dividend when made shall be identified as a payment out of capital surplus not in excess of such consolidated earned surplus.

* * * * *

Subsection A,
section 706,
amended Novem-
ber 10, 1959,
P. L. 1406.

Subsection A of Section 706,
Amended November 10, 1959 (P. L. 1406).

Section 706. Reduction of Stated Capital Without Change in Share Structure.—[A.] A reduction in the stated capital of a corporation which does not involve an exchange, reclassification, or cancellation of shares, or a reduction of the number of authorized shares of any class below the number of issued shares of that class, or a redemption and cancellation of shares may be effected in the manner hereinafter provided in this section. The board of directors of the corporation shall adopt a resolution setting forth the amount of the proposed reduction and the manner in which the reduction shall be effected, and directing that the question of such reduction be submitted to a vote at an annual meeting of the shareholders, or at a special meeting of the shareholders entitled to vote thereon. Written notice, stating that the purpose, or one of the purposes of such meeting, is to consider the question of reducing the stated capital of the corporation, shall be given to each shareholder of record entitled to vote thereon within the time, and in the manner, prescribed in this act for the giving of notice of meetings of shareholders. If such meeting be an annual meeting, such purpose may be included in a notice of such annual meeting. The resolution shall be adopted upon receiving the affirmative vote of the [holders of] *shareholders entitled to cast* at least a majority of the [outstanding shares] *votes which all shareholders are entitled to [vote] cast* thereon, [unless] *and if* any class of shares is entitled to vote thereon as a class, [in which event the proposed resolution for reduction of stated capital shall require for its adoption] the affirmative vote of the holders of at least a majority of the outstanding shares of each class entitled to vote as a class [thereon, and at least the affirmative vote of the holders of a majority of all outstanding shares entitled to vote] thereon.

Section 708,
amended Septem-
ber 23, 1959,
P. L. 959 and
November 10,
1959, P. L. 1406.

Section 708, Amended September 23, 1959 (P. L. 959)
and November 10, 1959 (P. L. 1406).

Section 708. Cancellation of Treasury Shares.—[A.] Whenever any business corporation shall have acquired any treasury shares, it may, by resolution of its board of directors, cancel any or all of such shares. In the case of shares which were not subject to redemption, it may not do so without the prior affirmative vote obtained

within one year of such cancellation of the holders of a majority of the outstanding shares of each class, whether or not entitled to vote thereon by the provisions of the articles of the corporation. Such corporation may apply to such cancellation an amount out of its stated capital and capital surplus which shall not be greater than that portion of the stated capital and capital surplus represented by or restricted by the purchase or redemption of such shares at the time of such cancellation, and the stated capital and capital surplus of the corporation shall be reduced to this extent.

Section 802, Amended May 23, 1949 (P. L. 1773).

Section 802,
amended May 23,
1949, P. L. 1773.

Section 802. Proposal of Amendments.—Every amendment to the articles shall be proposed by either the board of directors by the adoption of a resolution setting forth the proposed amendment or by petition of [the holders of not less than ten per cent of the shares entitled to vote] *shareholders entitled to cast at least ten per cent of the votes which all shareholders are entitled to cast* thereon, setting forth the proposed amendment, which petition shall be directed to, and filed with, the board of directors. In either case, the board of directors shall direct that it be submitted to a vote of the shareholders entitled to vote thereon at a designated meeting, which may be either an annual meeting of the shareholders or a special meeting of the shareholders entitled to vote on the amendment. The resolution or petition shall contain the language of the proposed amendment to the articles by providing that the articles shall be amended so as to read as therein set forth in full, or that any provision thereof be amended so as to read as therein set forth in full, or that the matter stated in the resolution or petition be added to or stricken from the articles.

Section 804, Amended July 11, 1957 (P. L. 711).

Section 804,
amended July 11,
1957, P. L. 711.

Section 804. Shares Entitled to Vote on Amendments.—Except as hereinafter provided, only the holders of outstanding shares who, under the articles are entitled to vote on proposed amendments to the articles of the corporation, shall be entitled to vote thereon. If a proposed amendment would authorize the board of directors to fix and determine the relative rights and preferences, as between series, of any preferred or special class, or would revoke the authority of the board of directors to do so, then the holders of the outstanding shares of [any] such class shall be entitled to vote in respect to such amendment. If a proposed amendment would make any change in the preferences, qualifications, limitations, restrictions, or special or relative rights of the shares

of any class adverse to such class or increase or decrease the par value of *the shares of any class* or increase the authorized number of shares of any class or limit or deny the existing preemptive rights of the shares of any class, or authorize a new class of shares, senior or superior in any respect to the shares of any class then authorized, or increase the number of authorized shares of any class senior or superior in any respect to the shares of any class then authorized, the holders of the outstanding shares of such class shall be entitled to vote as a class on such amendment regardless of any limitations stated in the articles on the voting rights of such class.

