

# Contents

## CHAPTER 1 GENERAL PROVISIONS

### SUBCHAPTER A.

#### Short Title and Reservation of Power

- § 1.01. Short Title. . . . . 1-3
- § 1.02. Reservation of Power to Amend or Repeal. . . . . 1-3

### SUBCHAPTER B.

#### Filing Documents

- § 1.20. Requirements for Documents; Extrinsic Facts. . . . . 1-4
- § 1.21. Forms . . . . . 1-8
- § 1.22. Filing, Service, and Copying Fees. . . . . 1-8
- § 1.23. Effective Date of Filed Document . . . . . 1-11
- § 1.24. Correcting Filed Document. . . . . 1-12
- § 1.25. Filing Duty of Secretary of State. . . . . 1-13
- § 1.26. Appeal from Secretary of State's Refusal to File Document. . . . . 1-14
- § 1.27. Evidentiary Effect of Certified Copy of Filed Document . . . . . 1-15
- § 1.28. Certificate of Existence or Registration . . . . . 1-15
- § 1.29. Penalty for Signing False Document . . . . . 1-16

### SUBCHAPTER C.

#### Secretary of State

- § 1.30. Powers. . . . . 1-18

### SUBCHAPTER D.

#### Definitions

- § 1.40. Act Definitions . . . . . 1-19
- § 1.41. Notices and Other Communications. . . . . 1-32
- § 1.42. Number of Shareholders . . . . . 1-39
- § 1.43. Qualified Director. . . . . 1-40
- § 1.44. Householding. . . . . 1-44

### SUBCHAPTER E.

#### Ratification of Defective Corporate Actions

- § 1.45. Definitions . . . . . 1-46

## **MODEL BUSINESS CORPORATION ACT**

§ 1.46. Defective Corporate Actions . . . . .	1-47
§ 1.47. Ratification of Defective Corporate Actions . . . . .	1-49
§ 1.48. Action on Ratification . . . . .	1-50
§ 1.49. Notice Requirements . . . . .	1-52
§ 1.50. Effect of Ratification . . . . .	1-53
§ 1.51. Filings . . . . .	1-53
§ 1.52. Judicial Proceedings Regarding Validity of Corporate Actions . . . . .	1-55

### **CHAPTER 2 INCORPORATION**

§ 2.01. Incorporators . . . . .	2-2
§ 2.02. Articles of Incorporation . . . . .	2-2
§ 2.03. Incorporation . . . . .	2-11
§ 2.04. Liability for Preincorporation Transactions . . . . .	2-12
§ 2.05. Organization of Corporation . . . . .	2-12
§ 2.06. Bylaws . . . . .	2-14
§ 2.07. Emergency Bylaws . . . . .	2-15
§ 2.08. Forum Selection Provisions . . . . .	2-16

### **CHAPTER 3 PURPOSES AND POWERS**

§ 3.01. Purposes . . . . .	3-2
§ 3.02. General Powers . . . . .	3-3
§ 3.03. Emergency Powers . . . . .	3-4
§ 3.04. Lack of Power to Act . . . . .	3-5

### **CHAPTER 4 NAME**

§ 4.01. Corporate Name . . . . .	4-2
§ 4.02. Reserved Name . . . . .	4-5
§ 4.03. Registered Name . . . . .	4-6

### **CHAPTER 5 OFFICE AND AGENT**

§ 5.01. Registered Office and Agent of Domestic and Registered Foreign Corporations . . . . .	5-2
§ 5.02. Change of Registered Office or Registered Agent . . . . .	5-3
§ 5.03. Resignation of Registered Agent . . . . .	5-4
§ 5.04. Service on Corporation . . . . .	5-5

**CHAPTER 6  
SHARES AND DISTRIBUTIONS**

**SUBCHAPTER A.**

**Shares**

§ 6.01. Authorized Shares . . . . . 6-2  
 § 6.02. Terms of Class or Series Determined by Board of Directors . . . . . 6-7  
 § 6.03. Issued and Outstanding Shares . . . . . 6-9  
 § 6.04. Fractional Shares . . . . . 6-10

