

NORTH CAROLINA GENERAL ASSEMBLY  
1979 SESSION

CHAPTER 508  
HOUSE BILL 364

AN ACT TO AMEND THE NORTH CAROLINA BUSINESS CORPORATION ACT WITH  
RESPECT TO SALES OF SHARES AND OPTIONS TO EMPLOYEES.

The General Assembly of North Carolina enacts:

**Section 1.** G.S. 55-45 is amended to read as follows:

"§ 55-45. **Sale of shares and options to employees.** — (a) Subject to the provisions contained in this Chapter or in its charter or by-laws, a corporation may provide for and carry out a plan for the sale or other disposition of its unissued or treasury shares, including but not limited to the issuance of rights or options to acquire such shares, to its employees or to the employees of its subsidiary corporations or to a trustee on their behalf. Such plan may include provisions, among others, for the kind and amount of consideration, payment in installments or at one time; aiding any such employees in paying for such shares by compensation for services, by loans, or otherwise; limiting the transferability of such shares, rights or options; the fixing of eligibility for participation in the plan; the class and price of shares to be sold under the plan; the number of shares which may be purchased, the method of payment therefor, the reservation of title until full payment; the effect of termination of employment; an option or obligation on the part of the corporation to repurchase the shares; and the time limits and termination of the plan; provided, however, that if the corporation providing for any such plan has fewer than 10 shareholders, such plan shall be approved by a majority of the outstanding shares of such corporation unless the charter of the corporation provides that such approval is not required. The term 'employees', as used in this section, includes officers in the full-time employment of the corporation, but nothing in this section is intended to permit financial aid to such officers in violation of G.S. 55-22.

(b) In any actions by, against or in behalf of a corporation to challenge the validity of any stock option granted to any employee, the situs of the option is deemed to be at the registered office of the corporation, and such action may be brought as an action quasi in rem with service of process by publication or outside the State as provided by law. Such action may also be brought as an action in personam. If two or more grantees of stock options are necessary or proper parties, they may be joined in accordance with the provisions of law applicable to class actions."

**Sec. 2.** G.S. 55-56(c)(4) is amended to read as follows:

"(4) Shares sold or agreed to be sold to employees or rights or options for shares granted to employees as provided in G.S. 55-45, provided a plan for such sales or options is approved by the affirmative vote of a majority of the outstanding shares entitled to vote, or".

**Sec. 3.** This act is effective April 1, 1980.

In the General Assembly read three times and ratified, this the 3rd day of May,

1979.