Section 805.

Section 805.

Section 805. Adoption of Amendments by Shareholders.—A vote of the shareholders entitled to vote on a proposed amendment shall be taken at the annual or special meeting of which notice for that purpose has been duly given. Unless the articles require a greater vote, the proposed amendment shall be adopted upon receiving the affirmative vote of the [holders of] *shareholders entitled to cast* at least a majority of the [outstanding shares] *votes which all shareholders are entitled to [vote] cast* thereon, [unless] *and if* any class of shares is entitled to vote thereon as a class, [in which event the proposed amendment shall be adopted upon receiving] the affirmative vote of the holders of at least a majority of the outstanding shares in each class of shares entitled to vote as a class [thereon, and the affirmative vote of the holders of at least a majority of all outstanding shares entitled to vote] thereon. Any number of amendments may be submitted to the shareholders and voted upon by them at one meeting.

Subsection A of Section 810. Amended July 11, 1957
(P. L. 711).

Section 810. Rights of Dissenting Shareholders.—
A. If any amendment to the articles shall limit or deny any preemptive right of any outstanding shares, or without express permission in the articles reduce the rate or amount of dividends payable on any outstanding shares entitled to preferential dividends or the redemption price of any outstanding shares which are redeemable or the amount payable in the event of voluntary or involuntary liquidation on any outstanding shares having preferential rights to the assets of the corporation in the event of liquidation or the conversion rate of any outstanding convertible shares, the holder of any outstanding shares affected adversely by such amendment, who shall object to such amendment and who shall comply with section 515, shall be entitled to the rights and remedies of dissenting shareholders as therein provided.

There shall be included in or enclosed with the notice of a meeting of shareholders called to consider an amendment to the articles to which this subsection A applies a copy of this subsection A and of section 515 of this act.

* * * * *

Subsections B and C of Section 902, Amended May 23, 1949 (P. L. 1773), May 14, 1959 (P. L. 318) and November 10, 1959 (P. L. 1406).

Subsections B and C, section 902, amended May 23, 1949, P. L. 1773, May 14, 1959, P. L. 318 and November 10, 1959, P. L. 1406.

Section 902. Approval of Joint Plan of Merger or Consolidation.— * * *

B. Except in cases where the approval of shareholders is unnecessary under section 908 B hereof, the board of directors of each domestic corporation, upon approving such plan of merger or plan of consolidation, shall, by resolution, direct that the plan be submitted to a vote of the shareholders of such corporation entitled to vote thereon at an annual or special meeting of the shareholders. Written notice shall, not less than ten days before such annual or special meeting, be given to each shareholder of record of such corporation, whether or not entitled to vote on such plan. The notice shall state the place, day, hour, and purpose of the meeting. There shall be included in, or enclosed with, such notice a copy or a summary of the plan of merger or plan of consolidation, as the case may be, and unless subsection B of section 908 of this act is applicable, a copy of subsection A of section 908 and [of subsections B, C and D] of section 515 of this act.

C. The plan of merger or consolidation shall be approved upon receiving the affirmative vote of the [holders of] *shareholders entitled to cast* at least [the] *a majority of the [outstanding shares] votes which all shareholders are* entitled to [vote] *cast* thereon of each of the merging or consolidating domestic corporations, [unless] *and if* any class of shares of any of such corporations is entitled to vote thereon as a class, [in which event, as to such corporation, the plan of merger or consolidation shall be approved upon receiving] the affirmative vote of the holders of at least a majority of the outstanding shares of each class of shares entitled to vote thereon as a class [, and the affirmative vote of the holders of at least a majority of all outstanding shares entitled to vote thereon].

* * * * *

Section 903, Amended May 14, 1959 (P. L. 318), September 23, 1959 (P. L. 959) and November 10, 1959 (P. L. 1406).

Section 903, amended May 14, 1959, P. L. 318.

Section 903. Articles of Merger or Consolidation.— Upon the approval of the plan of merger or the plan

of consolidation by the corporations desiring to merge or consolidate, as provided in the preceding section, articles of merger or articles of consolidation, as the case may be, shall be executed under the seal of each corporation and signed by two duly authorized officers of each corporation, and shall set forth:

(1) The name and the location of the registered office of the domestic surviving or new corporation, or, in the case of a foreign surviving or new corporation, the name of such corporation and its domiciliary state, together with the location of its office registered with such state.

(2) The time and place of the meeting of the shareholders if required of each domestic corporation at which the plan of merger or consolidation, as the case may be, was adopted, the kind and period of notice given to the shareholders, and the total vote by which the plan was adopted.

(2.1) The fact that the plan of merger or consolidation was authorized, adopted or approved, as the case may be, by each of the foreign corporations, in accordance with the laws of the jurisdiction in which it was formed.

