

SUBCHAPTER 32C - PROFESSIONAL CORPORATIONS

21 NCAC 32C .0101 AUTHORITY AND DEFINITIONS

History Note: Authority G.S. 55B-12;
Eff. February 1, 1976;
Amended Eff. December 1, 1985;
Repealed Eff. May 1, 1989.

21 NCAC 32C .0102 NAME OF PROFESSIONAL CORPORATION

The following requirements must be met regarding the name of a professional corporation to practice medicine:

- (1) The name shall not include any adjectives or other words not in accordance with ethical customs of the medical profession as defined by the American Medical Association Code of Medical Ethics, and shall not be false, misleading, deceptive or patently offensive.
- (2) The professional corporation may not be identical or so similar in name to an existing registered business entity as to be misleading.
- (3) The professional corporation may not use any name other than its corporate name.
- (4) The professional corporation shall specify its corporate structure in the public domain by the use of the designation "P.C.", "P.A." or "P.L.L.C."
- (5) A shareholder may authorize the retention of his surname in the corporate name after his retirement or inactivity because of age or disability, even though he may have disposed of his stock. The estate of a deceased shareholder may authorize the retention of the deceased shareholder's surname in the corporate name after the shareholder's death.
- (6) If a living shareholder in a professional corporation whose surname appears in the corporate name becomes a "disqualified person" as defined in the Professional Corporation Act, the name of the professional corporation shall be promptly changed to eliminate the name of the shareholder, and the shareholder shall promptly dispose of his stock in the corporation.

History Note: Authority G.S. 55B-5; 55B-7; 55B-12;
Eff. February 1, 1976;
Amended Eff. May 1, 2012; July 1, 1993; May 1, 1989;
Pursuant to G.S. 150B-21.3A rule is necessary without substantive public interest Eff. March 1, 2016.

21 NCAC 32C .0103 PREREQUISITES FOR INCORPORATION

(a) Before filing the articles of incorporation for a professional corporation with the Secretary of State, the incorporators shall file with the Board:

- (1) the properly executed original articles of incorporation;
- (2) a registration fee in the maximum allowable amount set forth in G.S. 55B-10;
- (3) a certificate (N.C.M.B.-P.C. Form 1) signed by all shareholders stating that all persons employed by the corporation are licensed to practice medicine in North Carolina, and representing that the business of the corporation will be conducted in compliance with the Professional Corporation Act and the rules in this Subchapter; and
- (4) a signed certificate (N.C.M.B.-P.C. Form 2) certifying that all shareholders are duly licensed to practice medicine in North Carolina or are otherwise qualified to own shares pursuant to G.S. 55B-6, 55B-14(c) or 55B-16.

(b) The Board shall review the articles of incorporation for compliance with the laws relating to professional corporations and with the rules in this Subchapter. If they comply, the Board shall approve N.C.M.B.-P.C. Form 2 and return the original articles of incorporation and the copy to the incorporators for filing with the Secretary of State. An official copy of the articles of incorporation shall be retained in the office of the Board. If the articles of incorporation are subsequently changed before they are filed with the Secretary of State, they shall be re-submitted to the Board and shall not be filed with the Secretary of State until approved by the Board.

History Note: Authority G.S. 55B-4; 55B-10; 55B-12;
Eff. February 1, 1976;
Amended Eff. January 1, 2012; September 1, 1995; July 1, 1993; May 1, 1989; November 1, 1985;

Pursuant to G.S. 150B-21.3A rule is necessary without substantive public interest Eff. March 1, 2016.

21 NCAC 32C .0104 CERTIFICATE OF REGISTRATION

A Certificate of Registration for a professional corporation shall remain effective until December 31 of each year. A Certificate of Registration may be renewed annually thereafter upon written application to the Board, certifying the names and addresses of all licensed officers, directors, shareholders and employees of the corporation and representing that the corporation has complied with the rules in this Subchapter and the Professional Corporation Act. (N.C.M.B.-P.C. Form 4) The application shall be accompanied by a renewal fee in the maximum allowable amount set forth in G.S. 55B-10.

