

Senate File 2339 - Reprinted

SENATE FILE 2339
BY COMMITTEE ON JUDICIARY

(SUCCESSOR TO SSB 3175)

(As Amended and Passed by the Senate June 12, 2020)

A BILL FOR

- 1 An Act providing for corporations, providing for certain fees,
- 2 and including effective date provisions.
- 3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1

DIVISION I

2

GENERAL PROVISIONS

3 Section 1. Section 490.101, Code 2020, is amended by
4 striking the section and inserting in lieu thereof the
5 following:

6 **490.101 Short title.**

7 This chapter shall be known and may be cited as the "*Iowa*
8 *Business Corporation Act*".

9 Sec. 2. Section 490.120, Code 2020, is amended by striking
10 the section and inserting in lieu thereof the following:

11 **490.120 Requirements for documents — extrinsic facts.**

12 1. A document must satisfy the requirements of this
13 section, and of any other section that adds to or varies these
14 requirements, to be entitled to filing by the secretary of
15 state.

16 2. This chapter must require or permit filing the document
17 in the office of the secretary of state.

18 3. The document must contain the information required by
19 this chapter and may contain other information.

20 4. The document must be typewritten or printed or, if
21 electronically transmitted, it must be in a format that can be
22 retrieved or reproduced in typewritten or printed form.

23 5. The document must be in the English language. A
24 corporate name need not be in English if written in English
25 letters or Arabic or Roman numerals, and the certificate of
26 existence required of foreign corporations need not be in
27 English if accompanied by a reasonably authenticated English
28 translation.

29 6. Except as provided in section 490.1622, subsection 3, the
30 document must be signed by any of the following:

31 a. The chair of the board of directors of a domestic or
32 foreign corporation, its president, or another of its officers.

33 b. If directors have not been selected or the corporation
34 has not been formed, by an incorporator.

35 c. If the corporation is in the hands of a receiver,

1 trustee, or other court-appointed fiduciary, by that fiduciary.

2 7. *a.* The person executing the document shall sign it
3 and state beneath or opposite the person's signature the
4 person's name and the capacity in which the document is signed.
5 The document may but need not contain a corporate seal,
6 attestation, acknowledgment, or verification.

7 *b.* The secretary of state may accept for filing a document
8 containing a copy of a signature, however made.

9 8. If the secretary of state has prescribed a mandatory
10 form for the document under section 490.121, subsection 1, the
11 document must be in or on the prescribed form.

12 9. The document must be delivered to the office of the
13 secretary of state for filing. Delivery may be made by
14 electronic transmission if and to the extent permitted by the
15 secretary of state. If it is filed in typewritten or printed
16 form and not transmitted electronically, the secretary of state
17 may require one exact or conformed copy to be delivered with
18 the document.

19 10. When the document is delivered to the office of the
20 secretary of state for filing, the correct filing fee, and any
21 franchise tax, license fee, or penalty required by this chapter
22 or other law to be paid at the time of delivery for filing must
23 be paid or provision for payment made in a manner permitted by
24 the secretary of state.

25 11. Whenever a provision of this chapter permits any of the
26 terms of a plan or a filed document to be dependent on facts
27 objectively ascertainable outside the plan or filed document,
28 all of the following provisions apply:

29 *a.* The manner in which the facts will operate upon the terms
30 of the plan or filed document must be set forth in the plan or
31 filed document.

32 *b.* The facts may include any of the following:

33 (1) Any of the following that is available in a nationally
34 recognized news or information medium either in print or
35 electronically: statistical or market indices, market prices

1 of any security or group of securities, interest rates,
2 currency exchange rates, or similar economic or financial data.

3 (2) A determination or action by any person or body,
4 including the corporation or any other party to a plan or filed
5 document.

6 (3) The terms of, or actions taken under, an agreement to
7 which the corporation is a party, or any other agreement or
8 document.

9 c. As used in this subsection:

10 (1) "*Filed document*" means a document filed by the secretary
11 of state under any provision of this chapter except subchapter
12 XV or section 490.1622.

13 (2) "*Plan*" means a plan of domestication, conversion,
14 merger, or share exchange.

15 d. The following provisions of a plan or filed document
16 shall not be made dependent on facts outside the plan or filed
17 document:

18 (1) The name and address of any person required in a filed
19 document.

20 (2) The registered office of any entity required in a filed
21 document.

22 (3) The registered agent of any entity required in a filed
23 document.

24 (4) The number of authorized shares and designation of each
25 class or series of shares.

26 (5) The effective date of a filed document.

27 (6) Any required statement in a filed document of the date
28 on which the underlying transaction was approved or the manner
29 in which that approval was given.

30 e. If a provision of a filed document is made dependent on a
31 fact ascertainable outside of the filed document, and that fact
32 is neither ascertainable by reference to a source described
33 in paragraph "b", subparagraph (1), nor a document that is a
34 matter of public record, and the affected shareholders have
35 not received notice of the fact from the corporation, then the

1 corporation shall file with the secretary of state articles of
 2 amendment to the filed document setting forth the fact promptly
 3 after the time when the fact referred to is first ascertainable
 4 or thereafter changes. Articles of amendment under this
 5 paragraph "e" are deemed to be authorized by the authorization
 6 of the original filed document to which they relate and may be
 7 filed by the corporation without further action by the board of
 8 directors or the shareholders.

9 Sec. 3. Section 490.121, Code 2020, is amended by striking
 10 the section and inserting in lieu thereof the following:

11 **490.121 Forms.**

12 1. *a.* The secretary of state may prescribe and furnish on
 13 request any of the following forms:

14 (1) An application for a certificate of existence or
 15 certificate of registration.

16 (2) A foreign corporation's registration statement.

17 (3) A foreign corporation's statement of withdrawal.

18 (4) A foreign corporation's transfer of registration
 19 statement.

20 (5) The biennial report required by section 490.1622.

21 *b.* If the secretary of state so requires, use of the forms
 22 provided in paragraph "a" is mandatory.

23 2. The secretary of state may prescribe and furnish on
 24 request forms for other documents required or permitted to be
 25 filed pursuant to this chapter but their use is not mandatory.

26 Sec. 4. Section 490.122, Code 2020, is amended by striking
 27 the section and inserting in lieu thereof the following:

28 **490.122 Filing, service, and copying fees.**

29 1. The secretary of state shall collect the following fees
 30 when the documents described in **this subsection** are delivered
 31 to the secretary of state for filing:

32 DOCUMENT	FEE
33 <i>a.</i> Articles of incorporation	\$ 50
34 <i>b.</i> Application for use of indistinguishable	
35 name	\$ 10

1	<i>c.</i> Application for reserved name	\$ 10
2	<i>d.</i> Notice of transfer of reserved name	\$ 10
3	<i>e.</i> Application for registered name	\$ 20
4	<i>f.</i> Application for renewal of registered	
5	name	\$ 20
6	<i>g.</i> Corporation's statement of change of	
7	registered agent or registered office or both	No fee
8	<i>h.</i> Agent's statement of change of registered office	
9	for each affected corporation not to exceed	
10	a total of	No fee
11	<i>i.</i> Agent's statement of resignation	No fee
12	<i>j.</i> Articles of domestication	\$ 50
13	<i>k.</i> Articles of conversion	\$ 50
14	<i>l.</i> Amendment of articles of incorporation	\$ 50
15	<i>m.</i> Restatement of articles of incorporation	
16	with amendment of articles	\$ 50
17	<i>n.</i> Restatement of articles of incorporation	
18	without amendment of articles	\$ 50
19	<i>o.</i> Articles of merger or share exchange	\$ 50
20	<i>p.</i> Articles of dissolution	\$ 5
21	<i>q.</i> Articles of revocation of dissolution	\$ 5
22	<i>r.</i> Certificate of administrative dissolution	No fee
23	<i>s.</i> Application for reinstatement following	
24	administrative dissolution	\$ 5
25	<i>t.</i> Certificate of reinstatement	No fee
26	<i>u.</i> Certificate of judicial dissolution	No fee
27	<i>v.</i> Foreign registration statement	\$ 100
28	<i>w.</i> Amendment of foreign registration	
29	statement	\$ 100
30	<i>x.</i> Statement of withdrawal	\$ 10
31	<i>y.</i> Transfer of foreign registration statement	\$ 100
32	<i>z.</i> Notice of termination of registration	No fee
33	<i>aa.</i> Articles of correction	\$ 5
34	<i>ab.</i> Articles of validation	\$ 5
35	<i>ac.</i> Application for certificate of existence or	

1 registration..... \$ 5
2 ad. Biennial report..... \$ 60
3 ae. Any other document required or permitted to
4 be filed by this chapter \$5

5 2. The secretary of state shall collect a fee of five
6 dollars each time process is served on the secretary of state
7 under this chapter. The party to a proceeding causing service
8 of process is entitled to recover this fee as costs if such
9 party prevails in the proceeding.

10 3. The secretary of state shall collect the following fees
11 for copying and certifying the copy of any filed document
12 relating to a domestic or foreign corporation:

13 a. One dollar a page for copying.

14 b. Five dollars for the certificate.

15 Sec. 5. Section 490.123, Code 2020, is amended by striking
16 the section and inserting in lieu thereof the following:

17 **490.123 Effective date of filed document.**

18 1. Except to the extent otherwise provided in section
19 490.124, subsection 3, and part E, a document accepted for
20 filing is effective as follows:

21 a. On the date and at the time of filing, as provided in
22 section 490.125, subsection 2.

23 b. On the date of filing and at the time specified in the
24 document as its effective time, if later than the time under
25 paragraph "a".

26 c. At a specified delayed effective date and time which
27 shall not be more than ninety days after filing.

28 d. If a delayed effective date is specified, but no time is
29 specified, at 12:01 a.m. on the date specified, which shall not
30 be more than ninety days after the date of filing.

31 2. If a filed document does not specify the time zone or
32 place at which a date or time or both is to be determined, the
33 date or time or both at which it becomes effective shall be
34 those prevailing at the place of filing in this state.

35 Sec. 6. Section 490.124, Code 2020, is amended by striking

1 the section and inserting in lieu thereof the following:

2 **490.124 Correcting filed document.**

3 1. A document filed by the secretary of state pursuant to
4 this chapter may be corrected if any of the following applies:

5 a. The document contains an inaccuracy.

6 b. The document was defectively signed, attested, sealed,
7 verified, or acknowledged.

8 c. The electronic transmission was defective.

9 2. A document is corrected by complying with all of the
10 following:

11 a. By preparing articles of correction that do all of the
12 following:

13 (1) Describe the document, including its filing date, or a
14 copy of the document is attached to the articles of correction.

15 (2) Specify the inaccuracy or defect to be corrected.

16 (3) Correct the inaccuracy or defect.

17 b. By delivering the articles of correction to the secretary
18 of state for filing.

19 3. Articles of correction are effective on the effective
20 date of the document they correct except as to persons relying
21 on the uncorrected document and adversely affected by the
22 correction. As to those persons, articles of correction are
23 effective when filed.

24 Sec. 7. Section 490.125, Code 2020, is amended by striking
25 the section and inserting in lieu thereof the following:

26 **490.125 Filing duty of secretary of state.**

27 1. If a document delivered to the office of the secretary of
28 state for filing satisfies the requirements of section 490.120,
29 the secretary of state shall file it.

30 2. The secretary of state files a document by recording
31 it as filed on the date and time of receipt. After filing
32 a document, except the biennial report required by section
33 490.1622, and except as provided in section 490.503, the
34 secretary of state shall return to the person who delivered
35 the document for filing a copy of the document with an

1 acknowledgment of the date and time of filing.

2 3. If the secretary of state refuses to file a document,
3 it shall be returned to the person who delivered the document
4 for filing within five days after the document was delivered,
5 together with a brief, written explanation of the reason for
6 the refusal.

7 4. The secretary of state's duty to file documents under
8 this section is ministerial. The secretary of state's filing
9 or refusing to file a document does not create a presumption
10 of any of the following:

11 a. The document does or does not conform to the requirements
12 of this chapter.

13 b. The information contained in the document is correct or
14 incorrect.

15 Sec. 8. Section 490.126, Code 2020, is amended by striking
16 the section and inserting in lieu thereof the following:

17 **490.126 Appeal from secretary of state's refusal to file
18 document.**

19 1. If the secretary of state refuses to file a document
20 delivered for filing, the person that delivered the document
21 for filing may petition the district court of the county where
22 the corporation's principal office or, if none in this state,
23 its registered office, is located to compel its filing. The court
24 document and the explanation of the secretary of state's
25 refusal to file must be attached to the petition. The court
26 may decide the matter in a summary proceeding.

27 2. The court may order the secretary of state to file the
28 document or take other action the court considers appropriate.

29 3. The court's final decision may be appealed as in other
30 civil proceedings.

31 Sec. 9. Section 490.127, Code 2020, is amended by striking
32 the section and inserting in lieu thereof the following:

33 **490.127 Evidentiary effect of certified copy of filed
34 document.**

35 A certificate from the secretary of state delivered with

1 a copy of a document filed by the secretary of state is
2 conclusive evidence that the original document is on file with
3 the secretary of state.

4 Sec. 10. Section 490.128, Code 2020, is amended by striking
5 the section and inserting in lieu thereof the following:

6 **490.128 Certificate of existence or registration.**

7 1. Any person may apply to the secretary of state to furnish
8 a certificate of existence for a domestic corporation or a
9 certificate of registration for a foreign corporation.

10 2. A certificate of existence must set forth all of the
11 following:

12 a. The domestic corporation's corporate name.

13 b. That the domestic corporation is duly incorporated under
14 the law of this state, the date of its incorporation, and the
15 period of its duration if less than perpetual.

16 c. That all fees, taxes, and penalties owed to this state
17 have been paid, subject to all of the following:

18 (1) Payment is reflected in the records of the secretary of
19 state.

20 (2) Nonpayment affects the existence of the domestic
21 corporation.

22 d. That its most recent biennial report required by section
23 490.1622 has been filed by the secretary of state.

24 e. That articles of dissolution have not been filed.

25 f. That the corporation is not administratively dissolved
26 and a proceeding is not pending under section 490.1421.

27 g. Other facts of record in the office of the secretary of
28 state that may be requested by the applicant.

29 3. A certificate of registration must set forth all of the
30 following:

31 a. The foreign corporation's name used in this state.

32 b. That the foreign corporation is registered to do business
33 in this state.

34 c. That all fees, taxes, and penalties owed to this state
35 have been paid, subject to all of the following:

1 (1) Payment is reflected in the records of the secretary of
2 state.

3 (2) Nonpayment affects the registration of the foreign
4 corporation.

5 d. That its most recent biennial report required by section
6 490.1622 has been filed by the secretary of state.

7 e. Other facts of record in the office of the secretary of
8 state that may be requested by the applicant.

9 4. Subject to any qualification stated in the certificate,
10 a certificate of existence or registration issued by the
11 secretary of state may be relied upon as conclusive evidence of
12 the facts stated in the certificate.

13 Sec. 11. Section 490.129, Code 2020, is amended by striking
14 the section and inserting in lieu thereof the following:

15 **490.129 Penalty for signing false document.**

16 1. A person commits an offense by signing a document that
17 the person knows is false in any material respect with intent
18 that the document be delivered to the secretary of state for
19 filing.

20 2. An offense under this section is a serious misdemeanor
21 punishable by a fine of not to exceed one thousand dollars.

22 Sec. 12. Section 490.135, Code 2020, is amended by striking
23 the section and inserting in lieu thereof the following:

24 **490.135 Powers.**

25 The secretary of state has the power reasonably necessary to
26 perform the duties required of the secretary of state by this
27 chapter.

28 Sec. 13. Section 490.140, Code 2020, is amended by striking
29 the section and inserting in lieu thereof the following:

30 **490.140 Chapter definitions.**

31 As used in this chapter, unless otherwise specified:

32 1. "*Articles of incorporation*" means the articles of
33 incorporation described in section 490.202, all amendments
34 to the articles of incorporation, and any other documents
35 permitted or required to be delivered for filing by a domestic

1 business corporation with the secretary of state under any
2 provision of this chapter that modify, amend, supplement,
3 restate, or replace the articles of incorporation. After
4 an amendment of the articles of incorporation or any other
5 document filed under this chapter that restates the articles of
6 incorporation in their entirety, the articles of incorporation
7 shall not include any prior documents. When used with respect
8 to a foreign corporation or a domestic or foreign nonprofit
9 corporation, the "*articles of incorporation*" of such an entity
10 means the document of such entity that is equivalent to the
11 articles of incorporation of a domestic business corporation.

12 2. "*Authorized shares*" means the shares of all classes a
13 domestic or foreign corporation is authorized to issue.

14 3. "*Beneficial shareholder*" means a person who owns
15 the beneficial interest in shares, which may be a record
16 shareholder or a person on whose behalf shares are registered
17 in the name of an intermediary or nominee.

18 4. "*Conspicuous*" means so written, displayed, or presented
19 that a reasonable person against whom the writing is to operate
20 should have noticed it.

21 5. "*Cooperative association*" means an entity that is
22 structured and operated on a cooperative basis pursuant to 26
23 U.S.C. §1381(a) and that meets the definitional requirements of
24 an association as provided in 12 U.S.C. §1141j(a) or 7 U.S.C.
25 §291.

26 6. "*Corporation*", "*domestic corporation*", "*business*
27 *corporation*", or "*domestic business corporation*" means a
28 corporation for profit, which is not a foreign corporation,
29 incorporated under this chapter.

30 7. "*Deliver*" or "*delivery*" means any method of delivery
31 used in conventional commercial practice, including delivery
32 by hand, mail, commercial delivery, and, if authorized in
33 accordance with section 490.141, by electronic transmission.

34 8. "*Distribution*" means a direct or indirect transfer of
35 cash or other property, except a corporation's own shares,

1 or incurrence of indebtedness by a corporation to or for the
2 benefit of its shareholders in respect of any of its shares.
3 A distribution may be in the form of a payment of a dividend;
4 a purchase, redemption, or other acquisition of shares; a
5 distribution of indebtedness; a distribution in liquidation;
6 or otherwise.

7 9. "*Document*" means any of the following:

8 a. A tangible medium on which information is inscribed, and
9 includes handwritten, typed, printed or similar instruments,
10 and copies of such instruments.

11 b. An electronic record.

12 10. "*Domestic*", with respect to an entity, means an entity
13 governed as to its internal affairs by the law of this state.

14 11. "*Effective date*", when referring to a document accepted
15 for filing by the secretary of state, means the time and date
16 determined in accordance with section 490.123.

17 12. "*Electronic*" means relating to technology having
18 electrical, digital, magnetic, wireless, optical,
19 electromagnetic, or similar capabilities.

20 13. "*Electronic record*" means information that is stored in
21 an electronic or other nontangible medium and is retrievable in
22 paper form through an automated process used in conventional
23 commercial practice, unless otherwise authorized in accordance
24 with section 490.141, subsection 10.

25 14. "*Electronic transmission*" or "*electronically transmitted*"
26 means any form or process of communication not directly
27 involving the physical transfer of paper or another tangible
28 medium, which is all of the following:

29 a. Suitable for the retention, retrieval, and reproduction
30 of information by the recipient.

31 b. Retrievable in paper form by the recipient through an
32 automated process used in conventional commercial practice,
33 unless otherwise authorized in accordance with section 490.141,
34 subsection 10.

35 15. "*Eligible entity*" means a domestic or foreign

1 unincorporated entity or a domestic or foreign nonprofit
2 corporation.

3 16. "*Eligible interests*" means interests or memberships.

4 17. "*Employee*" includes an officer but not a director.

5 A director may accept duties that make the director also an
6 employee.

7 18. "*Entity*" includes a domestic and foreign business
8 corporation; domestic and foreign nonprofit corporation;
9 estate; trust; domestic and foreign unincorporated entity; and
10 a state, the United States, and a foreign government.

11 19. "*Expenses*" means reasonable expenses of any kind,
12 including reasonable fees and expenses of counsel and experts
13 employed by the shareholder, that are incurred in connection
14 with a matter.

15 20. "*Filing entity*" means an unincorporated entity, other
16 than a limited liability partnership, that is of a type that
17 is created by filing a public organic record or is required to
18 file a public organic record that evidences its creation.

19 21. "*Foreign*", with respect to an entity, means an entity
20 governed as to its internal affairs by the organic law of a
21 jurisdiction other than this state.

22 22. "*Foreign corporation*" or "*foreign business corporation*"
23 means a corporation incorporated under a law other than the
24 law of this state which would be a business corporation if
25 incorporated under the law of this state.

26 23. "*Foreign nonprofit corporation*" means a corporation
27 incorporated under a law other than the law of this state which
28 would be a nonprofit corporation if incorporated under the law
29 of this state.

30 24. "*Foreign registration statement*" means the foreign
31 registration statement described in section 490.1503.

32 25. "*Governmental subdivision*" includes an authority, city,
33 county, district, and municipality.

34 26. "*Governor*" means any person under whose authority the
35 powers of an entity are exercised and under whose direction the

1 activities and affairs of the entity are managed pursuant to
2 the organic law governing the entity and its organic rules.

3 27. "*Includes*" and "*including*" denote a partial definition
4 or a nonexclusive list.

5 28. "*Individual*" means a natural person.