**SUBCHAPTER B.**

**Issuance of Shares**

§ 6.20. Subscription for Shares before Incorporation . . . . . 6-12  
 § 6.21. Issuance of Shares . . . . . 6-13  
 § 6.22. Liability of Shareholders . . . . . 6-19  
 § 6.23. Share Dividends . . . . . 6-19  
 § 6.24. Share Rights, Options, Warrants and Awards . . . . . 6-20  
 § 6.25. Form and Content of Certificates . . . . . 6-22  
 § 6.26. Shares without Certificates . . . . . 6-23  
 § 6.27. Restriction on Transfer of Shares . . . . . 6-24

**SUBCHAPTER C.**

**Subsequent Acquisition of Shares by  
Shareholders and Corporation**

§ 6.30. Shareholders’ Preemptive Rights . . . . . 6-26  
 § 6.31. Corporation’s Acquisition of Its Own Shares . . . . . 6-28

**SUBCHAPTER D.**

**Distributions**

§ 6.40. Distributions to Shareholders . . . . . 6-30

**CHAPTER 7  
SHAREHOLDERS**

**SUBCHAPTER A.**

**Meetings**

§ 7.01. Annual Meeting . . . . . 7-3  
 § 7.02. Special Meeting . . . . . 7-4  
 § 7.03. Court-Ordered Meeting . . . . . 7-6  
 § 7.04. Action without Meeting . . . . . 7-8  
 § 7.05. Notice of Meeting . . . . . 7-12

## MODEL BUSINESS CORPORATION ACT

§ 7.06. Waiver of Notice . . . . .	7-14
§ 7.07. Record Date for Meeting . . . . .	7-16
§ 7.08. Conduct of Meeting . . . . .	7-17
§ 7.09. Remote Participation in Shareholders' Meetings. . . . .	7-18

### SUBCHAPTER B.

#### Voting

§ 7.20. Shareholders' List for Meeting . . . . .	7-21
§ 7.21. Voting Entitlement of Shares . . . . .	7-24
§ 7.22. Proxies. . . . .	7-26
§ 7.23. Shares Held by Intermediaries and Nominees. . . . .	7-29
§ 7.24. Acceptance of Votes and Other Instruments . . . . .	7-31
§ 7.25. Quorum and Voting Requirements for Voting Groups. . . . .	7-34
§ 7.26. Action by Single and Multiple Voting Groups. . . . .	7-37
§ 7.27. Modifying Quorum or Voting Requirements . . . . .	7-39
§ 7.28. Voting for Directors; Cumulative Voting. . . . .	7-40
§ 7.29. Inspectors of Election. . . . .	7-42

### SUBCHAPTER C.

#### Voting Trusts and Agreements

§ 7.30. Voting Trusts. . . . .	7-45
§ 7.31. Voting Agreements. . . . .	7-46
§ 7.32. Shareholder Agreements . . . . .	7-46

### SUBCHAPTER D.

#### Derivative Proceedings

§ 7.40. Subchapter Definitions. . . . .	7-55
§ 7.41. Standing . . . . .	7-55
§ 7.42. Demand . . . . .	7-56
§ 7.43. Stay of Proceedings. . . . .	7-58
§ 7.44. Dismissal. . . . .	7-58
§ 7.45. Discontinuance or Settlement. . . . .	7-60
§ 7.46. Payment of Expenses . . . . .	7-61
§ 7.47. Applicability to Foreign Corporations. . . . .	7-62

### SUBCHAPTER E.

#### Judicial Proceedings

§ 7.48. Shareholder Action to Appoint a Custodian or Receiver. . . . .	7-63
§ 7.49. Judicial Determination of Corporate Offices and Review of Elections and Shareholder Votes . . . . .	7-64