(3) If the surviving or new corporation be a domestic corporation, any changes desired to be made in the articles including a restatement of the articles of the surviving corporation in the case of a merger, or, in the case of a consolidation, all of the statements required by this act to be set forth in original articles in the case of the formation of a corporation.

(4) The number, names and addresses of the persons to be the first directors of the surviving or new corporation.

(5) The plan of merger or consolidation.

(6) If the surviving or new corporation is to be a foreign corporation, a designation of the Secretary of the Commonwealth and his successor in office as the true and lawful attorney of such corporation upon whom may be served all lawful process in any action or proceeding against it for enforcement against it of any obligation of any constituent domestic corporation or any obligation arising from the merger or consolidation proceedings or any action or proceeding to determine and enforce the rights of any shareholder under the provisions of section nine hundred eight of this act, and an agreement that the service of process upon the Secretary of the Commonwealth shall be of the same legal force and validity as if served on such corporation and that the authority for such service of process shall continue in force as long as any of the aforesaid obligations and rights remain outstanding in this Commonwealth.

Subsection B of Section 908, Amended May 14, 1959
(P. L. 318) and November 10, 1959 (P. L. 1406).

Subsection B,
section 908,
amended May 14,
1959, P. L. 318
and November
10, 1959, P. L.
1406.

Section 908. Rights of Dissenting Shareholders.—

* * *

B. The rights of dissenting shareholders granted by subsection A of this section 908 shall not apply to the merger or consolidation of two or more corporations, one of which owns *directly or indirectly* all of the outstanding shares of all the others immediately prior to the approval of the plan of merger or consolidation and at all times thereafter prior to its effective date: Provided, That the preferences, qualifications, limitations, restrictions, or special or relative rights, granted to or imposed upon the shares of any class of the parent corporation are not altered by such plan. The shareholders of such parent corporation shall not have such rights of dissenting shareholders by reason of any such merger or consolidation. If, but only if, the state of incorporation of the parent corporation is altered by such plan, the approval thereof by the shareholders specified in section 902 hereof shall be necessary.

* * * * *

Section 1102.

Section 1102. Election of Corporation to Dissolve Voluntarily.—Any business corporation which has commenced business and which has issued shares may elect to dissolve voluntarily, and wind up its affairs, by a written agreement signed by all the shareholders of record of the corporation consenting to its dissolution, or after the board of directors shall have adopted a resolution recommending that the corporation be dissolved voluntarily, and directing that the question of dissolution be submitted to a vote of the shareholders at a meeting which may be either an annual meeting of the shareholders, or a special meeting of the shareholders entitled to vote on the question. Written notice, stating that the purpose, or one of the purposes, of such meeting is to discuss the advisability of voluntarily dissolving the corporation, shall be given to each shareholder of record, whether or not entitled to vote, within the time and in the manner provided in this act for the giving of notice of meetings of shareholders. If such meeting be an annual meeting, such purpose may be included in the notice of the annual meeting. The resolution shall be declared adopted upon receiving the affirmative vote of the [holders of] *shareholders entitled to cast at least a majority of the [outstanding shares] votes which all shareholders are entitled to [vote] cast on the resolution, [unless] and if any class of shares is entitled to vote on the resolution as a class, [in which event the resolution*

Section 1102.

must receive for its adoption] the affirmative vote of the holders of at least a majority of the outstanding shares of each class of shares entitled to vote on the resolution as a class [and the affirmative vote of the holders of at least a majority of all outstanding shares entitled to vote on the resolution].

Subsection C, section 1104, amended July 11, 1957, P. L. 711.

Subsection C of Section 1104, Amended July 11, 1957 (P. L. 711).

Section 1104. Winding Up in Voluntary Dissolution Proceedings.—

* * * * *

C. The board of directors shall, as speedily as possible, proceed to collect all sums due or owing to the corporation, to sell and convert into cash any and all corporate assets the conversion of which into cash is required to pay its debts and liabilities, to collect the whole or so much as may be necessary or just of any amounts remaining unpaid on subscriptions to shares, and, out of the [sum so realized] *assets of the corporation*, to pay, satisfy, and discharge or *make adequate provision for the payment, satisfaction, and discharge* of all debts and liabilities of the corporation, according to their respective priorities. Any surplus of cash or property remaining after paying off all debts and liabilities of the corporation shall be paid to or distributed among the shareholders by the board of directors, according to their respective rights and preferences.

* * * * *

Specific repeals.