6 29. "*Interest*" means either or both of the following rights
7 under the organic law governing an unincorporated entity:

8 a. The right to receive distributions from the entity either
9 in the ordinary course or upon liquidation.

10 b. The right to receive notice or vote on issues involving
11 its internal affairs, other than as an agent, assignee, proxy,
12 or person responsible for managing its business and affairs.

13 30. "*Interest holder*" means a person who holds of record an
14 interest.

15 31. a. "*Interest holder liability*" means any of the
16 following:

17 (1) Personal liability for a debt, obligation, or other
18 liability of a domestic or foreign corporation or eligible
19 entity that is imposed on a person by any of the following:

20 (a) Solely by reason of the person's status as a
21 shareholder, member, or interest holder.

22 (b) By the articles of incorporation of the domestic
23 corporation or the organic rules of the eligible entity
24 or foreign corporation that make one or more specified
25 shareholders, members, or interest holders, or categories of
26 shareholders, members, or interest holders, liable in their
27 capacity as shareholders, members, or interest holders for all
28 or specified liabilities of the corporation or eligible entity.

29 (2) An obligation of a shareholder, member, or interest
30 holder under the articles of incorporation of a domestic
31 corporation or the organic rules of an eligible entity or
32 foreign corporation to contribute to the entity.

33 b. For purposes of paragraph "a", except as otherwise
34 provided in the articles of incorporation of a domestic
35 corporation or the organic law or organic rules of an eligible

1 entity or a foreign corporation, interest holder liability
2 arises under paragraph "a", subparagraph (1), when the
3 corporation or eligible entity incurs the liability.

4 32. "*Jurisdiction of formation*" means the state or country
5 the law of which includes the organic law governing a domestic
6 or foreign corporation or eligible entity.

7 33. "*Means*" denotes an exhaustive definition.

8 34. "*Membership*" means the rights of a member in a domestic
9 or foreign nonprofit corporation.

10 35. "*Merger*" means a transaction pursuant to section
11 490.1102.

12 36. "*Nonfiling entity*" means an unincorporated entity that
13 is of a type that is not created by filing a public organic
14 record.

15 37. "*Nonprofit corporation*" or "*domestic nonprofit*
16 *corporation*" means a corporation incorporated under the laws of
17 this state and subject to the provisions of chapter 504.

18 38. "*Organic law*" means the statute governing the internal
19 affairs of a domestic or foreign business or nonprofit
20 corporation or unincorporated entity.

21 39. "*Organic rules*" means the public organic record and
22 private organic rules of a domestic or foreign corporation or
23 eligible entity.

24 40. "*Person*" means a person as defined in section 4.1.

25 41. "*Principal office*" means the office, in or out of this
26 state, so designated in the biennial report required by section
27 490.1622 or foreign registration statement where the principal
28 executive offices of a domestic or foreign corporation are
29 located.

30 42. a. "*Private organic rules*" means any of the following:

31 (1) The bylaws of a domestic or foreign business or
32 nonprofit corporation.

33 (2) The rules, regardless of whether in writing, that govern
34 the internal affairs of an unincorporated entity, are binding
35 on all of its interest holders, and are not part of its public

1 organic record, if any.

2 b. Where private organic rules have been amended or
3 restated, the term means the private organic rules as last
4 amended or restated.

5 43. "*Proceeding*" includes a civil suit and criminal,
6 administrative, and investigatory action.

7 44. a. "*Public organic record*" means any of the following:
8 (1) The articles of incorporation of a domestic or foreign
9 business or nonprofit corporation.

10 (2) The document, if any, the filing of which is required
11 to create an unincorporated entity, or which creates the
12 unincorporated entity and is required to be filed.

13 b. Where a public organic record has been amended or
14 restated, the term means the public organic record as last
15 amended or restated.

16 45. "*Record date*" means the date fixed for determining
17 the identity of the corporation's shareholders and their
18 shareholdings for purposes of this chapter. Unless another
19 time is specified when the record date is fixed, the
20 determination shall be made as of the close of business at the
21 principal office of the corporation on the date so fixed.

22 46. "*Record shareholder*" means any of the following:

23 a. The person in whose name shares are registered in the
24 records of the corporation.

25 b. The person identified as the beneficial owner of shares
26 in a beneficial ownership certificate pursuant to section
27 490.723 on file with the corporation to the extent of the
28 rights granted by such certificate.

29 47. "*Registered foreign corporation*" means a foreign
30 corporation registered to do business in the state pursuant to
31 subchapter XV.

32 48. "*Secretary*" means the corporate officer to whom the
33 board of directors has delegated responsibility under section
34 490.840, subsection 3, to maintain the minutes of the meetings
35 of the board of directors and of the shareholders and for

1 authenticating records of the corporation.

2 49. "*Share exchange*" means a transaction pursuant to section
3 490.1103.

4 50. "*Shareholder*" means a record shareholder.

5 51. "*Shares*" means the units into which the proprietary
6 interests in a domestic or foreign corporation are divided.

7 52. "*Sign*" or "*signature*" means, with present intent to
8 authenticate or adopt a document, doing any of the following:

9 a. Executing or adopting a tangible symbol to a document,
10 including any manual, facsimile, or conformed signature.

11 b. Attaching to or logically associating with an electronic
12 transmission an electronic sound, symbol, or process,
13 and including an electronic signature in an electronic
14 transmission.

15 53. "*State*", when referring to a part of the United
16 States, includes a state and commonwealth, and their agencies
17 and governmental subdivisions, and a territory and insular
18 possession, and their agencies and governmental subdivisions,
19 of the United States.

20 54. "*Subscriber*" means a person who subscribes for shares in
21 a corporation, whether before or after incorporation.

22 55. "*Type of entity*" means a generic form of entity that is
23 any of the following:

24 a. Recognized at common law.

25 b. Formed under an organic law, regardless of whether
26 some entities formed under that law are subject to provisions
27 of that law that create different categories of the form of
28 entity.

29 56. a. "*Unincorporated entity*" means an organization
30 or artificial legal person that either has a separate legal
31 existence or has the power to acquire an estate in real
32 property in its own name and that is not any of the following:

33 (1) A domestic or foreign business or nonprofit
34 corporation.

35 (2) A series of a limited liability company or of another

1 type of entity.

2 (3) An estate.

3 (4) A trust.

4 (5) A state, the United States, or foreign government.

5 b. "*Unincorporated entity*" includes a general partnership,
6 limited liability company, limited partnership, business
7 trust, joint stock association, and unincorporated nonprofit
8 association.

9 57. "*United States*" includes district, authority, bureau,
10 commission, department, and any other agency of the United
11 States.

12 58. "*Unrestricted voting trust beneficial owner*" means, with
13 respect to any shareholder rights, a voting trust beneficial
14 owner whose entitlement to exercise the shareholder right in
15 question is not inconsistent with the voting trust agreement.

16 59. "*Voting group*" means all shares of one or more
17 classes or series that under the articles of incorporation
18 or this chapter are entitled to vote and be counted together
19 collectively on a matter at a meeting of shareholders. All
20 shares entitled by the articles of incorporation or this
21 chapter to vote generally on the matter are for that purpose
22 a single voting group.

23 60. "*Voting power*" means the current power to vote in the
24 election of directors.

25 61. "*Voting trust beneficial owner*" means an owner of
26 a beneficial interest in shares of the corporation held
27 in a voting trust established pursuant to section 490.730,
28 subsection 1.

29 62. "*Writing*" or "*written*" means any information in the form
30 of a document.

31 Sec. 14. Section 490.141, Code 2020, is amended by striking
32 the section and inserting in lieu thereof the following:

33 **490.141 Notices and other communications.**

34 1. A notice under this chapter must be in writing unless
35 oral notice is reasonable in the circumstances. Unless

1 otherwise agreed between the sender and the recipient, words
2 in a notice or other communication under this chapter must be
3 in English.

4 2. A notice or other communication may be given by any
5 method of delivery, except that electronic transmissions must
6 be in accordance with this section. If the methods of delivery
7 are impracticable, a notice or other communication may be
8 given by means of a broad nonexclusionary distribution to the
9 public, which may include a newspaper of general circulation
10 in the area where published; radio, television, or other
11 form of public broadcast communication; or other methods of
12 distribution that the corporation has previously identified to
13 its shareholders.

14 3. A notice or other communication to a domestic corporation
15 or to a foreign corporation registered to do business in this
16 state may be delivered to the corporation's registered agent at
17 its registered office or to the secretary at the corporation's
18 principal office shown in its most recent biennial report
19 required by section 490.1622 or, in the case of a foreign
20 corporation that has not yet delivered a biennial report, in
21 its foreign registration statement.

22 4. A notice or other communication may be delivered by
23 electronic transmission if consented to by the recipient or if
24 authorized by subsection 10.

25 5. Any consent under subsection 4 may be revoked by the
26 person who consented by written or electronic notice to the
27 person to whom the consent was delivered. Any such consent is
28 deemed revoked if all of the following apply:

29 a. The corporation is unable to deliver two consecutive
30 electronic transmissions given by the corporation in accordance
31 with such consent.

32 b. Such inability becomes known to the secretary or an
33 assistant secretary or to the transfer agent, or other person
34 responsible for the giving of notice or other communications;
35 provided, however, the inadvertent failure to treat such

1 inability as a revocation shall not invalidate any meeting or
2 other action.

3 6. Unless otherwise agreed between the sender and the
4 recipient, an electronic transmission is received when all of
5 the following apply:

6 a. The electronic transmission enters an information
7 processing system that the recipient has designated or uses
8 for the purposes of receiving electronic transmissions or
9 information of the type sent, and from which the recipient is
10 able to retrieve the electronic transmission.

11 b. The electronic transmission is in a form capable of being
12 processed by that system.

13 7. Receipt of an electronic acknowledgment from an
14 information processing system described in subsection 6,
15 paragraph "a", establishes that an electronic transmission was
16 received but, by itself, does not establish that the content
17 sent corresponds to the content received.

18 8. An electronic transmission is received under this
19 section even if no person is aware of its receipt.

20 9. A notice or other communication, if in a comprehensible
21 form or manner, is effective at the earliest of the following:

22 a. If in a physical form, the earliest of when it is
23 actually received, or when it is left at any of the following:

24 (1) A shareholder's address shown on the corporation's
25 record of shareholders maintained by the corporation under
26 section 490.1601, subsection 4.

27 (2) A director's residence or usual place of business.

28 (3) The corporation's principal office.

29 b. If mailed by postage prepaid and correctly addressed to a
30 shareholder, upon deposit in the United States mail.

31 c. If mailed by United States mail postage prepaid and
32 correctly addressed to a recipient other than a shareholder,
33 the earliest of when it is actually received, or as follows:

34 (1) If sent by registered or certified mail, return receipt
35 requested, the date shown on the return receipt signed by or on

1 behalf of the addressee.

2 (2) Five days after it is deposited in the United States
3 mail.

4 d. If an electronic transmission, when it is received as
5 provided in subsection 6.

6 e. If oral, when communicated.

7 10. A notice or other communication may be in the form of
8 an electronic transmission that cannot be directly reproduced
9 in paper form by the recipient through an automated process
10 used in conventional commercial practice only if all of the
11 following apply:

12 a. The electronic transmission is otherwise retrievable in
13 perceivable form.

14 b. The sender and the recipient have consented in writing to
15 the use of such form of electronic transmission.

16 11. If this chapter prescribes requirements for notices
17 or other communications in particular circumstances, those
18 requirements govern. If articles of incorporation or bylaws
19 prescribe requirements for notices or other communications,
20 not inconsistent with this section or other provisions of
21 this chapter, those requirements govern. The articles of
22 incorporation or bylaws may authorize or require delivery of
23 notices of meetings of directors by electronic transmission.

24 12. In the event that any provisions of this chapter are
25 deemed to modify, limit, or supersede the federal Electronic
26 Signatures in Global and National Commerce Act, 15 U.S.C.
27 §§7001 et seq., the provisions of this chapter shall control
28 to the maximum extent permitted by section 102(a)(2) of that
29 federal Act.

30 13. a. Whenever notice would otherwise be required to be
31 given under any provision of this subchapter to a shareholder,
32 such notice need not be given if any of the following apply:

33 (1) Notices to the shareholders of two consecutive annual
34 meetings, and all notices of meetings during the period between
35 such two consecutive annual meetings, have been sent to such

1 shareholder at such shareholder's address as shown on the
2 records of the corporation and have been returned undeliverable
3 or could not be delivered.

4 (2) All, but not less than two, payments of dividends on
5 securities during a twelve-month period, or two consecutive
6 payments of dividends on securities during a period of more
7 than twelve months, have been sent to such shareholder at
8 such shareholder's address as shown on the records of the
9 corporation and have been returned undeliverable or could not
10 be delivered.

11 b. If any such shareholder shall deliver to the corporation
12 a written notice setting forth such shareholder's then-current
13 address, the requirement that notice be given to such
14 shareholder shall be reinstated.

15 Sec. 15. Section 490.142, Code 2020, is amended by striking
16 the section and inserting in lieu thereof the following:

17 **490.142 Number of shareholders.**

18 1. For purposes of this chapter, any of the following
19 identified as a shareholder in a corporation's current record
20 of shareholders constitutes one shareholder:

21 a. Three or fewer co-owners.

22 b. A corporation, partnership, trust, estate, or other
23 entity.

24 c. The trustees, guardians, custodians, or other fiduciaries
25 of a single trust, estate, or account.

26 2. For purposes of this chapter, shareholdings registered
27 in substantially similar names constitute one shareholder if
28 it is reasonable to believe that the names represent the same
29 person.

30 Sec. 16. Section 490.143, Code 2020, is amended by striking
31 the section and inserting in lieu thereof the following:

32 **490.143 Qualified director.**

33 1. As used in this chapter, a "qualified director" means a
34 director who takes action, if at the time action is to be taken
35 any of the following applies:

1 a. Under section 490.202, subsection 2, paragraph "f", is
2 not a director under any of the following circumstances:

3 (1) To whom the limitation or elimination of the duty of
4 an officer to offer potential business opportunities to the
5 corporation would apply.

6 (2) Has a material relationship with any other person to
7 whom the limitation or elimination described in subparagraph
8 (1) would apply.

9 b. Under section 490.744, does not have any of the
10 following:

11 (1) A material interest in the outcome of the proceeding.

12 (2) A material relationship with a person who has such an
13 interest.

14 c. Under section 490.853 or 490.855, all of the following
15 apply:

16 (1) The director is not a party to the proceeding.

17 (2) The director is not a director as to whom a transaction
18 is a director's conflicting interest transaction or who sought
19 a disclaimer of the corporation's interest in a business
20 opportunity under section 490.870, which transaction or
21 disclaimer is challenged in the proceeding.

22 (3) The director does not have a material relationship with
23 a director described in either subparagraph (1) or (2).

24 d. Under section 490.862, the director is not any of the
25 following:

26 (1) A director as to whom the transaction is a director's
27 conflicting interest transaction.

28 (2) A director who has a material relationship with another
29 director as to whom the transaction is a director's conflicting
30 interest transaction.

31 e. Under section 490.870, is not a director who does any of
32 the following:

33 (1) Pursues or takes advantage of the business opportunity,
34 directly or indirectly through or on behalf of another person.

35 (2) Has a material relationship with a director or officer

1 who pursues or takes advantage of the business opportunity,
2 directly, or indirectly through or on behalf of another person.

3 2. As used in this section, all of the following apply:

4 a. "*Material interest*" means an actual or potential
5 benefit or detriment, other than one which would devolve on
6 the corporation or the shareholders generally, that would
7 reasonably be expected to impair the objectivity of the
8 director's judgment when participating in the action to be
9 taken.

10 b. "*Material relationship*" means a familial, financial,
11 professional, employment, or other relationship that would
12 reasonably be expected to impair the objectivity of the
13 director's judgment when participating in the action to be
14 taken.

15 3. The presence of one or more of the following
16 circumstances shall not automatically prevent a director from
17 being a qualified director:

18 a. Nomination or election of the director to the current
19 board by any director who is not a qualified director with
20 respect to the matter, or by any person that has a material
21 relationship with that director, acting alone or participating
22 with others.

23 b. Service as a director of another corporation of which a
24 director who is not a qualified director with respect to the
25 matter, or any individual who has a material relationship with
26 that director, is or was also a director.

27 c. With respect to action to be taken under section 490.744,
28 status as a named defendant, as a director against whom action
29 is demanded, or as a director who approved the conduct being
30 challenged.

31 Sec. 17. Section 490.144, Code 2020, is amended by striking
32 the section and inserting in lieu thereof the following:

33 **490.144 Householding.**

34 1. A corporation has delivered written notice or any
35 other report or statement under this chapter, the articles of

1 incorporation, or the bylaws to all shareholders who share a
2 common address if all of the following apply:

3 a. The corporation delivers one copy of the notice, report,
4 or statement to the common address.

5 b. The corporation addresses the notice, report, or
6 statement to those shareholders either as a group or to each
7 of those shareholders individually or to the shareholders in a
8 form to which each of those shareholders has consented.

9 c. Each of those shareholders consents to delivery of
10 a single copy of such notice, report, or statement to the
11 shareholders' common address.

12 2. Any such consent described in subsection 1, paragraph
13 "b" or "c", shall be revocable by any of such shareholders who
14 deliver written notice of revocation to the corporation. If
15 such written notice of revocation is delivered, the corporation
16 shall begin providing individual notices, reports, or other
17 statements to the revoking shareholder no later than thirty
18 days after delivery of the written notice of revocation.

19 3. Any shareholder who fails to object by written notice
20 to the corporation, within sixty days of written notice by
21 the corporation of its intention to deliver single copies of
22 notices, reports, or statements to shareholders who share a
23 common address as permitted by subsection 1, shall be deemed
24 to have consented to receiving such single copy at the common
25 address; provided that the notice of intention explains that
26 consent may be revoked and the method for revoking.

27 Sec. 18. NEW SECTION. 490.145 Part definitions.

28 As used in this part:

29 1. "*Corporate action*" means any action taken by or on
30 behalf of the corporation, including any action taken by the
31 incorporator, the board of directors, a committee of the board
32 of directors, an officer or agent of the corporation, or the
33 shareholders.

34 2. "*Date of the defective corporate action*" means the date
35 or, if the defective corporate action occurred or may have

1 occurred on more than one date, the range of dates, or the
2 approximate date or range of dates, if the exact date or range
3 of dates is unknown or not readily ascertainable, the defective
4 corporate action was purported to have been taken.

5 3. "*Defective corporate action*" means all of the following:

6 a. Any corporate action purportedly taken that is, and at
7 the time such corporate action was purportedly taken would
8 have been, within the power of the corporation, but is void or
9 voidable due to a failure of authorization.

10 b. An overissue.

11 4. "*Failure of authorization*" means the failure to
12 authorize, approve, or otherwise effect a corporate action in
13 compliance with the provisions of this chapter, the articles of
14 incorporation or bylaws, a corporate resolution, or any plan
15 or agreement to which the corporation is a party, if and to the
16 extent such failure would render such corporate action void or
17 voidable.

18 5. "*Overissue*" means the purported issuance of any of the
19 following:

20 a. Shares of a class or series in excess of the number of
21 shares of a class or series the corporation has the power to
22 issue under section 490.601 at the time of such issuance.

23 b. Shares of any class or series that is not then authorized
24 for issuance by the articles of incorporation.

25 6. "*Putative shares*" means the shares of any class or
26 series, including shares issued upon exercise of rights,
27 options, warrants or other securities convertible into
28 shares of the corporation, or interests with respect to such
29 shares, that were created or issued as a result of a defective
30 corporate action, and any of the following applies:

31 a. But for any failure of authorization would constitute
32 valid shares.

33 b. Cannot be determined by the board of directors to be
34 valid shares.

35 7. "*Valid shares*" means the shares of any class or series

1 that have been duly authorized and validly issued in accordance
2 with this chapter, including as a result of ratification or
3 validation under this part.

4 8. *a.* "Validation effective time" with respect to any
5 defective corporate action ratified under this part means the
6 later of the following:

7 (1) The time at which the ratification of the defective
8 corporate action is approved by the shareholders, or if
9 approval of shareholders is not required, the time at which
10 the notice required by section 490.149 becomes effective in
11 accordance with section 490.141.

12 (2) The time at which any articles of validation filed in
13 accordance with section 490.151 become effective.

14 *b.* The validation effective time shall not be affected by
15 the filing or pendency of a judicial proceeding under section
16 490.152 or otherwise, unless otherwise ordered by the court.

17 **Sec. 19. NEW SECTION. 490.146 Defective corporate actions.**

18 1. A defective corporate action shall not be void or
19 voidable if ratified in accordance with section 490.147 or
20 validated in accordance with section 490.152.

21 2. Ratification under section 490.147 or validation under
22 section 490.152 shall not be deemed to be the exclusive means
23 of ratifying or validating any defective corporate action, and
24 the absence or failure of ratification in accordance with this
25 part shall not, of itself, affect the validity or effectiveness
26 of any corporate action properly ratified under common law or
27 otherwise, nor shall it create a presumption that any such
28 corporate action is or was a defective corporate action or void
29 or voidable.

30 3. In the case of an overissue, putative shares shall be
31 valid shares effective as of the date originally issued or
32 purportedly issued upon any of the following:

33 *a.* The effectiveness under this part and under subchapter X
34 of an amendment to the articles of incorporation authorizing,
35 designating, or creating such shares.

