

# 2016 Amendments to Delaware's General Corporation Law and Alternative Entity Statutes

## Article

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In its last session, the Delaware Legislature passed a number of amendments to the Delaware General Corporation Law (**DGCL**) and the Delaware "alternative entity" statutes - the Delaware Limited Liability Company Act (**DLLCA**), the Delaware Revised Uniform Limited Partnership Act (**DRULPA**), the Delaware Revised Uniform Partnership Act (**DRUPA**) and the Delaware Statutory Trust Act (**DSTA**). All of the amendments were effective as of August 1, 2016.

The amendments to the DGCL effect a number of substantive, technical and clarifying changes, including certain substantive changes to Section 251(h), Delaware's two-step merger statute, to facilitate rollover arrangements in such transactions, and to Section 262 regarding stockholder appraisal rights, to add a *de minimis* exception to the availability of appraisal rights for publicly traded stock and a provision allowing corporations to stop the accrual of statutory interest on appraisal awards by making early payments to appraisal petitioners.

The amendments to the alternative entity statutes include several important changes. Consistent with the informal way in which many LLCs and limited partnerships are operated, the amendments eliminate, as a default rule, the requirement for consents and other actions to be taken in writing or by an affirmative vote, which a recent Delaware case held required the kind of formal action associated with a stockholder's meeting. The DLLCA was also amended to provide, as a default rule, that the voluntary assignment by the sole member of an LLC of all of the limited liability company interests in the LLC will result in the automatic admission of the assignee as a member. In addition, the DSTA was amended to provide, again as a default rule, that the trustees of a statutory trust that is a registered investment company under the Investment Company Act of 1940, as amended (the "1940 Act"), have the same fiduciary duties as directors of Delaware for-profit corporations.

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This article will first discuss the amendments to the DGCL and then the amendments to the alternative entity statutes.

**Click here** to read the full article which discusses the amendments.

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