

When Do Stock Splits, Reverse Stock Splits and the Like Become Effective?

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Section 908 of the California Corporations Code provides that when a California corporation files a certificate of amendment, the articles of incorporation *shall* be amended in accordance with the certificate and any stock split, reverse stock split, reclassification, cancellation, exchange or other change in shares *shall* be effected. The use of the word "shall" means that these actions are mandatory. Cal. Corp. Code § 15.

Does this mean that it is not possible for a certificate of amendment to specify that a stock split, reverse stock split or other change will become effective at a later date? Corporations Code Section 110(c) suggests otherwise. That statute in part provides: "Any instrument filed with respect to a corporation, other than original articles or instruments filed pursuant to Section 119, may provide that it is to become effective not more than 90 days subsequent to its filing date." The only fly in the ointment (*Ecclesiastes* 10:1) may be the general rule of statutory interpretation that the specific controls the general. See Cal. Code Civ. Proc. § 1859 ("In the construction of a statute the intention of the Legislature, and in the construction of the instrument the intention of the parties, is to be pursued, if possible; and when a general and particular provision are inconsistent, the latter is paramount to the former. So a particular intent will control a general one that is inconsistent with it.").

For those concerned about this inconsistency, one solution might be to specify a future *filing* date rather than a future *effective* date. See Cal. Corp. Code § 110(a) and [Future Filing Date Or Future Effective Date?](#)

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