1 b. The effectiveness of any other corporate action under
2 this part ratifying the authorization, designation, or creation
3 of such shares.

4 Sec. 20. NEW SECTION. 490.147 Ratification of defective
5 corporate actions.

6 1. To ratify a defective corporate action under this
7 section, other than the ratification of an election of the
8 initial board of directors under subsection 2, the board of
9 directors shall take action ratifying the action in accordance
10 with section 490.148, stating all of the following:

11 a. The defective corporate action to be ratified and, if the
12 defective corporate action involved the issuance of putative
13 shares, the number and type of putative shares purportedly
14 issued.

15 b. The date of the defective corporate action.

16 c. The nature of the failure of authorization with respect
17 to the defective corporate action to be ratified.

18 d. That the board of directors approves the ratification of
19 the defective corporate action.

20 2. In the event that a defective corporate action to be
21 ratified relates to the election of the initial board of
22 directors of the corporation under section 490.205, subsection
23 1, paragraph "b", a majority of the persons who, at the time of
24 the ratification, are exercising the powers of directors may
25 take an action stating all of the following:

26 a. The name of the person or persons who first took
27 action in the name of the corporation as the initial board of
28 directors of the corporation.

29 b. The earlier of the date on which such persons first
30 took such action or were purported to have been elected as the
31 initial board of directors.

32 c. That the ratification of the election of such person or
33 persons as the initial board of directors is approved.

34 3. If any provision of this chapter, the articles of
35 incorporation or bylaws, any corporate resolution, or any

1 plan or agreement to which the corporation is a party in
2 effect at the time action under subsection 1 is taken requires
3 shareholder approval or would have required shareholder
4 approval at the date of the occurrence of the defective
5 corporate action, the ratification of the defective corporate
6 action approved in the action taken by the directors under
7 subsection 1 shall be submitted to the shareholders for
8 approval in accordance with section 490.148.

9 4. Unless otherwise provided in the action taken by the
10 board of directors under subsection 1, after the action by the
11 board of directors has been taken and, if required, approved
12 by the shareholders, the board of directors may abandon the
13 ratification at any time before the validation effective time
14 without further action of the shareholders.

15 Sec. 21. NEW SECTION. 490.148 Action on ratification.

16 1. The quorum and voting requirements applicable to a
17 ratifying action by the board of directors under section
18 490.147, subsection 1, shall be the quorum and voting
19 requirements applicable to the corporate action proposed to be
20 ratified at the time such ratifying action is taken.

21 2. If the ratification of the defective corporate action
22 requires approval by the shareholders under section 490.147,
23 subsection 3, and if the approval is to be given at a meeting,
24 the corporation shall notify each holder of valid and putative
25 shares, regardless of whether entitled to vote, as of the
26 record date for notice of the meeting and as of the date of
27 the occurrence of defective corporate action, provided that
28 notice shall not be required to be given to holders of valid or
29 putative shares whose identities or addresses for notice cannot
30 be determined from the records of the corporation. The notice
31 must state that the purpose, or one of the purposes, of the
32 meeting is to consider ratification of a defective corporate
33 action and must be accompanied by all of the following:

34 a. Either a copy of the action taken by the board of
35 directors in accordance with section 490.147, subsection 1,

1 or the information required by section 490.147, subsection 1,
2 paragraphs "a" through "d".

3 b. A statement that any claim that the ratification of
4 such defective corporate action and any putative shares issued
5 as a result of such defective corporate action should not be
6 effective, or should be effective only on certain conditions,
7 shall be brought within one hundred twenty days from the
8 applicable validation effective time.

9 3. Except as provided in subsection 4, with respect to the
10 voting requirements to ratify the election of a director, the
11 quorum and voting requirements applicable to the approval by
12 the shareholders required by section 490.147, subsection 3,
13 shall be the quorum and voting requirements applicable to the
14 corporate action proposed to be ratified at the time of such
15 shareholder approval.

16 4. The approval by shareholders to ratify the election of a
17 director requires that the votes cast within the voting group
18 favoring such ratification exceed the votes cast opposing such
19 ratification of the election at a meeting at which a quorum is
20 present.

21 5. Putative shares on the record date for determining
22 the shareholders entitled to vote on any matter submitted to
23 shareholders under section 490.147, subsection 3, and without
24 giving effect to any ratification of putative shares that
25 becomes effective as a result of such vote, shall neither be
26 entitled to vote nor counted for quorum purposes in any vote to
27 approve the ratification of any defective corporate action.

28 6. If the approval under this section of putative shares
29 would result in an overissue, in addition to the approval
30 required by section 490.147, approval of an amendment to the
31 articles of incorporation under subchapter X to increase
32 the number of shares of an authorized class or series or to
33 authorize the creation of a class or series of shares so there
34 would be no overissue shall also be required.

35 Sec. 22. NEW SECTION. 490.149 Notice requirements.

1 1. Unless shareholder approval is required under section
2 490.147, subsection 3, prompt notice of an action taken under
3 section 490.147 shall be given to each holder of valid and
4 putative shares, regardless of whether entitled to vote, as of
5 all of the following:

6 a. The date of such action by the board of directors.

7 b. The date of the defective corporate action ratified,
8 provided that notice shall not be required to be given to
9 holders of valid and putative shares whose identities or
10 addresses for notice cannot be determined from the records of
11 the corporation.

12 2. The notice must contain all of the following:

13 a. Either a copy of the action taken by the board of
14 directors in accordance with section 490.147, subsection 1 or
15 2, or the information required by section 490.147, subsection
16 1, paragraphs "a" through "d", or section 490.147, subsection 2,
17 paragraphs "a" through "c", as applicable.

18 b. A statement that any claim that the ratification of
19 the defective corporate action and any putative shares issued
20 as a result of such defective corporate action should not be
21 effective, or should be effective only on certain conditions,
22 shall be brought within one hundred twenty days from the
23 applicable validation effective time.

24 3. No notice under this section is required with respect
25 to any action required to be submitted to shareholders for
26 approval under section 490.147, subsection 3, if notice is
27 given in accordance with section 490.148, subsection 2.

28 4. A notice required by this section may be given in any
29 manner permitted by section 490.141 and, for any corporation
30 subject to the reporting requirements of section 13 or 15(d) of
31 the federal Securities Exchange Act of 1934, may be given by
32 means of a filing or furnishing of such notice with the United
33 States securities and exchange commission.

34 Sec. 23. NEW SECTION. 490.150 Effect of ratification.

35 From and after the validation effective time, and without

1 regard to the one hundred twenty-day period during which
2 a claim may be brought under section 490.152, all of the
3 following shall apply:

4 1. Each defective corporate action ratified in accordance
5 with section 490.147 shall not be void or voidable as a result
6 of the failure of authorization identified in the action taken
7 under section 490.147, subsection 1 or 2, and shall be deemed
8 a valid corporate action effective as of the date of the
9 defective corporate action.

10 2. The issuance of each putative share or fraction of a
11 putative share purportedly issued pursuant to a defective
12 corporate action identified in the action taken under section
13 490.147 shall not be void or voidable, and each such putative
14 share or fraction of a putative share shall be deemed to be an
15 identical share or fraction of a valid share as of the time it
16 was purportedly issued.

17 3. Any corporate action taken subsequent to the defective
18 corporate action ratified in accordance with this part in
19 reliance on such defective corporate action having been
20 validly effected and any subsequent defective corporate action
21 resulting directly or indirectly from such original defective
22 corporate action shall be valid as of the time taken.

23 Sec. 24. NEW SECTION. 490.151 Filings.

24 1. If the defective corporate action ratified under this
25 part would have required under any other section of this
26 chapter a filing in accordance with this chapter, then,
27 regardless of whether a filing was previously made in respect
28 of such defective corporate action and in lieu of a filing
29 otherwise required by this chapter, the corporation shall file
30 articles of validation in accordance with this section, and
31 such articles of validation shall serve to amend or substitute
32 for any other filing with respect to such defective corporate
33 action required by this chapter.

34 2. The articles of validation must set forth all of the
35 following:

1 a. The defective corporate action that is the subject of the
2 articles of validation, including in the case of any defective
3 corporate action involving the issuance of putative shares, the
4 number and type of putative shares issued and the date or dates
5 upon which such putative shares were purported to have been
6 issued.

7 b. The date of the defective corporate action.

8 c. The nature of the failure of authorization in respect of
9 the defective corporate action.

10 d. A statement that the defective corporate action was
11 ratified in accordance with section 490.147, including
12 the date on which the board of directors ratified such
13 defective corporate action and the date, if any, on which
14 the shareholders approved the ratification of such defective
15 corporate action.

16 e. The information required by subsection 3.

17 3. The articles of validation must also contain the
18 following information:

19 a. If a filing was previously made in respect of the
20 defective corporate action and no changes to such filing are
21 required to give effect to the ratification of such defective
22 corporate action in accordance with section 490.147, the
23 articles of validation must set forth all of the following:

24 (1) The name, title, and filing date of the filing
25 previously made and any articles of correction to that filing.

26 (2) A statement that a copy of the filing previously made,
27 together with any articles of correction to that filing, is
28 attached as an exhibit to the articles of validation.

29 b. If a filing was previously made in respect of the
30 defective corporate action and such filing requires any change
31 to give effect to the ratification of such defective corporate
32 action in accordance with section 490.147, the articles of
33 validation must set forth all of the following:

34 (1) The name, title, and filing date of the filing
35 previously made and any articles of correction to that filing.

1 (2) A statement that a filing containing all of the
2 information required to be included under the applicable
3 section or sections of this chapter to give effect to such
4 defective corporate action is attached as an exhibit to the
5 articles of validation.

6 (3) The date and time that such filing is deemed to have
7 become effective.

8 c. If a filing was not previously made in respect of the
9 defective corporate action and the defective corporate action
10 ratified under section 490.147 would have required a filing
11 under any other section of this chapter, the articles of
12 validation must set forth all of the following:

13 (1) A statement that a filing containing all of the
14 information required to be included under the applicable
15 section or sections of this chapter to give effect to such
16 defective corporate action is attached as an exhibit to the
17 articles of validation.

18 (2) The date and time that such filing is deemed to have
19 become effective.

20 Sec. 25. NEW SECTION. 490.152 Judicial proceedings
21 regarding validity of corporate actions.

22 1. Upon application by the corporation, any successor
23 entity to the corporation, a director of the corporation, any
24 shareholder, beneficial shareholder, or unrestricted voting
25 trust beneficial owner of the corporation, including any
26 such shareholder, beneficial shareholder, or unrestricted
27 voting trust beneficial owner as of the date of the defective
28 corporate action ratified under section 490.147, or any other
29 person claiming to be substantially and adversely affected by a
30 ratification under section 490.147, the district court of the
31 county where a corporation's principal office or, if none in
32 this state, its registered office, is located may do all of the
33 following:

34 a. Determine the validity and effectiveness of any corporate
35 action or defective corporate action.

1 b. Determine the validity and effectiveness of any
2 ratification under section 490.147.

3 c. Determine the validity of any putative shares.

4 d. Modify or waive any of the procedures specified in
5 section 490.147 or 490.148 to ratify a defective corporate
6 action.

7 2. In connection with an action under this section, the
8 court may make such findings or orders, and take into account
9 any factors or considerations, regarding such matters as it
10 deems proper under the circumstances.

11 3. Service of process of the application under subsection
12 1 on the corporation may be made in any manner provided by
13 statute of this state or by rule of the applicable court for
14 service on the corporation, and no other party need be joined
15 in order for the court to adjudicate the matter. In an action
16 filed by the corporation, the court may require notice of the
17 action to be provided to other persons specified by the court
18 and permit such other persons to intervene in the action.

19 4. Notwithstanding any other provision of this section or
20 otherwise under applicable law, any action asserting that the
21 ratification of any defective corporate action and any putative
22 shares issued as a result of such defective corporate action
23 should not be effective, or should be effective only on certain
24 conditions, shall be brought within one hundred twenty days of
25 the validation effective time.

26 Sec. 26. Section 490.201, Code 2020, is amended by striking
27 the section and inserting in lieu thereof the following:

28 **490.201 Incorporators.**

29 One or more persons may act as the incorporator or
30 incorporators of a corporation by delivering articles of
31 incorporation to the secretary of state for filing.

32 Sec. 27. Section 490.202, Code 2020, is amended by striking
33 the section and inserting in lieu thereof the following:

34 **490.202 Articles of incorporation.**

35 1. The articles of incorporation must set forth all of the

1 following:

2 a. A corporate name for the corporation that satisfies the
3 requirements of section 490.401.

4 b. The number of shares the corporation is authorized to
5 issue.

6 c. The street and mailing addresses of the corporation's
7 initial registered office and the name of its initial
8 registered agent at that office.

9 d. The name and address of each incorporator.

10 2. The articles of incorporation may set forth any of the
11 following:

12 a. The names and addresses of the individuals who are to
13 serve as the initial directors.

14 b. Provisions not inconsistent with law regarding any of the
15 following:

16 (1) The purpose or purposes for which the corporation is
17 organized.

18 (2) Managing the business and regulating the affairs of the
19 corporation.

20 (3) Defining, limiting, and regulating the powers of the
21 corporation, its board of directors, and shareholders.

22 (4) A par value for authorized shares or classes of shares.

23 (5) The imposition of interest holder liability on
24 shareholders.

25 c. Any provision that under this chapter is required or
26 permitted to be set forth in the bylaws.

27 d. A provision eliminating or limiting the liability
28 of a director to the corporation or its shareholders for
29 money damages for any action taken, or any failure to take
30 any action, as a director, except liability for any of the
31 following:

32 (1) The amount of a financial benefit received by a director
33 to which the director is not entitled.

34 (2) An intentional infliction of harm on the corporation or
35 the shareholders.

1 (3) A violation of section 490.833.

2 (4) An intentional violation of criminal law.

3 e. A provision permitting or making obligatory
4 indemnification of a director for liability, as defined in
5 section 490.850, to any person for any action taken, or any
6 failure to take any action, as a director, except liability for
7 any of the following:

8 (1) Receipt of a financial benefit to which the director is
9 not entitled.

10 (2) An intentional infliction of harm on the corporation or
11 its shareholders.

12 (3) A violation of section 490.833.

13 (4) An intentional violation of criminal law.

14 f. A provision limiting or eliminating any duty of a
15 director or any other person to offer the corporation the
16 right to have or participate in any, or one or more classes
17 or categories of, business opportunities, before the pursuit
18 or taking of the opportunity by the director or other person;
19 provided that any application of such a provision to an officer
20 or a related person of that officer is subject to all of the
21 following:

22 (1) It also requires approval of that application by the
23 board of directors, subsequent to the effective date of the
24 provision, by action of qualified directors taken in compliance
25 with the same procedures as are set forth in section 490.862.

26 (2) It may be limited by the authorizing action of the
27 board.

28 3. The articles of incorporation need not set forth any of
29 the corporate powers enumerated in this chapter.

30 4. Provisions of the articles of incorporation may be made
31 dependent upon facts objectively ascertainable outside the
32 articles of incorporation in accordance with section 490.120,
33 subsection 11.

34 5. As used in this section, "*related person*" has the meaning
35 specified in section 490.860.

1 Sec. 28. Section 490.203, Code 2020, is amended by striking
2 the section and inserting in lieu thereof the following:

3 **490.203 Incorporation.**

4 1. Unless a delayed effective date is specified, the
5 corporate existence begins when the articles of incorporation
6 are filed.

7 2. The secretary of state's filing of the articles of
8 incorporation is conclusive proof that the incorporators
9 satisfied all conditions precedent to incorporation except in a
10 proceeding by the state to cancel or revoke the incorporation
11 or involuntarily dissolve the corporation.

12 Sec. 29. Section 490.205, Code 2020, is amended by striking
13 the section and inserting in lieu thereof the following:

14 **490.205 Organization of corporation.**

15 1. After incorporation, the following shall apply:

16 a. If initial directors are named in the articles
17 of incorporation, the initial directors shall hold an
18 organizational meeting, at the call of a majority of the
19 directors, to complete the organization of the corporation by
20 appointing officers, adopting bylaws, and carrying on any other
21 business brought before the meeting.

22 b. If initial directors are not named in the articles of
23 incorporation, the incorporator or incorporators shall hold
24 an organizational meeting at the call of a majority of the
25 incorporators to do any of the following:

26 (1) Elect initial directors and complete the organization
27 of the corporation.

28 (2) Elect a board of directors who shall complete the
29 organization of the corporation.

30 2. Action required or permitted by this chapter to be taken
31 by incorporators at an organizational meeting may be taken
32 without a meeting if the action taken is evidenced by one or
33 more written consents describing the action taken and signed by
34 each incorporator.

35 3. An organizational meeting may be held in or out of this

1 state.

2 Sec. 30. Section 490.206, Code 2020, is amended by striking
3 the section and inserting in lieu thereof the following:

4 **490.206 Bylaws.**

5 1. The incorporators or board of directors of a corporation
6 shall adopt initial bylaws for the corporation.

7 2. The bylaws of a corporation may contain any provision
8 that is not inconsistent with law or the articles of
9 incorporation.

10 3. The bylaws may contain any of the following provisions:

11 a. A requirement that if the corporation solicits proxies
12 or consents with respect to an election of directors, the
13 corporation include in its proxy statement and any form
14 of its proxy or consent, to the extent and subject to such
15 procedures or conditions as are provided in the bylaws, one
16 or more individuals nominated by a shareholder in addition to
17 individuals nominated by the board of directors.

18 b. A requirement that the corporation reimburse the expenses
19 incurred by a shareholder in soliciting proxies or consents in
20 connection with an election of directors, to the extent and
21 subject to such procedures and conditions as are provided in
22 the bylaws, provided that no bylaw so adopted shall apply to
23 elections for which any record date precedes its adoption.

24 4. Notwithstanding section 490.1020, subsection 2,
25 paragraph "b", the shareholders in amending, repealing, or
26 adopting a bylaw described in subsection 3 shall not limit the
27 authority of the board of directors to amend or repeal any
28 condition or procedure set forth in or to add any procedure
29 or condition to such a bylaw to provide for a reasonable,
30 practical, and orderly process.

31 Sec. 31. Section 490.207, Code 2020, is amended by striking
32 the section and inserting in lieu thereof the following:

33 **490.207 Emergency bylaws.**

34 1. Unless the articles of incorporation provide otherwise,
35 the board of directors may adopt bylaws to be effective only in

1 an emergency as defined in subsection 4. The emergency bylaws,
2 which are subject to amendment or repeal by the shareholders,
3 may make all provisions necessary for managing the corporation
4 during the emergency, including any of the following:

5 a. Procedures for calling a meeting of the board of
6 directors.

7 b. Quorum requirements for the meeting.

8 c. Designation of additional or substitute directors.

9 2. All provisions of the regular bylaws not inconsistent
10 with the emergency bylaws remain effective during the
11 emergency. The emergency bylaws are not effective after the
12 emergency ends.

13 3. Corporate action taken in good faith in accordance with
14 the emergency bylaws has all of the following effects:

15 a. The action binds the corporation.

16 b. The action shall not be used to impose liability on a
17 director, officer, employee, or agent of the corporation.

18 4. An emergency exists for purposes of this section if a
19 quorum of the board of directors cannot readily be assembled
20 because of some catastrophic event.

21 Sec. 32. NEW SECTION. 490.208 Forum selection provisions.

22 1. The articles of incorporation or bylaws may require
23 that any or all internal corporate claims shall be brought
24 exclusively in any specified court or courts of this state
25 and, if so specified, in any additional courts in this state
26 or in any other jurisdictions with which the corporation has a
27 reasonable relationship.

28 2. A provision of the articles of incorporation or bylaws
29 adopted under subsection 1 shall not have the effect of
30 conferring jurisdiction on any court or over any person or
31 claim, and shall not apply if none of the courts specified
32 by such provision has the requisite personal and subject
33 matter jurisdiction. If the court or courts of this state
34 specified in a provision adopted under subsection 1 do not
35 have the requisite personal and subject matter jurisdiction

1 and another court of this state does have such jurisdiction,
2 then the internal corporate claim may be brought in such other
3 court of this state, notwithstanding that such other court
4 of this state is not specified in such provision, and in any
5 other court specified in such provision that has the requisite
6 jurisdiction.

7 3. No provision of the articles of incorporation or bylaws
8 may prohibit bringing an internal corporate claim in the
9 courts of this state or require such claims to be determined
10 by arbitration.

11 4. "*Internal corporate claim*" means, for the purposes of
12 this section, any of the following:

13 a. Any claim that is based upon a violation of a duty
14 under the laws of this state by a current or former director,
15 officer, or shareholder in such capacity.

16 b. Any derivative action or proceeding brought on behalf of
17 the corporation.

18 c. Any action asserting a claim arising pursuant to any
19 provision of this chapter or the articles of incorporation or
20 bylaws.

21 d. Any action asserting a claim governed by the internal
22 affairs doctrine that is not included in paragraphs "a" through
23 "c".