## CHAPTER 8 DIRECTORS AND OFFICERS

### SUBCHAPTER A.

#### Board of Directors

§ 8.01. Requirement for and Functions of Board of Directors . . . . .	8-3
§ 8.02. Qualifications of Directors . . . . .	8-5
§ 8.03. Number and Election of Directors . . . . .	8-8
§ 8.04. Election of Directors by Certain Classes or Series of Shares . . . . .	8-10
§ 8.05. Terms of Directors Generally . . . . .	8-10
§ 8.06. Staggered Terms for Directors . . . . .	8-11
§ 8.07. Resignation of Directors . . . . .	8-12
§ 8.08. Removal of Directors by Shareholders . . . . .	8-13
§ 8.09. Removal of Directors by Judicial Proceeding . . . . .	8-14
§ 8.10. Vacancy on Board of Directors . . . . .	8-16
§ 8.11. Compensation of Directors . . . . .	8-17

### SUBCHAPTER B.

#### Meetings and Action of the Board

§ 8.20. Meetings . . . . .	8-18
§ 8.21. Action without Meeting . . . . .	8-18
§ 8.22. Notice of Meeting . . . . .	8-19
§ 8.23. Waiver of Notice . . . . .	8-20
§ 8.24. Quorum and Voting . . . . .	8-20
§ 8.25. Committees of the Board . . . . .	8-22
§ 8.26. Submission of Matters for Shareholder Vote . . . . .	8-24

### SUBCHAPTER C.

#### Directors

§ 8.30. Standards of Conduct for Directors . . . . .	8-26
§ 8.31. Standards of Liability for Directors . . . . .	8-35
§ 8.32. Directors' Liability for Unlawful Distributions . . . . .	8-44

### SUBCHAPTER D.

#### Officers

§ 8.40. Officers . . . . .	8-46
§ 8.41. Functions of Officers . . . . .	8-47
§ 8.42. Standards of Conduct for Officers . . . . .	8-47
§ 8.43. Resignation and Removal of Officers . . . . .	8-50
§ 8.44. Contract Rights of Officers . . . . .	8-51

## MODEL BUSINESS CORPORATION ACT

### SUBCHAPTER E.

#### Indemnification and Advance for Expenses

§ 8.50. Subchapter Definitions . . . . .	8-54
§ 8.51. Permissible Indemnification . . . . .	8-57
§ 8.52. Mandatory Indemnification . . . . .	8-62
§ 8.53. Advance for Expenses . . . . .	8-63
§ 8.54. Court-Ordered Indemnification and Advance for Expenses . . . . .	8-66
§ 8.55. Determination and Authorization of Indemnification . . . . .	8-69
§ 8.56. Indemnification of Officers . . . . .	8-71
§ 8.57. Insurance . . . . .	8-74
§ 8.58. Variation by Corporate Action; Application of Subchapter . . . . .	8-75
§ 8.59. Exclusivity of Subchapter . . . . .	8-77

### SUBCHAPTER F.

#### Director's Conflicting Interest Transactions

§ 8.60. Subchapter Definitions . . . . .	8-81
§ 8.61. Judicial Action . . . . .	8-89
§ 8.62. Directors' Action . . . . .	8-92
§ 8.63. Shareholders' Action . . . . .	8-96

### SUBCHAPTER G.

#### Business Opportunities

§ 8.70. Business Opportunities . . . . .	8-100
--	-------

## CHAPTER 9 DOMESTICATION AND CONVERSION

### SUBCHAPTER A.

#### Preliminary Provisions

§ 9.01. Definitions . . . . .	9-3
§ 9.02. Excluded Transactions [Optional] . . . . .	9-4
§ 9.03. Required Approvals [Optional] . . . . .	9-5
§ 9.04. Relationship of Chapter to Other Laws [Optional] . . . . .	9-5

### SUBCHAPTER B.

#### Domestication

§ 9.20. Domestication . . . . .	9-7
§ 9.21. Action on a Plan of Domestication . . . . .	9-9
§ 9.22. Articles of Domestication; Effectiveness . . . . .	9-12
§ 9.23. Amendment of Plan of Domestication; Abandonment . . . . .	9-13
§ 9.24. Effect of Domestication . . . . .	9-15