Section 2. The following acts and parts of acts are repealed to the extent specified:

- (1) Section 8, act of March 27, 1854 (P. L. 215), entitled "A further supplement to an act, entitled 'An act to encourage manufacturing operations in this Commonwealth,' approved the seventh day of April, Anno Domini, one thousand eight hundred and forty-nine," absolutely.
- (2) The act of September 30, 1864 (1865) (P. L. 961, No. 915), entitled "An act relative to coal and mining companies," absolutely.
- (3) The act of January 11, 1867 (P. L. 1372), entitled "An act to enable iron manufacturing and mining corporations to borrow money," absolutely.
- (4) Sections 6 and 7, act of April 18, 1874 (P. L. 61), entitled "An act to provide for the manner of increasing the capital stock and indebtedness of corporations," absolutely.
- (5) Sections 35, 36 and 45, act of April 29, 1874 (P. L. 73), entitled "An act to provide for the incorpo-

ration and regulation of certain corporations," and their amendments, absolutely.

(6) Section 1, act of June 7, 1879 (P. L. 112), entitled "An act to provide revenue by taxation," absolutely.

(7) Section 10, act of March 22, 1887 (P. L. 8, No. 9), entitled "An act to provide for the incorporation and regulation of motor power companies for operating passenger railways by cables, electrical or other means," absolutely.

(8) The act of May 7, 1889 (P. L. 115), entitled "An act to provide for the payment of bonus upon the authorized increase of the capital stock of certain corporations," absolutely.

(9) Section 19, act of June 1, 1889 (P. L. 420), entitled "A further supplement to an act entitled 'An act to provide revenue by taxation,' approved the seventh day of June, Anno Domini one thousand eight hundred and seventy-nine," absolutely.

(10) The act of May 15, 1893 (P. L. 48, No. 44), entitled "An act to authorize meadow companies controlling contiguous districts to be consolidated into one company," absolutely.

(11) The act of May 22, 1895 (P. L. 102), entitled "An act to provide for the organization, support and maintenance of associations formed for the protection and saving of human life and of property in case of fire in cities of the first class," absolutely.

(12) The act of June 27, 1895 (P. L. 399), entitled "An act conferring upon certain fidelity, insurance, safety deposit, trust and savings companies the powers and privileges of companies incorporated under the provisions of section twenty-nine of an act, entitled 'An act to provide for the incorporation and regulation of certain corporations,' approved April twenty-ninth, Anno Domini one thousand eight hundred and seventy-four, and of the supplements thereto," and its amendments, absolutely.

(13) The act of July 20, 1917 (P. L. 1127), entitled "An act authorizing manufacturing corporations now or hereafter organized under the laws of this State to engage in the production of necessary raw materials for such manufacturing purposes," absolutely.

(14) The act of April 4, 1929 (P. L. 142, No. 146), entitled "An act providing for the approval of the names and changes of names of title insurance companies, trust companies and title insurance and trust companies by the Secretary of Banking," absolutely.

(15) The act of May 9, 1929 (P. L. 1705), entitled "An act providing for the refund of fees and bonus taxes for letters patent for corporations of the second

class where such applications were refused but the fee and bonus taxes paid into the State Treasury and making an appropriation therefor," absolutely.

(16) The act of April 18, 1945 (P. L. 253, No. 114), entitled "An act relating to suits by shareholders against officers or directors in a corporation domestic or foreign to enforce a secondary right because the corporation refuses to enforce rights which may be asserted by it requiring that plaintiff be a shareholder at the time of the transaction of which he complains or that his shares thereafter devolved upon him by operation of law requiring security for defendant's expenses including attorneys' fees and providing for the assessment and recovery of such expenses including attorneys' fees," and its amendments as to business corporations.

(17) Sections 1, 2 and 3, act of August 10, 1951 (P. L. 1199), entitled "An act concerning devises, bequests or gifts in trust for the care and maintenance of cemeteries, burial grounds or cemetery lots, trustees and substituted trustees thereof, sureties of said trustees, the investment of such trust funds, accounts of said trustees approving actions and proceedings prior to this act and repealing conflicting laws," and its amendments as to business corporations.

APPROVED—The 27th day of August, A. D. 1963.

WILLIAM W. SCRANTON

No. 535

AN ACT

Amending the act of March 10, 1949 (P. L. 30), entitled "An act relating to the public school system, including certain provisions applicable as well to private and parochial schools; amending, revising, consolidating and changing the laws relating thereto," authorizing school districts to employ dental hygienists for the rendition of dental hygiene services and providing for reimbursement by the Commonwealth to school districts for the employment of dental hygienists.

Public School
Code of 1949.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1403, act
of March 10,
1949, P. L. 30,
added July 15,
1957, P. L. 937,
amended.

Section 1. Section 1403, act of March 10, 1949 (P. L. 30), known as the "Public School Code of 1949," added July 15, 1957 (P. L. 937), is amended to read:

Section 1403. Dental Examinations *and Dental Hygiene Services*.—(a) All children of school age in the Commonwealth, (i) upon original entry into the school, (ii) while in the third grade, and (iii) while in the