24 Sec. 33. NEW SECTION. **490.209 Foreign-trade zone**
25 **corporation.**

26 A corporation may be organized under the laws of this state
27 for the purpose of establishing, operating, and maintaining
28 a foreign-trade zone as defined in 19 U.S.C. §81(a). A
29 corporation organized for the purposes set forth in this
30 section has all powers necessary or convenient for applying
31 for a grant of authority to establish, operate, and maintain
32 a foreign-trade zone under 19 U.S.C. §81(a) et seq., and
33 regulations promulgated under that law, and for establishing,
34 operating, and maintaining a foreign-trade zone pursuant to
35 that grant of authority.

1 Sec. 34. Section 490.302, Code 2020, is amended by striking
2 the section and inserting in lieu thereof the following:

3 **490.302 General powers.**

4 Unless its articles of incorporation provide otherwise,
5 every corporation has perpetual duration and succession in its
6 corporate name and has the same powers as an individual to do
7 all things necessary or convenient to carry out its business
8 and affairs, including the power to do all of the following:
9 1. Sue and be sued, complain, and defend in its corporate
10 name.

11 2. Have a corporate seal, which may be altered at will, and
12 to use it, or a facsimile of it, by impressing or affixing it or
13 in any other manner reproducing it.

14 3. Make and amend bylaws, not inconsistent with its articles
15 of incorporation or with the laws of this state, for managing
16 the business and regulating the affairs of the corporation.

17 4. Purchase, receive, lease, or otherwise acquire, and own,
18 hold, improve, use, and otherwise deal with, real or personal
19 property, or any legal or equitable interest in property,
20 wherever located.

21 5. Sell, convey, mortgage, pledge, lease, exchange, and
22 otherwise dispose of all or any part of its property.

23 6. Purchase, receive, subscribe for, or otherwise acquire,
24 own, hold, vote, use, sell, mortgage, lend, pledge, or
25 otherwise dispose of, and deal in and with shares or other
26 interests in, or obligations of, any other entity.

27 7. Make contracts and guarantees, incur liabilities,
28 borrow money, issue its notes, bonds, and other securities
29 and obligations, which may be convertible into or include the
30 option to purchase other securities of the corporation, and
31 secure any of its obligations by mortgage or pledge of any of
32 its property, franchises, or income.

33 8. Lend money, invest and reinvest its funds, and receive
34 and hold real and personal property as security for repayment.

35 9. Be a promoter, partner, member, associate, or manager of

1 any partnership, joint venture, trust, or other entity.

2 10. Conduct its business, locate offices, and exercise the
3 powers granted by this chapter within or without this state.

4 11. Elect directors and appoint officers, employees, and
5 agents of the corporation, define their duties, fix their
6 compensation, and lend them money and credit.

7 12. Pay pensions and establish pension plans, pension
8 trusts, profit sharing plans, share bonus plans, share option
9 plans, and benefit or incentive plans for any or all of its
10 current or former directors, officers, employees, and agents.

11 13. Make donations for the public welfare or for charitable,
12 scientific, or educational purposes.

13 14. Transact any lawful business that will aid governmental
14 policy.

15 15. Make payments or donations, or do any other act, not
16 inconsistent with law, that furthers the business and affairs
17 of the corporation.

18 Sec. 35. Section 490.303, Code 2020, is amended by striking
19 the section and inserting in lieu thereof the following:

20 **490.303 Emergency powers.**

21 1. In anticipation of or during an emergency as defined in
22 subsection 4, the board of directors of a corporation may do
23 all of the following:

24 a. Modify lines of succession to accommodate the incapacity
25 of any director, officer, employee, or agent.

26 b. Relocate the principal office, designate alternative
27 principal offices or regional offices, or authorize the
28 officers to do so.

29 2. During an emergency as defined in subsection 4, unless
30 emergency bylaws provide otherwise:

31 a. Notice of a meeting of the board of directors need be
32 given only to those directors whom it is practicable to reach
33 and may be given in any practicable manner.

34 b. One or more officers of the corporation present at a
35 meeting of the board of directors may be deemed to be directors

1 for the meeting, in order of rank and within the same rank in
2 order of seniority, as necessary to achieve a quorum.

3 3. Corporate action taken in good faith during an emergency
4 under this section to further the ordinary business affairs of
5 the corporation shall both:

6 a. Bind the corporation.

7 b. Not be used to impose liability on a corporate director,
8 officer, employee, or agent.

9 4. An emergency exists for purposes of this section if a
10 quorum of the board of directors cannot readily be assembled
11 because of some catastrophic event.

12 Sec. 36. Section 490.401, Code 2020, is amended by striking
13 the section and inserting in lieu thereof the following:

14 **490.401 Corporate name.**

15 1. A corporate name is subject to all of the following:

16 a. It must contain the word "corporation", "incorporated",
17 "company", or "limited", or the abbreviation "corp.", "inc.",
18 "co.", or "ltd.", or words or abbreviations of like import in
19 another language.

20 b. It must not contain language stating or implying that
21 the corporation is organized for a purpose other than that
22 permitted by section 490.301 and its articles of incorporation.

23 2. Except as authorized by subsections 3 and 4, a corporate
24 name must be distinguishable upon the records of the secretary
25 of state from all of the following:

26 a. The corporate name of a corporation incorporated in
27 this state which is not administratively dissolved, or if such
28 corporation has been administratively dissolved, within five
29 years after the effective date of dissolution.

30 b. A corporate name reserved or registered under section
31 490.402 or 490.403 or any similar provision of the law of this
32 state.

33 c. The name of a foreign corporation registered to do
34 business in this state or an alternate name adopted by a
35 foreign corporation registered to do business in this state

1 because its corporate name is unavailable.

2 d. The corporate name of a nonprofit corporation
3 incorporated in this state which is not administratively
4 dissolved.

5 e. The name of a foreign nonprofit corporation registered
6 to do business in this state or an alternate name adopted by a
7 foreign nonprofit corporation registered to conduct activities
8 in this state because its real name is unavailable.

9 f. The name of a domestic filing entity which is not
10 administratively dissolved.

11 g. The name of a foreign unincorporated entity registered
12 to do business in this state or an alternate name adopted by
13 such an entity registered to conduct activities in this state
14 because its real name is unavailable.

15 h. A name reserved, registered, or protected as follows:

16 (1) For a limited liability partnership, section 486A.1001
17 or 486A.1002.

18 (2) For a limited partnership, section 488.108, 488.109, or
19 488.810.

20 (3) For a business corporation, this section, or section
21 490.402, 490.403, or 490.1422.

22 (4) For a limited liability company under chapter 489,
23 section 489.108, 489.109, or 489.706.

24 (5) For a nonprofit corporation, section 504.401, 504.402,
25 504.403, or 504.1423.

26 3. A corporation may apply to the secretary of state for
27 authorization to use a name that is not distinguishable upon
28 the secretary of state's records from one or more of the names
29 described in subsection 2. The secretary of state shall
30 authorize use of the name applied for if any of the following
31 conditions apply:

32 a. The other corporation or unincorporated entity consents
33 to the use in writing and submits an undertaking in form
34 satisfactory to the secretary of state to change its name to a
35 name that is distinguishable upon the records of the secretary

1 of state from the name of the applying corporation.

2 b. The applicant delivers to the secretary of state a
3 certified copy of the final judgment of a court of competent
4 jurisdiction establishing the applicant's right to use the name
5 applied for in this state.

6 4. A corporation may use the name, including the fictitious
7 name, of another domestic or foreign corporation that is used
8 in this state if the other corporation is incorporated or
9 authorized to transact business in this state and the proposed
10 user corporation submits documentation to the satisfaction
11 of the secretary of state establishing any of the following
12 conditions:

13 a. Has merged with the other corporation.

14 b. Has been formed by reorganization of the other
15 corporation.

16 c. Has acquired all or substantially all of the assets,
17 including the corporate name, of the other corporation.

18 5. This chapter does not control the use of fictitious
19 names; however, if a corporation or a foreign corporation
20 uses a fictitious name in this state, it shall deliver to the
21 secretary of state for filing a copy of the resolution of its
22 board of directors, certified by its secretary, adopting the
23 fictitious name.

24 Sec. 37. Section 490.402, Code 2020, is amended by striking
25 the section and inserting in lieu thereof the following:

26 **490.402 Reserved name.**

27 1. A person may reserve the exclusive use of a corporate
28 name, including a fictitious or alternate name for a foreign
29 corporation whose corporate name is not available, by
30 delivering an application to the secretary of state for
31 filing. The application must set forth the name and address
32 of the applicant and the name proposed to be reserved. If the
33 secretary of state finds that the corporate name applied for is
34 available, the secretary of state shall reserve the name for
35 the applicant's exclusive use for a nonrenewable one hundred

1 twenty-day period.

2 2. The owner of a reserved corporate name may transfer the
3 reservation to another person by delivering to the secretary of
4 state a signed notice of the transfer that states the name and
5 address of the transferee.

6 Sec. 38. Section 490.403, Code 2020, is amended by striking
7 the section and inserting in lieu thereof the following:

8 **490.403 Registered name.**

9 1. A foreign corporation may register its corporate
10 name, or its corporate name with the addition of any word
11 or abbreviation listed in section 490.401, subsection 1,
12 paragraph "a", if necessary for the corporate name to comply
13 with section 490.401, subsection 1, paragraph "a", if the name
14 is distinguishable upon the records of the secretary of state
15 from the corporate names that are not available under section
16 490.401, subsection 2.

17 2. A foreign corporation registers its corporate name, or
18 its corporate name with any addition permitted by subsection
19 1, by delivering to the secretary of state for filing an
20 application that complies with all of the following:

21 a. Sets forth that name, the state or country and date of
22 its incorporation, and a brief description of the nature of the
23 business which is to be conducted in this state.

24 b. Is accompanied by a certificate of existence, or a
25 document of similar import, from the state or country of
26 incorporation.

27 3. The name is registered for the applicant's exclusive
28 use upon the effective date of the application and for the
29 remainder of the calendar year, unless renewed.

30 4. A foreign corporation whose name registration is
31 effective may renew it for successive years by delivering
32 to the secretary of state for filing a renewal application,
33 which complies with the requirements of subsection 2, between
34 October 1 and December 31 of the preceding year. The renewal
35 application when filed renews the registration for the

1 following calendar year.

2 5. *a.* A foreign corporation whose name registration is
3 effective may thereafter do any of the following:

4 (1) Register to do business as a foreign corporation under
5 the registered name, if it complies with section 490.401,
6 subsection 1, paragraph "b".

7 (2) Consent in writing to the use of that name by a domestic
8 corporation thereafter incorporated under this chapter or by
9 another foreign corporation.

10 *b.* The registration terminates when the domestic corporation
11 is incorporated or the foreign corporation registers to do
12 business under that name.

13 Sec. 39. Section 490.501, Code 2020, is amended by striking
14 the section and inserting in lieu thereof the following:

15 **490.501 Registered office and agent of domestic and
16 registered foreign corporations.**

17 1. Each corporation shall continuously maintain in this
18 state all of the following:

19 *a.* A registered office that may be the same as any of its
20 places of business.

21 *b.* A registered agent, which may be any of the following:

22 (1) An individual who resides in this state and whose
23 business office is identical with the registered office.

24 (2) A domestic or foreign corporation or eligible entity
25 whose business office is identical with the registered office
26 and, in the case of a foreign corporation or foreign eligible
27 entity, is registered to do business in this state.

28 2. As used in this subchapter, "*corporation*" means both a
29 domestic corporation and a registered foreign corporation.

30 Sec. 40. Section 490.502, Code 2020, is amended by striking
31 the section and inserting in lieu thereof the following:

32 **490.502 Change of registered office or registered agent.**

33 1. A corporation may change its registered office or
34 registered agent by delivering to the secretary of state
35 for filing a statement of change that sets forth all of the

1 following:

2 a. The name of the corporation.

3 b. The street and mailing addresses of its current
4 registered office.

5 c. If the current registered office is to be changed, the
6 street and mailing addresses of the new registered office.

7 d. The name of its current registered agent.

8 e. If the current registered agent is to be changed, the
9 name of the new registered agent and the new agent's written
10 consent, either on the statement or attached to it, to the
11 appointment.

12 f. That after the change or changes are made, the street and
13 mailing addresses of its registered office and of the business
14 office of its registered agent will be identical.

15 2. If the street or mailing address of a registered agent's
16 business office changes, the agent shall change the street or
17 mailing address of the registered office of any corporation for
18 which the agent is the registered agent by delivering a signed
19 written notice of the change to the corporation and delivering
20 to the secretary of state for filing a signed statement that
21 complies with the requirements of subsection 1 and states that
22 the corporation has been notified of the change.

23 3. If a registered agent changes the registered agent's
24 business address to another place, the registered agent may
25 change the business address and the address of the registered
26 agent by filing a statement as required in subsection 2 for
27 each corporation, or a single statement for all corporations
28 named in the notice, except that it need be signed only by the
29 registered agent and need not be responsive to subsection 1,
30 paragraph "e", and must recite that a copy of the statement has
31 been mailed to each corporation named in the notice.

32 4. A corporation may also change its registered office or
33 registered agent in its biennial report as provided in section
34 490.1622.

35 Sec. 41. Section 490.503, Code 2020, is amended by striking

1 the section and inserting in lieu thereof the following:

2 **490.503 Resignation of registered agent.**

3 1. A registered agent may resign as agent for a corporation
4 by delivering to the secretary of state for filing a statement
5 of resignation signed by the agent which shall state all of the
6 following:

7 a. The name of the corporation.

8 b. The name of the agent.

9 c. The agent resigns from serving as registered agent for
10 the corporation.

11 d. The address of the corporation to which the agent will
12 deliver the notice required by subsection 3.

13 2. A statement of resignation takes effect on the earlier
14 of the following:

15 a. 12:01 a.m. on the thirty-first day after the day on which
16 it is filed by the secretary of state.

17 b. The designation of a new registered agent for the
18 corporation.

19 3. A registered agent promptly shall deliver to the
20 corporation notice of the date on which a statement of
21 resignation was delivered to the secretary of state for filing.

22 4. When a statement of resignation takes effect, the person
23 that resigned ceases to have responsibility under this chapter
24 for any matter thereafter tendered to it as agent for the
25 corporation. The resignation does not affect any contractual
26 rights the corporation has against the agent or that the agent
27 has against the corporation.

28 5. A registered agent may resign with respect to a
29 corporation regardless of whether the corporation is in good
30 standing.

31 Sec. 42. Section 490.504, Code 2020, is amended by striking
32 the section and inserting in lieu thereof the following:

33 **490.504 Service on corporation.**

34 1. A corporation's registered agent is the corporation's
35 agent for service of process, notice, or demand required or

1 permitted by law to be served on the corporation.

2 2. If a corporation has no registered agent, or the agent
3 cannot with reasonable diligence be served, the corporation
4 may be served by registered or certified mail, return receipt
5 requested, addressed to the secretary at the corporation's
6 principal office. Service is perfected under this subsection
7 at the earliest of the following:

8 a. The date the corporation receives the mail.

9 b. The date shown on the return receipt, if signed on behalf
10 of the corporation.

11 c. Five days after its deposit in the United States mail,
12 as evidenced by the postmark, if mailed postpaid and correctly
13 addressed.

14 3. a. The secretary of state shall be an agent of the
15 corporation upon whom process, notice, or demand may be served,
16 if any of the following applies:

17 (1) The process, notice, or demand cannot be served on a
18 corporation pursuant to subsection 1 or 2.

19 (2) The process, notice, or demand is to be served on
20 a registered foreign corporation that has withdrawn its
21 registration pursuant to section 490.1507 or 490.1509, or the
22 registration of which has been terminated pursuant to section
23 490.1511.

24 b. Service of any process, notice, or demand on the
25 secretary of state as agent for a corporation may be made by
26 delivering to the secretary of state duplicate copies of the
27 process, notice, or demand. If process, notice, or demand
28 is served on the secretary of state, the secretary of state
29 shall forward one of the copies by registered or certified
30 mail, return receipt requested, to the corporation at the
31 last address shown in the records of the secretary of state.
32 Service is effected under this subsection at the earliest of
33 the following:

34 (1) The date the corporation receives the process, notice,
35 or demand.

1 (2) The date shown on the return receipt, if signed on
2 behalf of the corporation.

3 (3) Five days after the process, notice, or demand is
4 deposited with the United States mail by the secretary of
5 state.

6 4. This section does not prescribe the only means, or
7 necessarily the required means, of serving a corporation.

8 Sec. 43. Section 490.601, Code 2020, is amended by striking
9 the section and inserting in lieu thereof the following:

10 **490.601 Authorized shares.**

11 1. The articles of incorporation must set forth any classes
12 of shares and series of shares within a class, and the number
13 of shares of each class and series, that the corporation is
14 authorized to issue. If more than one class or series of
15 shares is authorized, the articles of incorporation must
16 prescribe a distinguishing designation for each class or series
17 and, before the issuance of shares of a class or series,
18 describe the terms, including the preferences, rights, and
19 limitations of that class or series. Except to the extent
20 varied as permitted by this section, all shares of a class or
21 series must have terms, including preferences, rights, and
22 limitations that are identical with those of other shares of
23 the same class or series.

24 2. The articles of incorporation must authorize all of the
25 following:

26 a. One or more classes or series of shares that together
27 have full voting rights.

28 b. One or more classes or series of shares, which may be
29 the same class, classes, or series as those with voting rights,
30 that together are entitled to receive the net assets of the
31 corporation upon dissolution.

32 3. The articles of incorporation may authorize one or more
33 classes or series of shares that have any of the following
34 characteristics:

35 a. Have special, conditional, or limited voting rights, or

1 no right to vote, except to the extent otherwise provided by
2 this chapter.

3 b. Are redeemable or convertible as specified in the
4 articles of incorporation in any of the following ways:

5 (1) At the option of the corporation, the shareholder, or
6 another person or upon the occurrence of a specified event.

7 (2) For cash, indebtedness, securities, or other property.

8 (3) At prices and in amounts specified or determined in
9 accordance with a formula.

10 c. Entitle the holders to distributions calculated in
11 any manner, including dividends that may be cumulative,
12 noncumulative, or partially cumulative.

13 d. Have preference over any other class or series of shares
14 with respect to distributions, including distributions upon the
15 dissolution of the corporation.

16 4. The terms of shares may be made dependent upon facts
17 objectively ascertainable outside the articles of incorporation
18 in accordance with section 490.120, subsection 11.

19 5. Any of the terms of shares may vary among holders of the
20 same class or series so long as such variations are expressly
21 set forth in the articles of incorporation.

22 6. The description of the preferences, rights, and
23 limitations of classes or series of shares in subsection 3 is
24 not exhaustive.

25 Sec. 44. Section 490.602, Code 2020, is amended by striking
26 the section and inserting in lieu thereof the following:

27 **490.602 Terms of class or series determined by board of
28 directors.**

29 1. If the articles of incorporation so provide, the board
30 of directors is authorized, without shareholder approval, to
31 do any of the following:

32 a. Classify any unissued shares into one or more classes or
33 into one or more series within a class.

34 b. Reclassify any unissued shares of any class into one
35 or more classes or into one or more series within one or more

1 classes.

2 c. Reclassify any unissued shares of any series of any class
3 into one or more classes or into one or more series within a
4 class.

5 2. If the board of directors acts pursuant to subsection
6 1, it shall determine the terms, including the preferences,
7 rights, and limitations, to the same extent permitted under
8 section 490.601, of any of the following:

9 a. Any class of shares before the issuance of any shares of
10 that class.

11 b. Any series within a class before the issuance of any
12 shares of that series.

13 3. Before issuing any shares of a class or series created
14 under this section, the corporation shall deliver to the
15 secretary of state for filing articles of amendment setting
16 forth the terms determined under subsection 1.

17 Sec. 45. Section 490.603, Code 2020, is amended by striking
18 the section and inserting in lieu thereof the following:

19 **490.603 Issued and outstanding shares.**

20 1. A corporation may issue the number of shares of each
21 class or series authorized by the articles of incorporation.
22 Shares that are issued are outstanding shares until they are
23 reacquired, redeemed, converted, or canceled.

24 2. The reacquisition, redemption, or conversion of
25 outstanding shares is subject to the limitations of subsection
26 3 and to section 490.640.

27 3. At all times that shares of the corporation are
28 outstanding, one or more shares that together have full voting
29 rights and one or more shares that together are entitled to
30 receive the net assets of the corporation upon dissolution must
31 be outstanding.

32 Sec. 46. Section 490.604, Code 2020, is amended by striking
33 the section and inserting in lieu thereof the following:

34 **490.604 Fractional shares.**

35 1. A corporation may issue fractions of a share or in lieu

1 of doing so may do any of the following:

2 a. Pay in cash the value of fractions of a share.

3 b. Issue scrip in registered or bearer form entitling the
4 holder to receive a full share upon surrendering enough scrip
5 to equal a full share.

6 c. Arrange for disposition of fractional shares by the
7 holders of such shares.

8 2. Each certificate representing scrip must be
9 conspicuously labeled "scrip" and must contain the information
10 required by section 490.625, subsection 2.

11 3. The holder of a fractional share is entitled to exercise
12 the rights of a shareholder, including the rights to vote,
13 to receive dividends, and to receive distributions upon
14 dissolution. The holder of scrip is not entitled to any of
15 these rights unless the scrip provides for them.

16 4. The board of directors may authorize the issuance of
17 scrip subject to any condition, including any of the following:

18 a. That the scrip will become void if not exchanged for full
19 shares before a specified date.