**SUBCHAPTER C.**

**Conversion**

§ 9.30. Conversion . . . . . 9-18  
 § 9.31. Plan of Conversion . . . . . 9-19  
 § 9.32. Action on a Plan of Conversion . . . . . 9-21  
 § 9.33. Articles of Conversion; Effectiveness . . . . . 9-23  
 § 9.34. Amendment of Plan of Conversion; Abandonment . . . . . 9-25  
 § 9.35. Effect of Conversion . . . . . 9-26

**CHAPTER 10**

**AMENDMENT OF ARTICLES OF INCORPORATION AND BYLAWS**

**SUBCHAPTER A.**

**Amendment of Articles of Incorporation**

§ 10.01. Authority to Amend . . . . . 10-2  
 § 10.02. Amendment before Issuance of Shares . . . . . 10-3  
 § 10.03. Amendment by Board of Directors and Shareholders . . . . . 10-3  
 § 10.04. Voting on Amendments by Voting Groups . . . . . 10-6  
 § 10.05. Amendment by Board of Directors . . . . . 10-9  
 § 10.06. Articles of Amendment . . . . . 10-10  
 § 10.07. Restated Articles of Incorporation . . . . . 10-11  
 § 10.08. Amendment Pursuant to Reorganization . . . . . 10-12  
 § 10.09. Effect of Amendment . . . . . 10-13

**SUBCHAPTER B.**

**Amendment of Bylaws**

§ 10.20. Authority to Amend . . . . . 10-15  
 § 10.21. Bylaw Increasing Quorum or Voting  
         Requirement for Directors . . . . . 10-16  
 § 10.22. Bylaw Provisions Relating to the Election of Directors . . . . . 10-16

**CHAPTER 11**

**MERGERS AND SHARE EXCHANGES**

§ 11.01. Definitions . . . . . 11-3  
 § 11.02. Merger . . . . . 11-4  
 § 11.03. Share Exchange . . . . . 11-8  
 § 11.04. Action on a Plan of Merger or Share Exchange . . . . . 11-12  
 § 11.05. Merger between Parent and Subsidiary  
         or between Subsidiaries . . . . . 11-19  
 § 11.06. Articles of Merger or Share Exchange . . . . . 11-20

## MODEL BUSINESS CORPORATION ACT

§ 11.07. Effect of Merger or Share Exchange. . . . .	11-23
§ 11.08. Abandonment of a Merger or Share Exchange . . . . .	11-26

### CHAPTER 12 DISPOSITION OF ASSETS

§ 12.01. Disposition of Assets Not Requiring Shareholder Approval . . . . .	12-2
§ 12.02. Shareholder Approval of Certain Dispositions . . . . .	12-3

### CHAPTER 13 APPRAISAL RIGHTS

#### SUBCHAPTER A.

##### Right to Appraisal and Payment for Shares

§ 13.01. Definitions . . . . .	13-2
§ 13.02. Right to Appraisal. . . . .	13-8
§ 13.03. Assertion of Rights by Nominees and Beneficial Shareholders. . .	13-13

#### SUBCHAPTER B.

##### Procedure for Exercise of Appraisal Rights

§ 13.20. Notice of Appraisal Rights. . . . .	13-15
§ 13.21. Notice of Intent to Demand Payment and Consequences of Voting or Consenting . . . . .	13-16
§ 13.22. Appraisal Notice and Form. . . . .	13-17
§ 13.23. Perfection of Rights; Right to Withdraw. . . . .	13-19
§ 13.24. Payment . . . . .	13-20
§ 13.25. After-Acquired Shares . . . . .	13-22
§ 13.26. Procedure If Shareholder Dissatisfied with Payment or Offer . . .	13-23

#### SUBCHAPTER C.

##### Judicial Appraisal of Shares

§ 13.30. Court Action . . . . .	13-25
§ 13.31. Court Costs and Expenses. . . . .	13-26

