



Ohio Revised Code

Section 1701.24 Certificates for shares - fractional shares - uncertificated shares.

Effective: September 30, 2008

Legislation: House Bill 374 - 127th General Assembly

(A) The shares of a corporation are personal property.

(B) Unless the articles, the regulations adopted by the shareholders, or the regulations adopted by the directors pursuant to division (A)(1) of section 1701.10 of the Revised Code provide otherwise, a holder of shares is entitled to one or more certificates, signed by the chairperson of the board or the president or a vice-president and by the secretary, an assistant secretary, the treasurer, or an assistant treasurer of the corporation, that shall certify the number and class of shares held by the holder in the corporation, but no certificate for shares shall be executed or delivered until those shares are fully paid. When the certificate is countersigned by an incorporated transfer agent or registrar, the signature of any of those officers of the corporation may be facsimile, engraved, stamped, or printed. Although any officer of the corporation whose manual or facsimile signature is affixed to the certificate ceases to be such officer before the certificate is delivered, the certificate nevertheless shall be effective in all respects when delivered.

(C) A corporation is not obligated to but may issue fractional shares. The holder of a fractional share is entitled to exercise the rights of a shareholder, including the right to vote, to receive dividends, and to participate in the assets of the corporation upon liquidation. In the case of uncertificated securities, the corporation may proceed as provided in divisions (C)(1) and (2) of this section. In the case of certificated securities, the corporation may execute and deliver a certificate for or including a fraction of a share or, in lieu thereof, may do any of the following:

(1) Pay to the person otherwise entitled to become a holder of a fraction of a share an amount in cash specified as the value of the fraction of a share in the articles, a resolution of the directors, or other agreement or instrument pursuant to which that fraction of a share otherwise would be issued, or, if not so specified, then the amount determined for that purpose by the directors of the issuing corporation, or the amount realized upon sale of the fraction of a share;

(2) Provide reasonable means to afford to the person the opportunity, on specified terms and



conditions, to purchase or sell fractional interests in shares, to the exclusion of all rights the person otherwise might have;

(3) Execute and deliver registered or bearer scrip over the manual or facsimile signature of an officer of the corporation or of its agent for that purpose, exchangeable as provided in the scrip for full shares, but such scrip shall not entitle the holder to any rights as a shareholder except as provided in the scrip. The scrip may provide that it shall become void unless the rights of the holders are exercised within a specified period and may contain any other provisions that the corporation deems advisable. Whenever any such scrip ceases to be exchangeable for full shares, the shares that otherwise would have been issuable as provided in the scrip shall be deemed to be treasury shares unless the scrip contains other provision for their disposition.

(D) A joint estate with the incidents of a joint estate as at common law, including the right of survivorship, may be created in shares by registering the same in the case of uncertificated securities, or by executing and delivering a certificate in the case of certificated securities to two or more persons with the words "as joint tenants" or "as joint tenants with right of survivorship and not as tenants in common" following their names. Upon receipt by the corporation of proof satisfactory to it of the death of one or more joint tenants, it may register the transfer to, or execute and deliver a new certificate to, the survivor or survivors.

(E) Whenever a corporation has determined that any outstanding certificates for shares should be canceled and exchanged for other certificates, the corporation may order and require the holders of the outstanding certificates to surrender them for that purpose within a reasonable time to be fixed by the corporation. The order may provide that, until compliance with the order, any or all rights as a shareholder of the holder of any certificate so required to be surrendered shall be suspended with respect to the shares represented by the certificate. Not less than ten days before the order is to become effective, the corporation shall give notice of the order by mail to each shareholder affected by the order at the shareholder's address as it appears on the records of the corporation.

(F) The articles of a corporation, the regulations adopted by the shareholders of a corporation, or the regulations adopted by the directors of a corporation pursuant to division (A)(1) of section 1701.10 of the Revised Code may provide that some or all of any or all classes and series of shares of that corporation shall be uncertificated shares. Unless otherwise provided by the articles or regulations,



the directors may provide by resolution that some or all of any or all classes and series of shares of a corporation shall be uncertificated shares, provided that the resolution shall not apply to shares represented by a certificate until the certificate is surrendered to the corporation and that the resolution shall not apply to a certificated security issued in exchange for an uncertificated security. Within a reasonable time after the issuance or transfer of uncertificated shares, the corporation shall send to the registered owner of the shares a written notice containing the information required to be set forth or stated on certificates pursuant to division (A) of section 1701.25 of the Revised Code. Except as otherwise expressly provided by law, the rights and obligations of the holders of uncertificated shares and the rights and obligations of the holders of certificates representing shares of the same class and series shall be identical.