20 b. That the shares for which the scrip is exchangeable may
21 be sold and the proceeds paid to the scripholders.

22 Sec. 47. Section 490.620, Code 2020, is amended by striking
23 the section and inserting in lieu thereof the following:

24 **490.620 Subscription for shares before incorporation.**

25 1. A subscription for shares entered into before
26 incorporation is irrevocable for six months unless the
27 subscription agreement provides a longer or shorter period or
28 all the subscribers agree to revocation.

29 2. The board of directors may determine the payment terms
30 of subscriptions for shares that were entered into before
31 incorporation, unless the subscription agreement specifies
32 them. A call for payment by the board of directors must be
33 uniform so far as practicable as to all shares of the same
34 class or series, unless the subscription agreement specifies
35 otherwise.

1 3. Shares issued pursuant to subscriptions entered into
2 before incorporation are fully paid and nonassessable when
3 the corporation receives the consideration specified in the
4 subscription agreement.

5 4. If a subscriber defaults in payment of cash or
6 property under a subscription agreement entered into before
7 incorporation, the corporation may collect the amount owed
8 as any other debt. Alternatively, unless the subscription
9 agreement provides otherwise, the corporation may rescind the
10 agreement and may sell the shares if the debt remains unpaid
11 for more than twenty days after the corporation delivers a
12 written demand for payment to the subscriber.

13 5. A subscription agreement entered into after
14 incorporation is a contract between the subscriber and the
15 corporation subject to section 490.621.

16 Sec. 48. Section 490.621, Code 2020, is amended by striking
17 the section and inserting in lieu thereof the following:

18 **490.621 Issuance of shares.**

19 1. The powers granted in this section to the board of
20 directors may be reserved to the shareholders by the articles
21 of incorporation.

22 2. The board of directors may authorize shares to be issued
23 for consideration consisting of any tangible or intangible
24 property or benefit to the corporation, including cash,
25 promissory notes, services performed, contracts for services to
26 be performed, or other securities of the corporation.

27 3. Before the corporation issues shares, the board of
28 directors shall determine that the consideration received or
29 to be received for shares to be issued is adequate. That
30 determination by the board of directors is conclusive insofar
31 as the adequacy of consideration for the issuance of shares
32 relates to whether the shares are validly issued, fully paid,
33 and nonassessable.

34 4. When the corporation receives the consideration for
35 which the board of directors authorized the issuance of shares,

1 the shares issued therefor are fully paid and nonassessable.

2 5. The corporation may place in escrow shares issued for
3 a contract for future services or benefits or a promissory
4 note, or make other arrangements to restrict the transfer of
5 the shares, and may credit distributions in respect of the
6 shares against their purchase price, until the services are
7 performed, the benefits are received, or the note is paid. If
8 the services are not performed, the benefits are not received,
9 or the note is not paid, the shares escrowed or restricted and
10 the distributions credited may be canceled in whole or part.

11 6. *a.* An issuance of shares or other securities convertible
12 into or rights exercisable for shares in a transaction or
13 a series of integrated transactions requires approval of
14 the shareholders, at a meeting at which a quorum consisting
15 of a majority, or such greater number as the articles of
16 incorporation may prescribe, of the votes entitled to be cast
17 on the matter exists, if all of the following conditions are
18 satisfied:

19 (1) The shares, other securities, or rights are to be issued
20 for consideration other than cash or cash equivalents.

21 (2) The voting power of shares that are issued and issuable
22 as a result of the transaction or series of integrated
23 transactions will comprise more than twenty percent of the
24 voting power of the shares of the corporation that were
25 outstanding immediately before the transaction.

26 *b.* For purposes of this subsection, the following shall
27 apply:

28 (1) For purposes of determining the voting power of shares
29 issued and issuable as a result of a transaction or series of
30 integrated transactions, the voting power of shares or other
31 securities convertible into or rights exercisable for shares
32 shall be the greater of the following:

33 (a) The voting power of the shares to be issued.

34 (b) The voting power of the shares that would be outstanding
35 after giving effect to the conversion of convertible shares and

1 other securities and the exercise of rights to be issued.

2 (2) A series of transactions is integrated only if
3 consummation of one transaction is made contingent on
4 consummation of one or more of the other transactions.

5 Sec. 49. Section 490.622, Code 2020, is amended by striking
6 the section and inserting in lieu thereof the following:

7 **490.622 Liability of shareholders.**

8 1. A purchaser from a corporation of the corporation's own
9 shares is not liable to the corporation or its creditors with
10 respect to the shares except to pay the consideration for which
11 the shares were authorized to be issued or specified in the
12 subscription agreement.

13 2. A shareholder of a corporation is not personally liable
14 for any liabilities of the corporation, including liabilities
15 arising from acts of the corporation, subject to the following
16 exceptions:

17 a. To the extent provided in a provision of the articles
18 of incorporation permitted by section 490.202, subsection 2,
19 paragraph "b", subparagraph (5).

20 b. A shareholder may become personally liable by reason of
21 the shareholder's own acts or conduct.

22 Sec. 50. Section 490.623, Code 2020, is amended by striking
23 the section and inserting in lieu thereof the following:

24 **490.623 Share dividends.**

25 1. Unless the articles of incorporation provide otherwise,
26 shares may be issued pro rata and without consideration to the
27 corporation's shareholders or to the shareholders of one or
28 more classes or series of shares. An issuance of shares under
29 this subsection is a share dividend.

30 2. Shares of one class or series shall not be issued as a
31 share dividend in respect of shares of another class or series
32 unless one or more of the following conditions are met:

33 a. The articles of incorporation so authorize.

34 b. A majority of the votes entitled to be cast by the class
35 or series to be issued approve the issue.

1 c. There are no outstanding shares of the class or series
2 to be issued.

3 3. The board of directors may fix the record date for
4 determining shareholders entitled to a share dividend, which
5 date shall not be retroactive. If the board of directors does
6 not fix the record date for determining shareholders entitled
7 to a share dividend, the record date is the date the board of
8 directors authorizes the share dividend.

9 Sec. 51. Section 490.624, Code 2020, is amended by striking
10 the section and inserting in lieu thereof the following:

11 **490.624 Share rights, options, warrants, and awards.**

12 1. A corporation may issue rights, options, or warrants for
13 the purchase of shares or other securities of the corporation.
14 The board of directors shall determine the terms and conditions
15 upon which the rights, options, or warrants are issued and the
16 terms, including the consideration for which the shares or
17 other securities are to be issued. The authorization by the
18 board of directors for the corporation to issue such rights,
19 options, or warrants constitutes authorization of the issuance
20 of the shares or other securities for which the rights,
21 options, or warrants are exercisable.

22 2. The terms and conditions of such rights, options, or
23 warrants may include restrictions or conditions that do any of
24 the following:

25 a. Preclude or limit the exercise, transfer, or receipt
26 of such rights, options, or warrants by any person or
27 persons owning or offering to acquire a specified number or
28 percentage of the outstanding shares or other securities of the
29 corporation or by any transferee or transferees of any such
30 person or persons.

31 b. Invalidate or void such rights, options, or warrants
32 held by any such person or persons or any such transferee or
33 transferees.

34 3. The board of directors may authorize one or more officers
35 to do any of the following:

1 a. Designate the recipients of rights, options, warrants,
2 or other equity compensation awards that involve the issuance
3 of shares.

4 b. Determine, within an amount and subject to any other
5 limitations established by the board of directors and, if
6 applicable, the shareholders, the number of such rights,
7 options, warrants, or other equity compensation awards and
8 the terms of such rights, options, warrants, or awards to be
9 received by the recipients, provided that an officer shall
10 not use such authority to designate the officer or any other
11 persons as the board of directors may specify as a recipient of
12 such rights, options, warrants, or other equity compensation
13 awards.

14 Sec. 52. Section 490.625, Code 2020, is amended by striking
15 the section and inserting in lieu thereof the following:

16 **490.625 Form and content of certificates.**

17 1. Shares may, but need not, be represented by certificates.
18 Unless this chapter or another statute expressly provides
19 otherwise, the rights and obligations of shareholders are
20 identical regardless of whether their shares are represented by
21 certificates.

22 2. At a minimum, each share certificate must state on its
23 face all of the following:

24 a. The name of the corporation and that it is organized
25 under the law of this state.

26 b. The name of the person to whom issued.

27 c. The number and class of shares and the designation of the
28 series, if any, the certificate represents.

29 3. a. If the corporation is authorized to issue different
30 classes of shares or series of shares within a class, the
31 front or back of each certificate must summarize all of the
32 following:

33 (1) The preferences, rights, and limitations applicable to
34 each class and series.

35 (2) Any variations in preferences, rights, and limitations

1 among the holders of the same class or series.

2 (3) The authority of the board of directors to determine the
3 terms of future classes or series.

4 b. Alternatively, each certificate may state conspicuously
5 on its front or back that the corporation will furnish the
6 shareholder this information on request in writing and without
7 charge.

8 4. Each share certificate must be signed by two officers
9 designated in the bylaws.

10 5. If the person who signed a share certificate no longer
11 holds office when the certificate is issued, the certificate
12 is nevertheless valid.

13 Sec. 53. Section 490.626, Code 2020, is amended by striking
14 the section and inserting in lieu thereof the following:

15 **490.626 Shares without certificates.**

16 1. Unless the articles of incorporation or bylaws provide
17 otherwise, the board of directors of a corporation may
18 authorize the issuance of some or all of the shares of any
19 or all of its classes or series without certificates. The
20 authorization does not affect shares already represented by
21 certificates until they are surrendered to the corporation.

22 2. Within a reasonable time after the issuance or transfer
23 of shares without certificates, the corporation shall deliver
24 to the shareholder a written statement of the information
25 required on certificates by section 490.625, subsections 2 and
26 3, and, if applicable, section 490.627.

27 Sec. 54. Section 490.627, Code 2020, is amended by striking
28 the section and inserting in lieu thereof the following:

29 **490.627 Restriction on transfer of shares.**

30 1. The articles of incorporation, the bylaws, an agreement
31 among shareholders, or an agreement between shareholders
32 and the corporation may impose restrictions on the transfer
33 or registration of transfer of shares of the corporation.
34 A restriction does not affect shares issued before the
35 restriction was adopted unless the holders of the shares are

1 parties to the restriction agreement or voted in favor of the
2 restriction.

3 2. A restriction on the transfer or registration of transfer
4 of shares is valid and enforceable against the holder or a
5 transferee of the holder if the restriction is authorized
6 by this section and its existence is noted conspicuously
7 on the front or back of the certificate or is contained
8 in the information statement required by section 490.626,
9 subsection 2. Unless so noted, or contained, a restriction
10 is not enforceable against a person without knowledge of the
11 restriction.

12 3. A restriction on the transfer or registration of transfer
13 of shares is authorized for any of the following purposes:

14 a. To maintain the corporation's status when it is dependent
15 on the number or identity of its shareholders.

16 b. To preserve exemptions under federal or state securities
17 law.

18 c. For any other reasonable purpose.

19 4. A restriction on the transfer or registration of transfer
20 of shares may do any of the following:

21 a. Obligate the shareholder first to offer the corporation
22 or other persons, separately, consecutively, or simultaneously,
23 an opportunity to acquire the restricted shares.

24 b. Obligate the corporation or other persons, separately,
25 consecutively, or simultaneously, to acquire the restricted
26 shares.

27 c. Require the corporation, the holders of any class or
28 series of its shares, or other persons to approve the transfer
29 of the restricted shares, if the requirement is not manifestly
30 unreasonable.

31 d. Prohibit the transfer of the restricted shares to
32 designated persons or classes of persons, if the prohibition
33 is not manifestly unreasonable.

34 5. As used in this section, "shares" includes a security
35 convertible into or carrying a right to subscribe for or

1 acquire shares.

2 Sec. 55. Section 490.630, Code 2020, is amended by striking
3 the section and inserting in lieu thereof the following:

4 **490.630 Shareholders' preemptive rights.**

5 1. The shareholders of a corporation do not have a
6 preemptive right to acquire the corporation's unissued shares
7 except to the extent the articles of incorporation so provide.

8 2. A statement included in the articles of incorporation
9 that "the corporation elects to have preemptive rights", or
10 words of similar effect, means that the following principles
11 apply except to the extent the articles of incorporation
12 expressly provide otherwise:

13 a. The shareholders of the corporation have a preemptive
14 right, granted on uniform terms and conditions prescribed
15 by the board of directors to provide a fair and reasonable
16 opportunity to exercise the right, to acquire proportional
17 amounts of the corporation's unissued shares upon the decision
18 of the board of directors to issue them.

19 b. A preemptive right may be waived by a shareholder. A
20 waiver evidenced by a writing is irrevocable even though it is
21 not supported by consideration.

22 c. There is no preemptive right with respect to any of the
23 following:

24 (1) Shares issued as compensation to directors, officers,
25 employees, or agents of the corporation, its subsidiaries, or
26 its affiliates.

27 (2) Shares issued to satisfy conversion or option rights
28 created to provide compensation to directors, officers,
29 employees, or agents of the corporation, its subsidiaries, or
30 its affiliates.

31 (3) Shares authorized in the articles of incorporation
32 that are issued within six months from the effective date of
33 incorporation.

34 (4) Shares sold otherwise than for cash.

35 d. Holders of shares of any class or series without voting

1 power but with preferential rights to distributions have no
2 preemptive rights with respect to shares of any class or
3 series.

4 e. Holders of shares of any class or series with voting
5 power but without preferential rights to distributions have no
6 preemptive rights with respect to shares of any class or series
7 with preferential rights to distributions unless the shares
8 with preferential rights are convertible into or carry a right
9 to subscribe for or acquire the shares without preferential
10 rights.

11 f. Shares subject to preemptive rights that are not acquired
12 by shareholders may be issued to any person for a period of one
13 year after being offered to shareholders at a consideration
14 set by the board of directors that is not lower than the
15 consideration set for the exercise of preemptive rights. An
16 offer at a lower consideration or after the expiration of one
17 year is subject to the shareholders' preemptive rights.

18 3. As used in this section, "shares" includes a security
19 convertible into or carrying a right to subscribe for or
20 acquire shares.

21 Sec. 56. Section 490.640, Code 2020, is amended by striking
22 the section and inserting in lieu thereof the following:

23 **490.640 Distribution to shareholders.**

24 1. A board of directors may authorize and the corporation
25 may make distributions to its shareholders subject to
26 restriction by the articles of incorporation and the limitation
27 in subsection 3.

28 2. The board of directors may fix the record date for
29 determining shareholders entitled to a distribution, which
30 date shall not be retroactive. If the board of directors does
31 not fix a record date for determining shareholders entitled
32 to a distribution, other than one involving a purchase,
33 redemption, or other acquisition of the corporation's shares,
34 the record date is the date the board of directors authorizes
35 the distribution.

1 3. A distribution shall not be made if, after giving it
2 effect, any of the following would result:

3 a. The corporation would not be able to pay its debts as
4 they become due in the usual course of business.

5 b. The corporation's total assets would be less than
6 the sum of its total liabilities plus, unless the articles
7 of incorporation permit otherwise, the amount that would be
8 needed, if the corporation were to be dissolved at the time
9 of the distribution, to satisfy the preferential rights upon
10 dissolution of shareholders whose preferential rights are
11 superior to those receiving the distribution.

12 4. The board of directors may base a determination
13 that a distribution is not prohibited under subsection 3
14 either on financial statements prepared on the basis of
15 accounting practices and principles that are reasonable in the
16 circumstances or on a fair valuation or other method that is
17 reasonable in the circumstances.

18 5. Except as provided in subsection 7, the effect of a
19 distribution under subsection 3 is measured as follows:

20 a. In the case of distribution by purchase, redemption,
21 or other acquisition of the corporation's shares, as of the
22 earlier of the following:

23 (1) The date cash or other property is transferred or debt
24 to a shareholder is incurred by the corporation.

25 (2) The date the shareholder ceases to be a shareholder with
26 respect to the acquired shares.

27 b. In the case of any other distribution of indebtedness, as
28 of the date the indebtedness is distributed.

29 c. In all other cases, as of the following:

30 (1) The date the distribution is authorized if the payment
31 occurs within one hundred twenty days after the date of
32 authorization.

33 (2) The date the payment is made if it occurs more than one
34 hundred twenty days after the date of authorization.

35 6. A corporation's indebtedness to a shareholder incurred

1 by reason of a distribution made in accordance with this
2 section is at parity with the corporation's indebtedness to its
3 general, unsecured creditors except to the extent subordinated
4 by agreement.

5 7. Indebtedness of a corporation, including indebtedness
6 issued as a distribution, is not considered a liability for
7 purposes of determinations under subsection 3 if its terms
8 provide that payment of principal and interest are made
9 only if and to the extent that payment of a distribution to
10 shareholders could then be made under this section. If such
11 indebtedness is issued as a distribution, each payment of
12 principal or interest is treated as a distribution, the effect
13 of which is measured on the date the payment is actually made.

14 8. This section shall not apply to distributions in
15 liquidation under subchapter XIV.

16 Sec. 57. Section 490.701, Code 2020, is amended by striking
17 the section and inserting in lieu thereof the following:

18 **490.701 Annual meeting.**

19 1. Unless directors are elected by written consent in
20 lieu of an annual meeting as permitted by section 490.704, a
21 corporation shall hold a meeting of shareholders annually, at a
22 time stated in or fixed in accordance with the bylaws, at which
23 directors shall be elected.

24 2. Unless the board of directors determines to hold the
25 meeting solely by means of remote communication in accordance
26 with section 490.709, subsection 3, annual meetings may be held
27 as follows:

28 a. In or out of this state at the place stated in or fixed
29 in accordance with the bylaws.

30 b. If no place is stated in or fixed in accordance with the
31 bylaws, at the corporation's principal office.

32 3. The failure to hold an annual meeting at the time stated
33 in or fixed in accordance with a corporation's bylaws does not
34 affect the validity of any corporate action.

35 Sec. 58. Section 490.702, Code 2020, is amended by striking

1 the section and inserting in lieu thereof the following:

2 **490.702 Special meeting.**

3 1. Except as provided in subsection 5, a corporation shall
4 hold a special meeting of shareholders upon the occurrence of
5 any of the following:

6 a. On call of its board of directors or the person or
7 persons authorized to do so by the articles of incorporation
8 or bylaws.

9 b. If the shareholders holding at least ten percent of
10 all the votes entitled to be cast on an issue proposed to be
11 considered at the proposed special meeting sign, date, and
12 deliver to the corporation one or more written demands for the
13 meeting describing the purpose or purposes for which it is
14 to be held, provided that the articles of incorporation may
15 fix a lower percentage or a higher percentage not exceeding
16 twenty-five percent of all the votes entitled to be cast on any
17 issue proposed to be considered. Unless otherwise provided in
18 the articles of incorporation, a written demand for a special
19 meeting may be revoked by a writing to that effect received
20 by the corporation before the receipt by the corporation of
21 demands sufficient in number to require the holding of a
22 special meeting.

23 2. If not otherwise fixed under section 490.703 or 490.707,
24 the record date for determining shareholders entitled to
25 demand a special meeting shall be the first date on which a
26 signed shareholder demand is delivered to the corporation. No
27 written demand for a special meeting shall be effective unless,
28 within sixty days of the earliest date on which such a demand
29 delivered to the corporation as required by this section was
30 signed, written demands signed by shareholders holding at least
31 the percentage of votes specified in or fixed in accordance
32 with subsection 1, paragraph "b", have been delivered to the
33 corporation.

34 3. Unless the board of directors determines to hold the
35 meeting solely by remote participation in accordance with

1 section 490.709, subsection 3, special meetings of shareholders
2 may be held as follows:

3 a. In or out of this state at the place stated in or fixed
4 in accordance with the bylaws.

5 b. If no place is so stated in or fixed in accordance with
6 the bylaws, at the corporation's principal office.

7 4. Only business within the purpose or purposes described in
8 the meeting notice required by section 490.705, subsection 3,
9 may be conducted at a special meeting of shareholders.

10 5. Notwithstanding subsections 1 through 4, a corporation
11 that has a class of equity securities registered pursuant to
12 section 12 of the federal Securities Exchange Act of 1934 is
13 required to hold a special meeting only upon the occurrence of
14 any of the following:

15 a. On call of its board of directors or the person or
16 persons authorized to call a special meeting by the articles of
17 incorporation or bylaws.

18 b. If the holders of at least fifty percent of all the votes
19 entitled to be cast on any issue proposed to be considered at
20 the proposed special meeting sign, date, and deliver to the
21 corporation's secretary one or more written demands for the
22 meeting describing the purpose or purposes for which it is to
23 be held.

24 Sec. 59. Section 490.703, Code 2020, is amended by striking
25 the section and inserting in lieu thereof the following:

26 **490.703 Court-ordered meeting.**

27 1. The district court of the county where a corporation's
28 principal office, or, if none in this state, its registered
29 office, is located may summarily order a meeting to be held
30 pursuant to any of the following:

31 a. On application of any shareholder of the corporation if
32 an annual meeting was not held or action by written consent in
33 lieu of an annual meeting did not become effective within the
34 earlier of six months after the end of the corporation's fiscal
35 year or fifteen months after its last annual meeting.