#### SUBCHAPTER D.

##### Other Remedies

§ 13.40. Other Remedies Limited . . . . .	13-28
---	-------

**CHAPTER 14  
DISSOLUTION**

**SUBCHAPTER A.**

**Voluntary Dissolution**

§ 14.01. Dissolution by Incorporators or Initial Directors . . . . . 14-2  
 § 14.02. Dissolution by Board of Directors and Shareholders . . . . . 14-3  
 § 14.03. Articles of Dissolution . . . . . 14-4  
 § 14.04. Revocation of Dissolution . . . . . 14-6  
 § 14.05. Effect of Dissolution . . . . . 14-7  
 § 14.06. Known Claims against Dissolved Corporation . . . . . 14-8  
 § 14.07. Other Claims against Dissolved Corporation. . . . . 14-10  
 § 14.08. Court Proceedings. . . . . 14-12  
 § 14.09. Director Duties . . . . . 14-13

**SUBCHAPTER B.**

**Administrative Dissolution**

§ 14.20. Grounds for Administrative Dissolution . . . . . 14-15  
 § 14.21. Procedure for and Effect of Administrative Dissolution . . . . . 14-15  
 § 14.22. Reinstatement Following Administrative Dissolution . . . . . 14-16  
 § 14.23. Appeal from Denial of Reinstatement . . . . . 14-17

**SUBCHAPTER C.**

**Judicial Dissolution**

§ 14.30. Grounds for Judicial Dissolution . . . . . 14-19  
 § 14.31. Procedure for Judicial Dissolution. . . . . 14-22  
 § 14.32. Receivership or Custodianship . . . . . 14-22  
 § 14.33. Decree of Dissolution. . . . . 14-24  
 § 14.34. Election to Purchase in Lieu of Dissolution . . . . . 14-25

**SUBCHAPTER D.**

**Miscellaneous**

§ 14.40. Deposit with State Treasurer. . . . . 14-30

**CHAPTER 15  
FOREIGN CORPORATIONS**

§ 15.01. Governing Law . . . . . 15-2  
 § 15.02. Registration to Do Business in This State . . . . . 15-2  
 § 15.03. Foreign Registration Statement . . . . . 15-3  
 § 15.04. Amendment of Foreign Registration Statement . . . . . 15-4  
 § 15.05. Activities Not Constituting Doing Business. . . . . 15-5

## **MODEL BUSINESS CORPORATION ACT**

§ 15.06. Noncomplying Name of Foreign Corporation. . . . .	15-8
§ 15.07. Withdrawal of Registration of Registered Foreign Corporation . . . . .	15-9
§ 15.08. Deemed Withdrawal upon Domestication or Conversion to Certain Domestic Entities. . . . .	15-10
§ 15.09. Withdrawal upon Dissolution or Conversion to Certain Nonfiling Entities. . . . .	15-10
§ 15.10. Transfer of Registration . . . . .	15-11
§ 15.11. Administrative Termination of Registration . . . . .	15-13
§ 15.12. Action by [Attorney General]. . . . .	15-14

## **CHAPTER 16 RECORDS AND REPORTS**

### **SUBCHAPTER A.**

#### **Records**

§ 16.01. Corporate Records . . . . .	16-2
§ 16.02. Inspection Rights of Shareholders . . . . .	16-4
§ 16.03. Scope of Inspection Right . . . . .	16-8
§ 16.04. Court-Ordered Inspection. . . . .	16-9
§ 16.05. Inspection Rights of Directors . . . . .	16-10

### **SUBCHAPTER B.**

#### **Reports**

§ 16.20. Financial Statements for Shareholders . . . . .	16-12
§ 16.21. Annual Report for Secretary of State . . . . .	16-15

## **CHAPTER 17 TRANSITION PROVISIONS**

§ 17.01. Application to Existing Domestic Corporations . . . . .	17-3
§ 17.02. Application to Existing Foreign Corporations. . . . .	17-4
§ 17.03. Saving Provisions . . . . .	17-4
§ 17.04. Severability . . . . .	17-4
§ 17.05. Repeal . . . . .	17-4

Index . . . . .	INDEX-1
-----------------	---------