

SENATE BILL NO. 104

INTRODUCED BY R. WEBB

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A BILL FOR AN ACT ENTITLED: "AN ACT CLARIFYING THAT AN ACCOUNTING FIRM MAY ISSUE SHARES IN THE FIRM TO PERSONS NOT LICENSED AS ACCOUNTANTS; AND AMENDING SECTION 35-4-301, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 35-4-301, MCA, is amended to read:

"35-4-301. Issuance and transfer of shares. (1) Except as provided in 37-50-330, a A professional corporation may issue shares, fractional shares, and rights or options to purchase shares only to:

(a) natural persons authorized by law of this or any other state, a territory of the United States, or the District of Columbia to render a professional service permitted by the articles of incorporation of the corporation;

(b) general partnerships in which all the partners are authorized by law of this or any other state, a territory of the United States, or the District of Columbia to render a professional service permitted by the articles of incorporation and in which at least one partner is authorized by law in this state to render a professional service permitted by the articles of incorporation of the corporation; and

(c) professional corporations, domestic or foreign, authorized by law in this state to render a professional service permitted by the articles of incorporation of the corporation.

(2) The licensing authority may by rule further restrict or condition the issuance of shares in order to preserve ethical standards, but ~~no~~ the rule may not cause a person holding shares at the time the rule becomes effective to become a disqualified person.

(3) A shareholder of a professional corporation may transfer or pledge shares, fractional shares, and rights or options to purchase shares of the corporation only to natural persons, general partnerships, and professional corporations qualified to hold shares issued directly to them by the corporation. This subsection does not prohibit the transfer of shares of a professional corporation by operation of law or court decree.

(4) Each certificate representing shares of a professional corporation must state conspicuously upon its face that the shares are subject to restrictions on transfer imposed by this chapter and to restrictions on transfer imposed by the licensing authority pursuant to this chapter.

1 (5) Any issuance or transfer of shares in violation of this section or a rule promulgated under this section
2 is void."
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