1 b. On application of one or more shareholders who signed a
2 demand for a special meeting valid under section 490.702 if any
3 of the following applies:

4 (1) Notice of the special meeting was not given within
5 thirty days after the first day on which the requisite number
6 of such demands have been delivered to the corporation.

7 (2) The special meeting was not held in accordance with the
8 notice.

9 2. The court may fix the time and place of the meeting,
10 determine the shares entitled to participate in the meeting,
11 specify a record date or dates for determining shareholders
12 entitled to notice of and to vote at the meeting, prescribe the
13 form and content of the meeting notice, fix the quorum required
14 for specific matters to be considered at the meeting, or direct
15 that the shares represented at the meeting constitute a quorum
16 for action on those matters, and enter other orders necessary
17 to accomplish the purpose or purposes of the meeting.

18 3. For purposes of subsection 1, paragraph "a",
19 "*shareholder*" means a record shareholder, a beneficial
20 shareholder, and an unrestricted voting trust beneficial owner.

21 Sec. 60. Section 490.704, Code 2020, is amended by striking
22 the section and inserting in lieu thereof the following:

23 **490.704 Action without meeting.**

24 1. Unless otherwise provided in the articles of
25 incorporation, any action required or permitted by this chapter
26 to be taken at a shareholders' meeting may be taken without
27 a meeting or vote, and, except as provided in subsection 5,
28 without prior notice, if one or more written consents bearing
29 the date of signature and describing the action taken are
30 signed by the holders of outstanding shares having not less
31 than ninety percent of the votes entitled to be cast at a
32 meeting at which all shares entitled to vote on the action were
33 present and voted, and are delivered to the corporation for
34 inclusion in the minutes or filing with the corporate records.

35 2. Except in the case of a corporation that has a class

1 of equity securities registered pursuant to section 12 of
2 the federal Securities Exchange Act of 1934, the articles of
3 incorporation may provide that any action required or permitted
4 by this chapter to be taken at a shareholders' meeting may be
5 taken without a meeting, and without prior notice, if consents
6 in writing setting forth the action so taken are signed by
7 the holders of outstanding shares having not less than the
8 minimum number of votes that would be required to authorize
9 or take the action at a meeting at which all shares entitled
10 to vote on the action were present and voted. However, if a
11 corporation's articles of incorporation authorize shareholders
12 to cumulate their votes when electing directors pursuant to
13 section 490.728, directors shall not be elected by less than
14 unanimous written consent. A written consent must bear the
15 date of signature of the shareholder who signs the consent and
16 be delivered to the corporation for filing by the corporation
17 with the minutes or corporate records.

18 3. If not otherwise fixed under section 490.707 and if prior
19 action by the board of directors is not required respecting
20 the action to be taken without a meeting, the record date for
21 determining the shareholders entitled to take action without
22 a meeting shall be the first date on which a signed written
23 consent is delivered to the corporation. If not otherwise
24 fixed under section 490.707, and if prior action by the board
25 of directors is required respecting the action to be taken
26 without a meeting, the record date shall be the close of
27 business on the day the resolution of the board of directors
28 taking such prior action is adopted. No written consent
29 shall be effective to take the corporate action referred to
30 therein unless, within sixty days of the earliest date on
31 which a consent delivered to the corporation as required by
32 this section was signed, written consents signed by sufficient
33 shareholders to take the action have been delivered to the
34 corporation. A written consent may be revoked by a writing
35 to that effect delivered to the corporation before unrevoked

1 written consents sufficient in number to take the corporate
2 action have been delivered to the corporation.

3 4. A consent signed pursuant to the provisions of this
4 section has the effect of a vote taken at a meeting and may
5 be described as such in any document. Unless the articles
6 of incorporation, bylaws, or a resolution of the board of
7 directors provides for a reasonable delay to permit tabulation
8 of written consents, the action taken by written consent
9 shall be effective when written consents signed by sufficient
10 shareholders to take the action have been delivered to the
11 corporation.

12 5. *a.* If this chapter requires that notice of a proposed
13 action be given to nonvoting shareholders and the action is
14 to be taken by written consent of the voting shareholders,
15 the corporation shall give its nonvoting shareholders written
16 notice of the action not more than ten days after any of the
17 following:

18 (1) Written consents sufficient to take the action have been
19 delivered to the corporation.

20 (2) Such later date that tabulation of consents is completed
21 pursuant to an authorization under subsection 4.

22 *b.* The notice must reasonably describe the action taken and
23 contain or be accompanied by the same material that, under any
24 provision of this chapter, would have been required to be sent
25 to nonvoting shareholders in a notice of a meeting at which the
26 proposed action would have been submitted to the shareholders
27 for action.

28 6. *a.* If action is taken by less than unanimous written
29 consent of the voting shareholders, the corporation shall give
30 its nonconsenting voting shareholders written notice of the
31 action not more than ten days after any of the following:

32 (1) Written consents sufficient to take the action have been
33 delivered to the corporation.

34 (2) Such later date that tabulation of consents is completed
35 pursuant to an authorization under subsection 4.

1 b. The notice must reasonably describe the action taken
2 and contain or be accompanied by the same material that, under
3 any provision of this chapter, would have been required to be
4 sent to voting shareholders in a notice of a meeting at which
5 the action would have been submitted to the shareholders for
6 action.

7 7. The notice requirements in subsections 5 and 6 shall not
8 delay the effectiveness of actions taken by written consent,
9 and a failure to comply with such notice requirements shall
10 not invalidate actions taken by written consent, provided that
11 this subsection shall not be deemed to limit judicial power
12 to fashion any appropriate remedy in favor of a shareholder
13 adversely affected by a failure to give such notice within the
14 required time period.

15 Sec. 61. Section 490.705, Code 2020, is amended by striking
16 the section and inserting in lieu thereof the following:

17 **490.705 Notice of meeting.**

18 1. A corporation shall notify shareholders of the date,
19 time, and place of each annual and special shareholders'
20 meeting no fewer than ten nor more than sixty days before
21 the meeting date. If the board of directors has authorized
22 participation by means of remote communication pursuant to
23 section 490.709 for holders of any class or series of shares,
24 the notice to the holders of such class or series of shares
25 must describe the means of remote communication to be used.
26 The notice must include the record date for determining the
27 shareholders entitled to vote at the meeting, if such date is
28 different from the record date for determining shareholders
29 entitled to notice of the meeting. Unless this chapter or the
30 articles of incorporation require otherwise, the corporation
31 is required to give notice only to shareholders entitled to
32 vote at the meeting as of the record date for determining the
33 shareholders entitled to notice of the meeting.

34 2. Unless this chapter or the articles of incorporation
35 require otherwise, the notice of an annual meeting of

1 shareholders need not include a description of the purpose or
2 purposes for which the meeting is called.

3 3. Notice of a special meeting of shareholders must include
4 a description of the purpose or purposes for which the meeting
5 is called.

6 4. If not otherwise fixed under section 490.703 or 490.707,
7 the record date for determining shareholders entitled to notice
8 of and to vote at an annual or special shareholders' meeting is
9 the day before the first notice is delivered to shareholders.

10 5. Unless the bylaws require otherwise, if an annual or
11 special shareholders' meeting is adjourned to a different
12 date, time, or place, if any, notice need not be given of the
13 new date, time, or place, if any, if the new date, time, or
14 place, if any, is announced at the meeting before adjournment.
15 However, if a new record date for the adjourned meeting is or
16 must be fixed under section 490.707, notice of the adjourned
17 meeting shall be given under this section to shareholders
18 entitled to vote at such adjourned meeting as of the record
19 date fixed for notice of such adjourned meeting.

20 Sec. 62. Section 490.706, Code 2020, is amended by striking
21 the section and inserting in lieu thereof the following:

22 **490.706 Waiver of notice.**

23 1. A shareholder may waive any notice required by this
24 chapter, or the articles of incorporation or bylaws, before or
25 after the date and time stated in the notice. The waiver must
26 be in writing, be signed by the shareholder entitled to the
27 notice, and be delivered to the corporation for filing by the
28 corporation with the minutes or corporate records.

29 2. A shareholder's attendance at a meeting does all of the
30 following:

31 a. Waives objection to lack of notice or defective notice
32 of the meeting, unless the shareholder at the beginning of the
33 meeting objects to holding the meeting or transacting business
34 at the meeting.

35 b. Waives objection to consideration of a particular matter

1 at the meeting that is not within the purpose or purposes
2 described in the meeting notice, unless the shareholder objects
3 to considering the matter when it is presented.

4 Sec. 63. Section 490.707, Code 2020, is amended by striking
5 the section and inserting in lieu thereof the following:

6 **490.707 Record date for meeting.**

7 1. The bylaws may fix or provide the manner of fixing the
8 record date or dates for one or more voting groups to determine
9 the shareholders entitled to notice of a shareholders' meeting,
10 to demand a special meeting, to vote, or to take any other
11 action. If the bylaws do not fix or provide for fixing a record
12 date, the board of directors may fix the record date.

13 2. A record date fixed under this section shall not be more
14 than seventy days before the meeting or action requiring a
15 determination of shareholders and shall not be retroactive.

16 3. A determination of shareholders entitled to notice of
17 or to vote at a shareholders' meeting is effective for any
18 adjournment of the meeting unless the board of directors fixes
19 a new record date or dates, which it shall do if the meeting is
20 adjourned to a date more than one hundred twenty days after the
21 date fixed for the original meeting.

22 4. If a court orders a meeting adjourned to a date more than
23 one hundred twenty days after the date fixed for the original
24 meeting, it may provide that the original record date or dates
25 continue in effect or it may fix a new record date or dates.

26 5. The record date or dates for a shareholders' meeting
27 fixed by or in the manner provided in the bylaws or by the
28 board of directors shall be the record date for determining
29 shareholders entitled both to notice of and to vote at
30 the shareholders' meeting unless, in the case of a record
31 date fixed by the board of directors and to the extent not
32 prohibited by the bylaws, the board, at the time it fixes the
33 record date for shareholders entitled to notice of the meeting,
34 fixes a later record date on or before the date of the meeting
35 to determine the shareholders entitled to vote at the meeting.

1 Sec. 64. Section 490.708, Code 2020, is amended by striking
2 the section and inserting in lieu thereof the following:

3 **490.708 Conduct of meeting.**

4 1. At each meeting of shareholders, a chair shall preside.

5 The chair shall be appointed as provided in the bylaws or, in
6 the absence of such provision, by the board of directors.

7 2. The chair, unless the articles of incorporation or bylaws
8 provide otherwise, shall determine the order of business and
9 shall have the authority to establish rules for the conduct of
10 the meeting.

11 3. Any rules adopted for, and the conduct of, the meeting
12 shall be fair to shareholders.

13 4. The chair of the meeting shall announce at the meeting
14 when the polls close for each matter voted upon. If no
15 announcement is made, the polls shall be deemed to have closed
16 upon the final adjournment of the meeting. After the polls
17 close, no ballots, proxies, or votes nor any revocations or
18 changes to such ballots, proxies, or votes may be accepted.

19 Sec. 65. Section 490.709, Code 2020, is amended by striking
20 the section and inserting in lieu thereof the following:

21 **490.709 Remote participation in shareholders' meetings.**

22 1. Shareholders of any class or series of shares may
23 participate in any meeting of shareholders by means of remote
24 communication to the extent the board of directors authorizes
25 such participation for such class or series. Participation as
26 a shareholder by means of remote communication shall be subject
27 to such guidelines and procedures as the board of directors
28 adopts, and shall be in conformity with subsection 2.

29 2. Shareholders participating in a shareholders' meeting
30 by means of remote communication shall be deemed present and
31 may vote at such a meeting if the corporation has implemented
32 reasonable measures to do all of the following:

33 a. Verify that each person participating remotely as a
34 shareholder is a shareholder.

35 b. Provide such shareholders a reasonable opportunity to

1 participate in the meeting and to vote on matters submitted to
2 the shareholders, including an opportunity to communicate, and
3 to read or hear the proceedings of the meeting, substantially
4 concurrently with such proceedings.

5 3. Unless the bylaws require the meeting of shareholders to
6 be held at a place, the board of directors may determine that
7 any meeting of shareholders shall not be held at any place and
8 shall instead be held solely by means of remote communication,
9 but only if the corporation implements the measures specified
10 in subsection 2.

11 Sec. 66. Section 490.720, Code 2020, is amended by striking
12 the section and inserting in lieu thereof the following:

13 **490.720 Shareholders' list for meeting.**

14 1. After fixing a record date for a meeting, a corporation
15 shall prepare an alphabetical list of the names of all its
16 shareholders who are entitled to notice of a shareholders'
17 meeting. If the board of directors fixes a different record
18 date under section 490.707, subsection 5, to determine the
19 shareholders entitled to vote at the meeting, a corporation
20 also shall prepare an alphabetical list of the names of all
21 its shareholders who are entitled to vote at the meeting. A
22 list must be arranged by voting group and within each voting
23 group by class or series of shares, and show the address of and
24 number of shares held by each shareholder. Nothing contained
25 in this subsection shall require the corporation to include
26 on such list the electronic mail address or other electronic
27 contact information of a shareholder.

28 2. *a.* The shareholders' list for notice shall be available
29 for inspection by any shareholder, beginning two business
30 days after notice of the meeting is given for which the
31 list was prepared and continuing through the meeting. The
32 shareholders' list for notice shall be made available at any
33 of the following:

34 (1) The corporation's principal office or at a place
35 identified in the meeting notice in the city where the meeting

1 will be held.

2 (2) A reasonably accessible electronic network, provided
3 that the information required to gain access to such list is
4 provided with the notice of the meeting. In the event that
5 the corporation determines to make the list available on
6 an electronic network, the corporation may take reasonable
7 steps to ensure that such information is available only to
8 shareholders of the corporation.

9 b. A shareholders' list for voting shall be similarly
10 available for inspection promptly after the record date for
11 voting. A shareholder, or the shareholder's agent or attorney,
12 is entitled on written demand to inspect and, subject to the
13 requirements of section 490.1602, subsection 3, to copy a list,
14 during regular business hours and at the shareholder's expense,
15 during the period it is available for inspection.

16 3. If the meeting is to be held at a place, the corporation
17 shall make the list of shareholders entitled to vote available
18 at the meeting, and any shareholder, or the shareholder's
19 agent or attorney, is entitled to inspect the list at any time
20 during the meeting or any adjournment. If the meeting is to be
21 held solely by means of remote communication, then such list
22 shall also be open to such inspection during the meeting on a
23 reasonably accessible electronic network, and the information
24 required to access such list shall be provided with the notice
25 of the meeting.

26 4. If the corporation refuses to allow a shareholder, or
27 the shareholder's agent or attorney, to inspect a shareholders'
28 list before or at the meeting, or copy a list as permitted
29 by subsection 2, the district court of the county where a
30 corporation's principal office or, if none in this state,
31 its registered office, is located, on application of the
32 shareholder, may summarily order the inspection or copying at
33 the corporation's expense and may postpone the meeting for
34 which the list was prepared until the inspection or copying is
35 complete.

1 5. Refusal or failure to prepare or make available the
2 shareholders' list does not affect the validity of action taken
3 at the meeting.

4 Sec. 67. Section 490.721, Code 2020, is amended by striking
5 the section and inserting in lieu thereof the following:

6 **490.721 Voting entitlement of shares.**

7 1. Except as provided in subsections 2 and 4 or unless the
8 articles of incorporation provide otherwise, each outstanding
9 share, regardless of class or series, is entitled to one vote
10 on each matter voted on at a shareholders' meeting. Only
11 shares are entitled to vote.

12 2. Shares of a corporation are not entitled to vote if they
13 are owned by or otherwise belong to the corporation directly,
14 or indirectly through an entity of which a majority of the
15 voting power is held directly or indirectly by the corporation
16 or which is otherwise controlled by the corporation.

17 3. Shares held by the corporation in a fiduciary capacity
18 for the benefit of any person are entitled to vote unless
19 they are held for the benefit of, or otherwise belong to, the
20 corporation directly, or indirectly through an entity of which
21 a majority of the voting power is held directly or indirectly
22 by the corporation or which is otherwise controlled by the
23 corporation.

24 4. Redeemable shares are not entitled to vote after
25 delivery of written notice of redemption is effective and a
26 sum sufficient to redeem the shares has been deposited with a
27 bank, trust company, or other financial institution under an
28 irrevocable obligation to pay the holders the redemption price
29 on surrender of the shares.

30 5. As used in this section, "*voting power*" means the current
31 power to vote in the election of directors of a corporation or
32 to elect, select, or appoint governors of another entity.

33 Sec. 68. Section 490.722, Code 2020, is amended by striking
34 the section and inserting in lieu thereof the following:

35 **490.722 Proxies.**

1 1. A shareholder may vote the shareholder's shares in person
2 or by proxy.

3 2. A shareholder, or the shareholder's agent or
4 attorney-in-fact, may appoint a proxy to vote or otherwise
5 act for the shareholder by signing an appointment form, or
6 by an electronic transmission. An electronic transmission
7 must contain or be accompanied by information from which the
8 recipient can determine the date of the transmission and that
9 the transmission was authorized by the sender or the sender's
10 agent or attorney-in-fact.

11 3. An appointment of a proxy is effective when a signed
12 appointment form or an electronic transmission of the
13 appointment is received by the inspector of election or
14 the officer or agent of the corporation authorized to count
15 votes. An appointment is valid for the term provided in the
16 appointment form, and, if no term is provided, is valid for
17 eleven months unless the appointment is irrevocable under
18 subsection 4.

19 4. An appointment of a proxy is revocable unless the
20 appointment form or electronic transmission states that it is
21 irrevocable and the appointment is coupled with an interest.
22 Appointments coupled with an interest include, but are not
23 limited to, the appointment of any of the following:

24 a. A pledgee.

25 b. A person who purchased or agreed to purchase the shares.

26 c. A creditor of the corporation who extended the
27 corporation credit under terms requiring the appointment.

28 d. An employee of the corporation whose employment contract
29 requires the appointment.

30 e. A party to a voting agreement created under section
31 490.731.

32 5. The death or incapacity of the shareholder appointing
33 a proxy does not affect the right of the corporation to
34 accept the proxy's authority unless notice of the death or
35 incapacity is received by the secretary or other officer or

1 agent authorized to tabulate votes before the proxy exercises
2 the proxy's authority under the appointment.

3 6. An appointment made irrevocable under subsection 4
4 is revoked when the interest with which it is coupled is
5 extinguished.

6 7. Unless it otherwise provides, an appointment made
7 irrevocable under subsection 4 continues in effect after
8 a transfer of the shares and a transferee takes subject
9 to the appointment, except that a transferee for value of
10 shares subject to an irrevocable appointment may revoke the
11 appointment if the transferee did not know of its existence
12 when acquiring the shares and the existence of the irrevocable
13 appointment was not noted conspicuously on the certificate
14 representing the shares or on the information statement for
15 shares without certificates.

16 8. Subject to section 490.724 and to any express limitation
17 on the proxy's authority stated in the appointment form or
18 electronic transmission, a corporation is entitled to accept
19 the proxy's vote or other action as that of the shareholder
20 making the appointment.

21 Sec. 69. Section 490.723, Code 2020, is amended by striking
22 the section and inserting in lieu thereof the following:

23 **490.723 Shares held by intermediaries and nominees.**

24 1. A corporation's board of directors may establish a
25 procedure under which a person on whose behalf shares are
26 registered in the name of an intermediary or nominee may elect
27 to be treated by the corporation as the record shareholder by
28 filing with the corporation a beneficial ownership certificate.
29 The terms, conditions, and limitations of this treatment shall
30 be specified in the procedure. To the extent such person is
31 treated under such procedure as having rights or privileges
32 that the record shareholder otherwise would have, the record
33 shareholder shall not have those rights or privileges.

34 2. The procedure must specify all of the following:

35 a. The types of intermediaries or nominees to which it

1 applies.

2 b. The rights or privileges that the corporation recognizes
3 in a person with respect to whom a beneficial ownership
4 certificate is filed.

5 c. The manner in which the procedure is selected which must
6 include that the beneficial ownership certificate be signed or
7 assented to by or on behalf of the record shareholder and the
8 person on whose behalf the shares are held.

9 d. The information that must be provided when the procedure
10 is selected.

11 e. The period for which selection of the procedure is
12 effective.

13 f. Requirements for notice to the corporation with respect
14 to the arrangement.

15 g. The form and contents of the beneficial ownership
16 certificate.

17 3. The procedure may specify any other aspects of the rights
18 and duties created by the filing of a beneficial ownership
19 certificate.

20 Sec. 70. Section 490.724, Code 2020, is amended by striking
21 the section and inserting in lieu thereof the following:

22 **490.724 Acceptance of votes and other instruments.**

23 1. If the name signed on a vote, ballot, consent, waiver,
24 shareholder demand, or proxy appointment corresponds to the
25 name of a shareholder, the corporation, if acting in good
26 faith, is entitled to accept the vote, ballot, consent, waiver,
27 shareholder demand, or proxy appointment and give it effect as
28 the act of the shareholder.

29 2. If the name signed on a vote, ballot, consent, waiver,
30 shareholder demand, or proxy appointment does not correspond to
31 the name of its shareholder, the corporation, if acting in good
32 faith, is nevertheless entitled to accept the vote, ballot,
33 consent, waiver, shareholder demand, or proxy appointment and
34 give it effect as the act of the shareholder if any of the
35 following applies:

1 a. The shareholder is an entity and the name signed purports
2 to be that of an officer or agent of the entity.

