

The Florida Senate
HOUSE MESSAGE SUMMARY

Prepared By: The Professional Staff of the Committee on Commerce and Tourism

[2020s00838.hms]

BILL: CS/SB 838
INTRODUCER: Commerce and Tourism and Senator Simmons
SUBJECT: Business Organizations
DATE: March 10, 2020

I. Amendments Contained in Message:

House Amendment 1 – 556959 to CS (body with title)
House Amendment 2 – 145281 to CS (body with title)

II. Summary of Amendments Contained in Message:

House Amendment 1 amends the “market exception” to a corporate shareholder’s right to judicial appraisal. Generally, a shareholder may seek the judicial appraisal and sale of his or her shares in a corporation upon specific occurrences that fundamentally alter the nature of the shares. A shareholder who can sell his or her stock on a liquid market, however, does not have appraisal rights pursuant to the “market exception.” This amendment allows the application of the market exception to instances where a corporation’s articles of incorporation or bylaws are amended in a manner that adversely alters or abolishes a shareholder’s voting rights or other rights (s. 607.1302(1)(g), F.S.).

The amendment also expands the market exception (found in s. 607.1302(2)(a)1-2, F.S.) to exempt corporations with shares that are not covered securities, but that have at least 2,000 shareholders and a market value of \$20 million or more, from the judicial appraisal process provided for in s. 607.1302(1), F.S. Current law requires these corporations, the shares of which are not considered a covered security, to have their shares traded in an organized market.

House Amendment 2 allows mutual insurance companies or mutual insurance holding companies (generally regulated pursuant to ch. 628, F.S.) to establish procedures for the proper transmission to the insurance company of a proxy by a shareholder. The insurance company may allow a member to transmit his or her proxy by mail, electronic means, or any other means reasonably calculated to ensure that the transmission was properly submitted.