*History Note: Authority G.S. 55B-10; 55B-11;
Eff. February 1, 1976;
Amended Eff. January 1, 2012; September 1, 1995; May 1, 1989; November 1, 1985;
Pursuant to G.S. 150B-21.3A rule is necessary without substantive public interest Eff. March 1, 2016.*

21 NCAC 32C .0105 STOCK AND FINANCIAL MATTERS

- (a) The corporation may acquire and hold its own stock.
- (b) No person other than a licensee of the Board shall exercise any authority or influence over the practice of medicine as defined in Article 1 of Chapter 90.
- (c) Subject to the provisions of G.S. 55B-7, the corporation may make such agreement with its shareholders or its shareholders may make such agreement between themselves as they deem just for the acquisition of the shares of a deceased or retiring shareholder or of a shareholder who becomes disqualified to own shares under the Professional Corporation Act or under the rules in this Subchapter.
- (d) Failure to display on the face of all stock certificates a legend that any stock transfers are subject to the provisions of the Professional Corporations Act and the rules of the Board shall be a violation of G.S. 90-14(a).

*History Note: Authority G.S. 55B-6; 55B-7; 55B-8; 90-1.1(5), 90-2(a); 90-5.1(a)(3); 90-14(a)(6); 90-14(a)(8);
Eff. February 1, 1976;
Amended Eff. May 1, 2012; May 1, 1989; November 1, 1985;
Pursuant to G.S. 150B-21.3A rule is necessary without substantive public interest Eff. March 1, 2016.*

21 NCAC 32C .0106 CHARTER AMENDMENTS AND STOCK TRANSFERS

The following provisions apply to all professional corporations to practice medicine:

- (1) An agent of the corporation shall ensure all changes to the articles of incorporation of the corporation are filed with the Board for approval before being filed with the Secretary of State. An agent of the corporation shall ensure a copy of the changes filed with the Secretary of State are subsequently sent to the Board within 10 days after filing with the Secretary of State.
- (2) The Board shall issue the certificate (N.C.M.B.-P.C. Form 5) required by G.S. 55B-6 when stock is transferred in the corporation. N.C.M.B.-P.C. Form 5 shall be permanently retained by the corporation. The stock books of the corporation shall be kept at the principal office of the corporation and shall be subject to inspection by the Board during business hours.

*History Note: Authority G.S. 55B-6; 55B-7; 55B-8; 55B-12; 90-1.1(5); 90-2(a); 90-5.1(a)(3); 90-14(a)(6); 90-14(a)(8);
Eff. February 1, 1976;
Amended Eff. May 1, 2012; September 1, 1995; July 1, 1993; May 1, 1989;
Pursuant to G.S. 150B-21.3A rule is necessary without substantive public interest Eff. March 1, 2016.*

21 NCAC 32C .0107 DOCUMENTS

*History Note: Authority G.S. 150B-11;
Eff. February 1, 1976;
Amended Eff. May 1, 1989;
Repealed Eff. January 1, 2012.*

21 NCAC 32C .0108 FEES

The registration and renewal fees for a professional corporation shall be the maximum allowable amount under G.S. 55B-10 and 55B-11.

History Note: Authority G.S. 55B-10; 55B-11;
Eff. February 1, 1976;
Amended Eff. January 1, 2012; May 1, 1989;
Pursuant to G.S. 150B-21.3A rule is necessary without substantive public interest Eff. March 1, 2016.

21 NCAC 32C .0109 REGISTRATION OF FOREIGN PROFESSIONAL CORPORATION

(a) In addition to the other rules in this Subchapter, foreign professional corporations applying for a Certificate of Authority to Transact Business must meet the following requirements:

- (1) provide proof that shareholders licensed in other states are currently licensed and in good standing with their respective licensing boards;
- (2) at least one shareholder must be currently licensed and in good standing with the Board; and
- (3) no person other than a licensee of the Board shall exercise any authority or influence over the practice of medicine as defined by Article 1 of Chapter 90.

(b) For purposes of this Rule, "in good standing" means has not been disciplined by a licensing Board and is not currently subject to disciplinary proceedings.

History Note: Authority G.S. 55B-16; 90-1.1(5); 90-2(a); 90-5.1(a)(3);
Eff. May 1, 2012;
Pursuant to G.S. 150B-21.3A rule is necessary without substantive public interest Eff. March 1, 2016.