3 b. The name signed purports to be that of an administrator,
4 executor, guardian, or conservator representing the shareholder
5 and, if the corporation requests, evidence of fiduciary status
6 acceptable to the corporation has been presented with respect
7 to the vote, ballot, consent, waiver, shareholder demand, or
8 proxy appointment.

9 c. The name signed purports to be that of a receiver
10 or trustee in bankruptcy of the shareholder and, if the
11 corporation requests, evidence of this status acceptable
12 to the corporation has been presented with respect to the
13 vote, ballot, consent, waiver, shareholder demand, or proxy
14 appointment.

15 d. The name signed purports to be that of a pledgee,
16 beneficial owner, or attorney-in-fact of the shareholder
17 and, if the corporation requests, evidence acceptable to
18 the corporation of the signatory's authority to sign for
19 the shareholder has been presented with respect to the
20 vote, ballot, consent, waiver, shareholder demand, or proxy
21 appointment.

22 e. Two or more persons are the shareholder as co-tenants or
23 fiduciaries and the name signed purports to be the name of at
24 least one of the co-owners and the person signing appears to be
25 acting on behalf of all the co-owners.

26 3. The corporation is entitled to reject a vote, ballot,
27 consent, waiver, shareholder demand, or proxy appointment if
28 the person authorized to accept or reject such instrument,
29 acting in good faith, has reasonable basis for doubt about
30 the validity of the signature on it or about the signatory's
31 authority to sign for the shareholder.

32 4. Neither the corporation or any person authorized by it,
33 nor an inspector of election appointed under section 490.729,
34 that accepts or rejects a vote, ballot, consent, waiver,
35 shareholder demand, or proxy appointment in good faith and

1 in accordance with the standards of this section or section
2 490.722, subsection 2, is liable in damages to the shareholder
3 for the consequences of the acceptance or rejection.

4 5. Corporate action based on the acceptance or rejection
5 of a vote, ballot, consent, waiver, shareholder demand, or
6 proxy appointment under this section is valid unless a court of
7 competent jurisdiction determines otherwise.

8 6. If an inspector of election has been appointed under
9 section 490.729, the inspector of election also has the
10 authority to request information and make determinations
11 under subsections 1, 2, and 3. Any determination made by the
12 inspector of election under those subsections is controlling.

13 Sec. 71. Section 490.725, Code 2020, is amended by striking
14 the section and inserting in lieu thereof the following:

15 **490.725 Quorum and voting requirements for voting groups.**

16 1. Shares entitled to vote as a separate voting group
17 may take action on a matter at a meeting only if a quorum of
18 those shares exists with respect to that matter. Unless the
19 articles of incorporation or bylaws provide otherwise, shares
20 representing a majority of the votes entitled to be cast on
21 the matter by the voting group constitutes a quorum of that
22 voting group for action on that matter. Whenever this chapter
23 requires a particular quorum for a specified action, the
24 articles of incorporation shall not provide for a lower quorum.

25 2. Once a share is represented for any purpose at a meeting,
26 it is deemed present for quorum purposes for the remainder of
27 the meeting and for any adjournment of that meeting unless a
28 new record date is or must be fixed for that adjourned meeting.

29 3. If a quorum exists, action on a matter, other than the
30 election of directors, by a voting group is approved if the
31 votes cast within the voting group favoring the action exceed
32 the votes cast opposing the action, unless the articles of
33 incorporation require a greater number of affirmative votes.

34 4. An amendment of the articles of incorporation adding,
35 changing, or deleting a quorum or voting requirement for a

1 voting group greater than specified in subsection 1 or 3 is
2 governed by section 490.727.

3 5. The election of directors is governed by section 490.728.

4 6. Whenever a provision of this chapter provides for voting
5 of classes or series as separate voting groups, the rules
6 provided in section 490.1004, subsection 3, for amendments of
7 the articles of incorporation apply to that provision.

8 Sec. 72. Section 490.726, Code 2020, is amended by striking
9 the section and inserting in lieu thereof the following:

10 **490.726 Action by single or multiple voting groups.**

11 1. If the articles of incorporation or this chapter provide
12 for voting by a single voting group on a matter, action on
13 that matter is taken when voted upon by that voting group as
14 provided in section 490.725.

15 2. If the articles of incorporation or this chapter provide
16 for voting by two or more voting groups on a matter, action
17 on that matter is taken only when voted upon by each of those
18 voting groups counted separately as provided in section
19 490.725. Action may be taken by different voting groups on a
20 matter at different times.

21 Sec. 73. Section 490.727, Code 2020, is amended by striking
22 the section and inserting in lieu thereof the following:

23 **490.727 Modifying quorum or voting requirements.**

24 An amendment to the articles of incorporation or bylaws
25 that adds, changes, or deletes a quorum or voting requirement
26 shall meet the same quorum requirement and be adopted by the
27 same vote and voting groups required to take action under the
28 quorum and voting requirements then in effect or proposed to be
29 adopted, whichever is greater.

30 Sec. 74. Section 490.728, Code 2020, is amended by striking
31 the section and inserting in lieu thereof the following:

32 **490.728 Voting for directors — cumulative voting.**

33 1. Unless otherwise provided in the articles of
34 incorporation, directors are elected by a plurality of the
35 votes cast by the shares entitled to vote in the election at a

1 meeting at which a quorum is present.

2 2. Shareholders do not have a right to cumulate their votes
3 for directors unless the articles of incorporation so provide.

4 3. A statement included in the articles of incorporation
5 that "[all] [a designated voting group of] shareholders are
6 entitled to cumulate their votes for directors", or words of
7 similar import, means that the shareholders designated are
8 entitled to multiply the number of votes they are entitled to
9 cast by the number of directors for whom they are entitled to
10 vote and cast the product for a single candidate or distribute
11 the product among two or more candidates.

12 4. Shares otherwise entitled to vote cumulatively shall not
13 be voted cumulatively at a particular meeting unless any of the
14 following applies:

15 a. The meeting notice or proxy statement accompanying
16 the notice states conspicuously that cumulative voting is
17 authorized.

18 b. A shareholder who has the right to cumulate the
19 shareholder's votes gives notice to the corporation not less
20 than forty-eight hours before the time set for the meeting of
21 the shareholder's intent to cumulate votes during the meeting,
22 and if one shareholder gives this notice all other shareholders
23 in the same voting group participating in the election are
24 entitled to cumulate their votes without giving further notice.

25 Sec. 75. Section 490.729, Code 2020, is amended by striking
26 the section and inserting in lieu thereof the following:

27 **490.729 Inspectors of election.**

28 1. A corporation that has a class of equity securities
29 registered pursuant to section 12 of the federal Securities
30 Exchange Act of 1934 shall, and any other corporation
31 may, appoint one or more inspectors to act at a meeting of
32 shareholders in connection with determining voting results.
33 Each inspector shall verify in writing that the inspector
34 will faithfully execute the duties of inspector with strict
35 impartiality and according to the best of the inspector's

1 ability. An inspector may be an officer or employee of the
2 corporation. The inspectors may appoint or retain other
3 persons to assist the inspectors in the performance of the
4 duties of inspector under subsection 2, and may rely on
5 information provided by such persons and other persons,
6 including those appointed to tabulate votes, unless the
7 inspectors believe reliance is unwarranted.

8 2. The inspectors shall do all of the following:

9 a. Ascertain the number of shares outstanding and the voting
10 power of each.

11 b. Determine the shares represented at a meeting.

12 c. Determine the validity of proxy appointments and ballots.

13 d. Count all votes.

14 e. Make a written report of the results.

15 3. In performing their duties, the inspectors may examine
16 any of the following:

17 a. The proxy appointment forms and any other information
18 provided in accordance with section 490.722, subsection 2.

19 b. Any envelope or related writing submitted with those
20 appointment forms.

21 c. Any ballots.

22 d. Any evidence or other information specified in section
23 490.724.

24 e. The relevant books and records of the corporation
25 relating to its shareholders and their entitlement to vote,
26 including any securities position list provided by a depository
27 clearing agency.

28 4. a. The inspectors also may consider other information
29 that they believe is relevant and reliable for the purpose
30 of performing any of the duties assigned to them pursuant to
31 subsection 2, including for all of the following purposes:

32 (1) Evaluating inconsistent, incomplete, or erroneous
33 information.

34 (2) Reconciling information submitted on behalf of banks,
35 brokers, their nominees, or similar persons that indicates

1 more votes being cast than a proxy authorized by the record
2 shareholder is entitled to cast.

3 b. If the inspectors consider other information allowed by
4 this subsection, they shall in their report under subsection
5 2 specify the information considered by them, including the
6 purpose or purposes for which the information was considered,
7 the person or persons from whom they obtained the information,
8 when the information was obtained, the means by which the
9 information was obtained, and the basis for the inspectors'
10 belief that such information is relevant and reliable.

11 5. Determinations of law by the inspectors of election are
12 subject to de novo review by a court in a proceeding under
13 section 490.749 or other judicial proceeding.

14 Sec. 76. Section 490.730, Code 2020, is amended by striking
15 the section and inserting in lieu thereof the following:

16 **490.730 Voting trusts.**

17 1. One or more shareholders may create a voting trust,
18 conferring on a trustee the right to vote or otherwise act for
19 them, by signing an agreement setting out the provisions of the
20 trust, which may include anything consistent with its purpose,
21 and transferring their shares to the trustee. When a voting
22 trust agreement is signed, the trustee shall prepare a list of
23 the names and addresses of all voting trust beneficial owners,
24 together with the number and class of shares each transferred
25 to the trust, and deliver copies of the list and agreement to
26 the corporation at its principal office.

27 2. A voting trust becomes effective on the date the first
28 shares subject to the trust are registered in the trustee's
29 name.

30 3. Limits, if any, on the duration of a voting trust shall
31 be as set forth in the voting trust. A voting trust that became
32 effective between December 31, 1989, and June 30, 2014, both
33 dates inclusive, is governed by the provisions of this section
34 concerning duration then in effect, unless the voting trust
35 is amended to provide otherwise by unanimous agreement of the

1 parties to the voting trust.

2 Sec. 77. Section 490.731, Code 2020, is amended by striking
3 the section and inserting in lieu thereof the following:

4 **490.731 Voting agreement.**

5 1. Two or more shareholders may provide for the manner in
6 which they will vote their shares by signing an agreement for
7 that purpose. A voting agreement created under this section is
8 not subject to the provisions of section 490.730.

9 2. A voting agreement created under this section is
10 specifically enforceable.

11 Sec. 78. Section 490.732, Code 2020, is amended by striking
12 the section and inserting in lieu thereof the following:

13 **490.732 Shareholder agreement.**

14 1. An agreement among the shareholders of a corporation that
15 complies with this section is effective among the shareholders
16 and the corporation even though it is inconsistent with one or
17 more other provisions of this chapter in that it does any of
18 the following:

19 a. Eliminates the board of directors or restricts the
20 discretion or powers of the board of directors.

21 b. Governs the authorization or making of distributions,
22 regardless of whether they are in proportion to ownership of
23 shares, subject to the limitations in section 490.640.

24 c. Establishes who shall be directors or officers of the
25 corporation, or their terms of office or manner of selection
26 or removal.

27 d. Governs, in general or in regard to specific matters,
28 the exercise or division of voting power by or between
29 the shareholders and directors or by or among any of them,
30 including use of weighted voting rights or director proxies.

31 e. Establishes the terms and conditions of any agreement for
32 the transfer or use of property or the provision of services
33 between the corporation and any shareholder, director, officer,
34 or employee of the corporation, or among any of them.

35 f. Transfers to one or more shareholders or other persons

1 all or part of the authority to exercise the corporate powers
2 or to manage the business and affairs of the corporation,
3 including the resolution of any issue about which there exists
4 a deadlock among directors or shareholders.

5 g. Requires dissolution of the corporation at the request
6 of one or more of the shareholders or upon the occurrence of a
7 specified event or contingency.

8 h. Otherwise governs the exercise of the corporate powers or
9 the management of the business and affairs of the corporation
10 or the relationship among the shareholders, the directors, and
11 the corporation, or among any of them, and is not contrary to
12 public policy.

13 2. An agreement authorized by this section shall satisfy all
14 of the following requirements:

15 a. Be as set forth in any of the following:

16 (1) The articles of incorporation or bylaws and approved by
17 all persons who are shareholders at the time of the agreement.

18 (2) A written agreement that is signed by all persons who
19 are shareholders at the time of the agreement and is made known
20 to the corporation.

21 b. Be subject to amendment only by all persons who are
22 shareholders at the time of the amendment, unless the agreement
23 provides otherwise.

24 3. The existence of an agreement authorized by this section
25 shall be noted conspicuously on the front or back of each
26 certificate for outstanding shares or on the information
27 statement required by section 490.626, subsection 2. If at the
28 time of the agreement the corporation has shares outstanding
29 represented by certificates, the corporation shall recall the
30 outstanding certificates and issue substitute certificates that
31 comply with this subsection. The failure to note the existence
32 of the agreement on the certificate or information statement
33 shall not affect the validity of the agreement or any action
34 taken pursuant to it. Any purchaser of shares who, at the time
35 of purchase, did not have knowledge of the existence of the

1 agreement shall be entitled to rescission of the purchase. A
2 purchaser shall be deemed to have knowledge of the existence
3 of the agreement if its existence is noted on the certificate
4 or information statement for the shares in compliance with
5 this subsection and, if the shares are not represented by a
6 certificate, the information statement is delivered to the
7 purchaser at or before the time of purchase of the shares. An
8 action to enforce the right of rescission authorized by this
9 subsection shall be commenced within the earlier of ninety days
10 after discovery of the existence of the agreement or two years
11 after the time of purchase of the shares.

12 4. If the agreement ceases to be effective for any reason,
13 the board of directors may, if the agreement is contained or
14 referred to in the corporation's articles of incorporation or
15 bylaws, adopt an amendment to the articles of incorporation or
16 bylaws, without shareholder action, to delete the agreement and
17 any references to it.

18 5. An agreement authorized by this section that limits the
19 discretion or powers of the board of directors shall relieve
20 the directors of, and impose upon the person or persons in
21 whom such discretion or powers are vested, liability for acts
22 or omissions imposed by law on directors to the extent that
23 the discretion or powers of the directors are limited by the
24 agreement.

25 6. The existence or performance of an agreement authorized
26 by this section shall not be a ground for imposing personal
27 liability on any shareholder for the acts or debts of the
28 corporation even if the agreement or its performance treats the
29 corporation as if it were a partnership or results in failure
30 to observe the corporate formalities otherwise applicable to
31 the matters governed by the agreement.

32 7. Incorporators or subscribers for shares may act as
33 shareholders with respect to an agreement authorized by this
34 section if no shares have been issued when the agreement is
35 made.

1 8. Limits, if any, on the duration of an agreement
2 authorized by this section must be set forth in the agreement.
3 An agreement that became effective between January 1, 2003,
4 and June 30, 2014, both dates inclusive, unless the agreement
5 provided otherwise, remains governed by the provisions of this
6 section concerning duration then in effect.

7 Sec. 79. Section 490.740, Code 2020, is amended by striking
8 the section and inserting in lieu thereof the following:

9 **490.740 Part definitions.**

10 As used in this part:

11 1. "*Derivative proceeding*" means a civil suit in the right
12 of a domestic corporation or, to the extent provided in section
13 490.747, in the right of a foreign corporation.

14 2. "*Shareholder*" means a record shareholder, a beneficial
15 shareholder, and an unrestricted voting trust beneficial owner.

16 Sec. 80. Section 490.743, Code 2020, is amended by striking
17 the section and inserting in lieu thereof the following:

18 **490.743 Stay of proceedings.**

19 If the corporation commences an inquiry into the allegations
20 made in the demand or complaint, the court may stay any
21 derivative proceeding for such period as the court deems
22 appropriate.

23 Sec. 81. Section 490.744, Code 2020, is amended by striking
24 the section and inserting in lieu thereof the following:

25 **490.744 Dismissal.**

26 1. A derivative proceeding shall be dismissed by the court
27 on motion by the corporation if one of the groups specified
28 in subsection 2 or 5 has determined in good faith, after
29 conducting a reasonable inquiry upon which its conclusions are
30 based, that the maintenance of the derivative proceeding is
31 not in the best interests of the corporation. A corporation
32 moving to dismiss on this basis shall submit in support of the
33 motion a short and concise statement of the reasons for its
34 determination.

35 2. Unless a panel is appointed pursuant to subsection 5,

1 the determination in subsection 1 shall be made by any of the
2 following:

3 a. A majority vote of qualified directors present at a
4 meeting of the board of directors if the qualified directors
5 constitute a quorum.

6 b. A majority vote of a committee consisting of two or more
7 qualified directors appointed by majority vote of qualified
8 directors present at a meeting of the board of directors,
9 regardless of whether such qualified directors constitute a
10 quorum.

11 3. a. If a derivative proceeding is commenced after
12 a determination has been made rejecting a demand by a
13 shareholder, the complaint shall allege with particularity
14 facts establishing any of the following:

15 (1) That a majority of the board of directors did not
16 consist of qualified directors at the time the determination
17 was made.

18 (2) That the requirements of subsection 1 have not been met.

19 b. All discovery and other proceedings shall be stayed
20 during the pendency of any motion to dismiss unless the
21 court finds upon the motion of any party that particularized
22 discovery is necessary to preserve evidence or prevent undue
23 prejudice to that party.

24 4. If a majority of the board of directors consisted
25 of qualified directors at the time the determination was
26 made, the plaintiff shall have the burden of proving that
27 the requirements of subsection 1 have not been met; if not,
28 the corporation shall have the burden of proving that the
29 requirements of subsection 1 have been met.

30 5. Upon motion by the corporation, the court may appoint
31 a panel of one or more individuals to make a determination
32 whether the maintenance of the derivative proceeding is in the
33 best interests of the corporation. In such case, the plaintiff
34 shall have the burden of proving that the requirements of
35 subsection 1 have not been met.

1 Sec. 82. Section 490.745, Code 2020, is amended by striking
2 the section and inserting in lieu thereof the following:

3 **490.745 Discontinuance or settlement.**

4 A derivative proceeding shall not be discontinued or settled
5 without the court's approval. If the court determines that a
6 proposed discontinuance or settlement will substantially affect
7 the interests of the corporation's shareholders or a class or
8 series of shareholders, the court shall direct that notice be
9 given to the shareholders affected.

10 Sec. 83. Section 490.746, Code 2020, is amended by striking
11 the section and inserting in lieu thereof the following:

12 **490.746 Payment of expenses.**

13 On termination of the derivative proceeding, the court may
14 do any of the following:

15 1. Order the corporation to pay the plaintiff's expenses
16 incurred in the proceeding if it finds that the proceeding has
17 resulted in a substantial benefit to the corporation.

18 2. Order the plaintiff to pay any defendant's expenses
19 incurred in defending the proceeding if it finds that the
20 proceeding was commenced or maintained without reasonable cause
21 or for an improper purpose.

22 3. Order a party to pay an opposing party's expenses
23 incurred because of the filing of a pleading, motion, or other
24 paper, if it finds that any of the following apply:

25 a. The pleading, motion, or other paper was not well
26 grounded in fact, after reasonable inquiry, or warranted by
27 existing law or a good faith argument for the extension,
28 modification, or reversal of existing law.

29 b. The pleading, motion, or other paper was interposed for
30 an improper purpose, such as to harass or cause unnecessary
31 delay or needless increase in the cost of litigation.

32 Sec. 84. Section 490.748, Code 2020, is amended by striking
33 the section and inserting in lieu thereof the following:

34 **490.748 Shareholder action to appoint custodian or receiver.**

35 1. The district court of the county where a corporation's

1 principal office or, if none in this state, its registered
2 office, is located may appoint one or more persons to be
3 custodians, or, if the corporation is insolvent, to be
4 receivers, of and for a corporation in a proceeding by a
5 shareholder where it is established that any of the following
6 applies:

7 a. The directors are deadlocked in the management of
8 the corporate affairs, the shareholders are unable to break
9 the deadlock, and irreparable injury to the corporation is
10 threatened or being suffered.

11 b. The directors or those in control of the corporation are
12 acting fraudulently and irreparable injury to the corporation
13 is threatened or being suffered.

14 2. a. The district court may issue injunctions, appoint a
15 temporary custodian or temporary receiver with all the powers
16 and duties the district court directs, take other action to
17 preserve the corporate assets wherever located, and carry on
18 the business of the corporation until a full hearing is held.

19 b. The district court shall hold a full hearing, after
20 notifying all parties to the proceeding and any interested
21 persons designated by the district court, before appointing a
22 custodian or receiver.

23 c. The district court has jurisdiction over the corporation
24 and all of its property, wherever located.

25 3. The district court may appoint an individual or domestic
26 or foreign corporation, registered to do business in this
27 state, as a custodian or receiver and may require the custodian
28 or receiver to post bond, with or without sureties, in an
29 amount the district court directs.

