

## New Legislation Affects CSC Customers Doing Business in Delaware

### AMENDMENTS TO DELAWARE'S BUSINESS ENTITY LAWS WILL REQUIRE DE BUSINESS ENTITIES TO PROVIDE REGISTERED AGENTS WITH ADDITIONAL CONTACT INFORMATION.

Delaware has enacted new legislation requiring business entities formed or qualified in the state to provide their registered agent with the name, business address and business telephone number of a natural person to serve as Communications Contact for the entity, and to periodically update this information. This legislation applies to corporations, limited liability companies, partnerships, and limited partnerships, and will take effect on January 1, 2007. (This legislation does not apply to Delaware statutory trusts; they are not required to maintain a registered agent because service of process is made on the trustee.)

Corporation Service Company has initiated a program to assist customers in complying with the new legislation.

"We are encouraging our customers to provide us with a Communications Contact, someone to whom we can direct information we get from the state," explains Stephen Butler, marketing director for CSC. According to the new legislation, the Communications Contact may be an officer,

director, employee, or designated agent of the entity who is authorized to receive communications from the registered agent, Butler says.

### ADDING A COMMUNICATIONS CONTACT

When customers appointed CSC as their registered agent in Delaware, they were asked by CSC to provide the company with a contact who would receive information from the state. At CSC, this contact is referred to as the business entity's "Compliance Contact." "Customers who provided us with the name of a natural person to serve as their Compliance Contact are all set. We will simply use that same person for their Communications Contact, unless of course the customer would like to designate somebody else," Butler explains.

However, some customers only designated a title such as Tax Manager or General Counsel as their Compliance Contact, Butler continues. "These customers should provide us with the name, business address and business telephone number of a natural person in order to be in compliance with the new law."

Adding a Communications Contact to CSC's customer records is quick and easy, Butler

says. Customers should first review their current Compliance Contact (who will serve as their Communications Contact) at CSC's portal, [www.IncSpot.com](http://www.IncSpot.com). (Simply click on Records Center, and go to Company Records. Customers who do not have an IncSpot password can easily obtain one on the website.) "If, after checking their records, customers decide to add or change a Compliance Contact, they should continue to CSC's splash page of the new legislation at [www.incspot.com/newDElaw](http://www.incspot.com/newDElaw) and click on Change Your Compliance Contact," Butler explains. The form can be completed and submitted online, and the splash page includes links to the full text of the new legislation.

## ADDITIONAL LEGISLATIVE CHANGES

The new legislation also includes the following changes, which take effect August 1, 2006:

- The name of a domestic or qualifying corporation (whether reserved or of record) must be distinguishable from the names of other domestic corporations, partnerships, LPs LLCs or statutory trusts, unless the person who reserved the name first consents to the use of the name.
- Resignation of directors may be made effective upon the happening of future events, coupled with authority to make certain resignations irrevocable, meaning that corporations and individuals can agree on voting standards for electing directors which differ from the plurality default standard.

- Certificate of incorporation or bylaws provisions may provide for classification of directors after the provisions are adopted.
- A bylaw adopted by a stockholder that prescribes a required vote for election of directors may not be altered or repealed by the board of directors.
- A fee of \$75 will be charged for a corporate name reservation and for the application of the renewal, transfer or cancellation of a corporate name reservation, where such request has been made through the state's website. No fee will be charged where the reservation or application has been made through a Delaware registered agent. All corporate name reservations expire after the passage of 120 days. A \$75 fee will be charged to re-reserve a corporate name before the expiration period, to transfer or to cancel a corporate name reservation.

The following legislation becomes effective January 1, 2008:

- Delaware corporations are required to file a complete annual franchise tax report including, among other things, the names and addresses of all directors and the name and address of the officer who signs the report. The legislation further stipulates that the Secretary of State is required to declare void the charter of any corporation that fails to file a complete annual franchise tax report.