30 4. The district court shall describe the powers and duties
31 of the custodian or receiver in its appointing order, which may
32 be amended from time to time. Among other powers, all of the
33 following apply:

34 a. A custodian may exercise all of the powers of the
35 corporation, through or in place of its board of directors, to

1 the extent necessary to manage the business and affairs of the
2 corporation.

3 b. A receiver may do any of the following:

4 (1) Dispose of all or any part of the assets of the
5 corporation wherever located, at a public or private sale, if
6 authorized by the district court.

7 (2) Sue and defend in the receiver's own name as receiver in
8 all courts of this state.

9 5. The district court during a custodianship may
10 redesignate the custodian a receiver, and during a receivership
11 may redesignate the receiver a custodian, if doing so is in the
12 best interests of the corporation.

13 6. The district court from time to time during the
14 custodianship or receivership may order compensation paid and
15 expense disbursements or reimbursements made to the custodian
16 or receiver from the assets of the corporation or proceeds from
17 the sale of its assets.

18 7. As used in this section, "*shareholder*" means a record
19 shareholder, a beneficial shareholder, and an unrestricted
20 voting trust beneficial owner.

21 Sec. 85. NEW SECTION. **490.749 Judicial determination of**
22 corporate offices and review of elections and shareholder votes.

23 1. Upon application of or in a proceeding commenced by a
24 person specified in subsection 2, the district court of the
25 county where the corporation's principal office or, if none in
26 this state, its registered office, is located may determine all
27 of the following:

28 a. The result or validity of the election, appointment,
29 removal, or resignation of a director or officer of the
30 corporation.

31 b. The right of an individual to hold the office of director
32 or officer of the corporation.

33 c. The result or validity of any vote by the shareholders
34 of the corporation.

35 d. The right of a director to membership on a committee of

1 the board of directors.

2 e. The right of a person to nominate or an individual to
3 be nominated as a candidate for election or appointment as
4 a director of the corporation, and any right under a bylaw
5 adopted pursuant to section 490.206, subsection 3, or any
6 comparable right under any provision of the articles of
7 incorporation, contract, or applicable law.

8 2. An application or proceeding pursuant to subsection 1 may
9 be filed or commenced by any of the following persons:

10 a. The corporation.

11 b. Any record shareholder, beneficial shareholder, or
12 unrestricted voting trust beneficial owner of the corporation.

13 c. A director of the corporation, an individual claiming
14 the office of director, or a director whose membership on a
15 committee of the board of directors is contested, in each case
16 who is seeking a determination of a right to such office or
17 membership.

18 d. An officer of the corporation or an individual claiming
19 to be an officer of the corporation, in each case who is
20 seeking a determination of a right to such office.

21 e. A person claiming a right covered by subsection 1,
22 paragraph "e", and who is seeking a determination of such right.

23 3. In connection with any application or proceeding under
24 subsection 1, the following shall be named as defendants,
25 unless such person made the application or commenced the
26 proceeding:

27 a. The corporation.

28 b. Any individual whose right to office or membership on a
29 committee of the board of directors is contested.

30 c. Any individual claiming the office or membership at
31 issue.

32 d. Any person claiming a right covered by subsection 1,
33 paragraph "e", that is at issue.

34 4. In connection with any application or proceeding under
35 subsection 1, service of process may be made upon each of the

1 persons specified in subsection 3, by any of the following:

2 a. Service of process on the corporation addressed to such
3 person in any manner provided by statute of this state or by
4 rule of the applicable court for service on the corporation.

5 b. Service of process on the person in any manner provided
6 by statute of this state or by rule of the applicable court.

7 5. When service of process is made upon a person other than
8 the corporation by service upon the corporation pursuant to
9 subsection 4, paragraph "a", the plaintiff and the corporation
10 or its registered agent shall promptly provide written notice
11 of such service, together with copies of all process and the
12 application or complaint, to the person at the person's last
13 known residence or business address, or as permitted by statute
14 of this state or by rule of the applicable court.

15 6. In connection with any application or proceeding under
16 subsection 1, the court shall dispose of the application or
17 proceeding on an expedited basis and also may do any of the
18 following:

19 a. Order such additional or further notice as the court
20 deems proper under the circumstances.

21 b. Order that additional persons be joined as parties to
22 the proceeding if the court determines that such joinder is
23 necessary for a just adjudication of matters before the court.

24 c. Order an election or meeting be held in accordance with
25 the provisions of section 490.703, subsection 2, or otherwise.

26 d. Appoint a master to conduct an election or meeting.

27 e. Enter temporary, preliminary, or permanent injunctive
28 relief.

29 f. Resolve solely for the purpose of this proceeding any
30 legal or factual issues necessary for the resolution of any of
31 the matters specified in subsection 1, including the right and
32 power of persons claiming to own shares to vote at any meeting
33 of the shareholders.

34 g. Order such other relief as the court determines is
35 equitable, just, and proper.

1 7. It is not necessary to make shareholders a party to
2 a proceeding or application pursuant to this section unless
3 the shareholder is a required defendant under subsection
4 3, paragraph "d", relief is sought against the shareholder
5 individually, or the court orders joinder pursuant to
6 subsection 6, paragraph "b".

7 8. Nothing in this section limits, restricts, or abolishes
8 the subject matter jurisdiction or powers of the court
9 as existed before the enactment of this section, and an
10 application or proceeding pursuant to this section is not the
11 exclusive remedy or proceeding available with respect to the
12 matters specified in subsection 1.

13 Sec. 86. NEW SECTION. **490.800 Special subchapter**
14 **definition.**

15 1. As used in this subchapter, "*public corporation*" means a
16 corporation that has a class of voting stock that is listed on
17 a national securities exchange or held of record by more than
18 two thousand shareholders.

19 2. This section is repealed on January 1, 2022.

20 Sec. 87. Section 490.801, Code 2020, is amended by striking
21 the section and inserting in lieu thereof the following:

22 **490.801 Requirement for and functions of board of directors.**

23 1. Except as may be provided in an agreement authorized
24 under section 490.732, each corporation shall have a board of
25 directors.

26 2. Except as may be provided in an agreement authorized
27 under section 490.732, and subject to any limitation in
28 the articles of incorporation permitted by section 490.202,
29 subsection 2, all corporate powers shall be exercised by or
30 under the authority of the board of directors, and the business
31 and affairs of the corporation shall be managed by or under
32 the direction, and subject to the oversight, of the board of
33 directors.

34 Sec. 88. Section 490.802, Code 2020, is amended by striking
35 the section and inserting in lieu thereof the following:

1 **490.802 Qualifications of directors.**

2 1. The articles of incorporation or bylaws may prescribe
3 qualifications for directors or for nominees for directors.
4 Qualifications must be reasonable as applied to the corporation
5 and be lawful.

6 2. A requirement that is based on a past, prospective,
7 or current action, or expression of opinion, by a nominee
8 or director that could limit the ability of a nominee or
9 director to discharge his or her duties as a director is not a
10 permissible qualification under this section. Notwithstanding
11 the foregoing, qualifications may include not being or having
12 been subject to specified criminal, civil, or regulatory
13 sanctions or not having been removed as a director by judicial
14 action or for cause.

15 3. A director need not be a resident of this state or a
16 shareholder unless the articles of incorporation or bylaws so
17 prescribe.

18 4. A qualification for nomination for director prescribed
19 before a person's nomination shall apply to such person at
20 the time of nomination. A qualification for nomination for
21 director prescribed after a person's nomination shall not apply
22 to such person with respect to such nomination.

23 5. A qualification for director prescribed before a
24 director has been elected or appointed may apply only at the
25 time an individual becomes a director or may apply during a
26 director's term. A qualification prescribed after a director
27 has been elected or appointed shall not apply to that director
28 before the end of that director's term.

29 Sec. 89. Section 490.803, Code 2020, is amended by striking
30 the section and inserting in lieu thereof the following:

31 **490.803 Number and election of directors.**

32 1. A board of directors shall consist of one or more
33 individuals, with the number specified in or fixed in
34 accordance with the articles of incorporation or bylaws.

35 2.a. The number of directors may be increased or decreased

1 from time to time by amendment to, or in the manner provided
2 in, the articles of incorporation or bylaws.

3 b. (1) Notwithstanding paragraph "a", the number of
4 directors of a public corporation subject to section 490.806A,
5 subsection 1, or section 490.806B, shall be increased or
6 decreased only by the affirmative vote of a majority of its
7 board of directors.

8 (2) This paragraph "b" is repealed on January 1, 2022.

9 3.a. Directors are elected at the first annual shareholders'
10 meeting and at each annual shareholders' meeting thereafter
11 unless elected by written consent in lieu of an annual meeting
12 as permitted by section 490.704 or unless their terms are
13 staggered under section 490.806.

14 b. (1) Notwithstanding paragraph "a", for a public
15 corporation subject to section 490.806A, subsection 1, or
16 section 490.806B, a director's term shall be staggered as
17 provided in section 490.806A, subsection 1, or may be staggered
18 as provided in section 490.806B.

19 (2) This paragraph "b" is repealed on January 1, 2022.

20 Sec. 90. Section 490.804, Code 2020, is amended by striking
21 the section and inserting in lieu thereof the following:

22 **490.804 Election of directors by certain classes of series
23 of shares.**

24 If the articles of incorporation or action by the board of
25 directors pursuant to section 490.602 authorize dividing the
26 shares into classes or series, the articles of incorporation
27 may also authorize the election of all or a specified number
28 of directors by the holders of one or more authorized classes
29 or series of shares. A class or series, or multiple classes
30 or series, of shares entitled to elect one or more directors
31 is a separate voting group for purposes of the election of
32 directors.

33 Sec. 91. Section 490.805, Code 2020, is amended by striking
34 the section and inserting in lieu thereof the following:

35 **490.805 Terms of directors generally.**

1 1. The terms of the initial directors of a corporation
2 expire at the first shareholders' meeting at which directors
3 are elected.

4 2. *a.* The terms of all other directors expire at the
5 next, or if their terms are staggered in accordance with
6 section 490.806, at the applicable second or third, annual
7 shareholders' meeting following their election.

8 *b.* Paragraph "a" does not apply in any of the following
9 circumstances:

10 (1) To the extent provided in section 490.1022 if a bylaw
11 electing to be governed by that section is in effect.

12 (2) A shorter term is specified in the articles of
13 incorporation in the event of a director nominee failing to
14 receive a specified vote for election.

15 *c.* (1) Notwithstanding paragraph "a", for a public
16 corporation subject to section 490.806A, subsection 1, or
17 section 490.806B, the terms of directors shall be staggered as
18 provided in section 490.806A, subsection 1, or may be staggered
19 as provided in section 490.806B.

20 (2) This paragraph "c" is repealed on January 1, 2022.

21 3. A decrease in the number of directors does not shorten
22 an incumbent director's term.

23 4.*a.* The term of a director elected to fill a vacancy
24 expires at the next shareholders' meeting at which directors
25 are elected.

26 *b.* (1) Notwithstanding paragraph "a", for a public
27 corporation subject to section 490.806A, subsection 1, or
28 section 490.806B, the term of a director elected to fill a
29 vacancy expires as provided in section 490.806A, subsection 1,
30 or section 490.806B.

31 (2) This paragraph "b" is repealed on January 1, 2022.

32 5. Except to the extent otherwise provided in the articles
33 of incorporation or under section 490.1022, if a bylaw electing
34 to be governed by that section is in effect, despite the
35 expiration of a director's term, the director continues to

1 serve until the director's successor is elected and qualifies
2 or there is a decrease in the number of directors.

3 Sec. 92. Section 490.806, Code 2020, is amended by striking
4 the section and inserting in lieu thereof the following:

5 **490.806 Staggered terms for directors.**

6 1. The articles of incorporation may provide for staggering
7 the terms of directors by dividing the total number of
8 directors into two or three groups, with each group containing
9 one-half or one-third of the total, as near as may be
10 practicable. In that event, the terms of directors in the
11 first group expire at the first annual shareholders' meeting
12 after their election, the terms of the second group expire at
13 the second annual shareholders' meeting after their election,
14 and the terms of the third group, if any, expire at the third
15 annual shareholders' meeting after their election. At each
16 annual shareholders' meeting held thereafter, directors shall
17 be elected for a term of two years or three years, as the case
18 may be, to succeed those whose terms expire.

19 2. a. Subsection 1 does not apply to a public corporation
20 that is subject to section 490.806A, subsection 1, but may
21 apply to a public corporation that is subject to section
22 490.806B.

23 b. This subsection is repealed on January 1, 2022.

24 Sec. 93. Section 490.807, Code 2020, is amended by striking
25 the section and inserting in lieu thereof the following:

26 **490.807 Resignation of directors.**

27 1. A director may resign at any time by delivering a written
28 notice of resignation to the board of directors or its chair,
29 or to the secretary.

30 2. A resignation is effective as provided in section
31 490.141, subsection 9, unless the resignation provides for a
32 delayed effectiveness, including effectiveness determined upon
33 a future event or events. A resignation that is conditioned
34 upon failing to receive a specified vote for election as a
35 director may provide that it is irrevocable.

1 Sec. 94. Section 490.808, Code 2020, is amended by striking
2 the section and inserting in lieu thereof the following:

3 **490.808 Removal of directors by shareholders.**

4 1. The shareholders may remove one or more directors with or
5 without cause unless the articles of incorporation provide that
6 directors may be removed only for cause.

7 2. If a director is elected by a voting group of
8 shareholders, only the shareholders of that voting group may
9 participate in the vote to remove that director.

10 3. A director may be removed if the number of votes cast
11 to remove exceeds the number of votes cast not to remove the
12 director, except to the extent the articles of incorporation
13 or bylaws require a greater number. However, if cumulative
14 voting is authorized, a director shall not be removed if, in
15 the case of a meeting, the number of votes sufficient to elect
16 the director under cumulative voting is voted against removal
17 and, if action is taken by less than unanimous written consent,
18 voting shareholders entitled to the number of votes sufficient
19 to elect the director under cumulative voting do not consent
20 to the removal.

21 4. A director may be removed by the shareholders only at a
22 meeting called for the purpose of removing the director, and
23 the meeting notice must state that removal of the director is a
24 purpose of the meeting.

25 Sec. 95. Section 490.809, Code 2020, is amended by striking
26 the section and inserting in lieu thereof the following:

27 **490.809 Removal of directors by judicial proceeding.**

28 1. The district court of the county where a corporation's
29 principal office or, if none in this state, its registered
30 office, is located may remove a director from office or
31 may order other relief, including barring the director
32 from reelection for a period prescribed by the court, in a
33 proceeding commenced by or in the right of the corporation if
34 the court finds that all of the following apply:

35 a. The director engaged in fraudulent conduct with respect

1 to the corporation or its shareholders, grossly abused the
2 position of director, or intentionally inflicted harm on the
3 corporation.

4 b. Considering the director's course of conduct and the
5 inadequacy of other available remedies, removal or such other
6 relief would be in the best interest of the corporation.

7 2. A shareholder proceeding on behalf of the corporation
8 under subsection 1 shall comply with all of the requirements of
9 subchapter VII, part D, except section 490.741, subsection 1.

10 Sec. 96. Section 490.810, Code 2020, is amended by striking
11 the section and inserting in lieu thereof the following:

12 **490.810 Vacancy on board of directors.**

13 1. Unless the articles of incorporation provide otherwise,
14 if a vacancy occurs on a board of directors, including a
15 vacancy resulting from an increase in the number of directors,
16 the vacancy may be filled in any of the following manners:

17 a. The shareholders may fill the vacancy.

18 b. The board of directors may fill the vacancy.

19 c. If the directors remaining in office are less than a
20 quorum, they may fill the vacancy by the affirmative vote of a
21 majority of all the directors remaining in office.

22 1A. a. For a public corporation subject to section
23 490.806A, subsection 1, or section 490.806B, a vacancy on the
24 board of directors, including but not limited to a vacancy
25 resulting from an increase in the number of directors, shall
26 be filled solely by the affirmative vote of a majority of the
27 remaining directors, even though less than a quorum of the
28 board.

29 b. This subsection is repealed on January 1, 2022.

30 2. If the vacant office was held by a director elected by
31 a voting group of shareholders, only the holders of shares of
32 that voting group are entitled to vote to fill the vacancy
33 if it is filled by the shareholders, and only the remaining
34 directors elected by that voting group, even if less than a
35 quorum, are entitled to fill the vacancy if it is filled by the

1 directors.

2 3. A vacancy that will occur at a specific later date, by
3 reason of a resignation effective at a later date under section
4 490.807, subsection 2, or otherwise, may be filled before the
5 vacancy occurs but the new director shall not take office until
6 the vacancy occurs.

7 Sec. 97. Section 490.820, Code 2020, is amended by striking
8 the section and inserting in lieu thereof the following:

9 **490.820 Meetings.**

10 1. The board of directors may hold regular or special
11 meetings in or out of this state.

12 2. Unless restricted by the articles of incorporation
13 or bylaws, any director may participate in any meeting
14 of the board of directors through the use of any means of
15 communication by which all directors participating may
16 simultaneously hear each other during the meeting. A director
17 participating in a meeting by this means is deemed to be
18 present in person at the meeting.

19 Sec. 98. Section 490.821, Code 2020, is amended by striking
20 the section and inserting in lieu thereof the following:

21 **490.821 Action without meeting.**

22 1. Except to the extent that the articles of incorporation
23 or bylaws require that action by the board of directors be
24 taken at a meeting, action required or permitted by this
25 chapter to be taken by the board of directors may be taken
26 without a meeting if each director signs a consent describing
27 the action to be taken and delivers it to the corporation.

28 2. Action taken under this section is the act of the board
29 of directors when one or more consents signed by all the
30 directors are delivered to the corporation. The consent may
31 specify the time at which the action taken is to be effective.
32 A director's consent may be withdrawn by a revocation signed by
33 the director and delivered to the corporation before delivery
34 to the corporation of unrevoked written consents signed by all
35 the directors.

1 3. A consent signed under this section has the effect of
2 action taken at a meeting of the board of directors and may be
3 described as such in any document.

4 Sec. 99. Section 490.822, Code 2020, is amended by striking
5 the section and inserting in lieu thereof the following:

6 **490.822 Notice of meeting.**

7 1. Unless the articles of incorporation or bylaws provide
8 otherwise, regular meetings of the board of directors may be
9 held without notice of the date, time, place, or purpose of the
10 meeting.

11 2. Unless the articles of incorporation or bylaws provide
12 for a longer or shorter period, special meetings of the board
13 of directors shall be preceded by at least two days' notice of
14 the date, time, and place of the meeting. The notice need not
15 describe the purpose of the special meeting unless required by
16 the articles of incorporation or bylaws.

17 Sec. 100. Section 490.823, Code 2020, is amended by striking
18 the section and inserting in lieu thereof the following:

19 **490.823 Waiver of notice.**

20 1. A director may waive any notice required by this chapter,
21 the articles of incorporation, or the bylaws before or after
22 the date and time stated in the notice. Except as provided
23 by subsection 2, the waiver must be in writing, signed by
24 the director entitled to the notice, and delivered to the
25 corporation for filing by the corporation with the minutes or
26 corporate records.

27 2. A director's attendance at or participation in a meeting
28 waives any required notice to the director of the meeting
29 unless all of the following apply:

30 a. The director at the beginning of the meeting, or promptly
31 upon arrival, objects to holding the meeting or transacting
32 business at the meeting.

33 b. The director does not, after objecting, vote for or
34 assent to action taken at the meeting.

35 Sec. 101. Section 490.824, Code 2020, is amended by striking

1 the section and inserting in lieu thereof the following:

2 **490.824 Quorum and voting.**

3 1. Unless the articles of incorporation or bylaws provide
4 for a greater or lesser number, or unless otherwise expressly
5 provided in this chapter, a quorum of a board of directors
6 consists of a majority of the number of directors specified in
7 or fixed in accordance with the articles of incorporation or
8 bylaws.

9 2. The quorum of the board of directors specified in
10 or fixed in accordance with the articles of incorporation
11 or bylaws shall not consist of less than one-third of the
12 specified or fixed number of directors.

13 3. If a quorum is present when a vote is taken, the
14 affirmative vote of a majority of directors present is the act
15 of the board of directors unless the articles of incorporation
16 or bylaws require the vote of a greater number of directors or
17 unless otherwise expressly provided in this chapter.

18 4. *a.* A director who is present at a meeting of the board
19 of directors or a committee when corporate action is taken is
20 deemed to have assented to the action taken unless one or more
21 of the following occurs:

22 (1) The director objects at the beginning of the meeting, or
23 promptly upon arrival, to holding it or transacting business
24 at the meeting.

25 (2) The dissent or abstention from the action taken is
26 entered in the minutes of the meeting.

27 (3) The director delivers written notice of the director's
28 dissent or abstention to the presiding officer of the meeting
29 before its adjournment or to the corporation immediately after
30 adjournment of the meeting.

31 *b.* The right of dissent or abstention is not available to a
32 director who votes in favor of the action taken.

33 Sec. 102. Section 490.825, Code 2020, is amended by striking
34 the section and inserting in lieu thereof the following:

35 **490.825 Committees of the board.**

1 1. Unless this chapter, the articles of incorporation,
2 or the bylaws provide otherwise, a board of directors may
3 establish one or more board committees composed exclusively
4 of one or more directors to perform functions of the board of
5 directors.

6 2. *a.* The establishment of a board committee and
7 appointment of members to it shall be approved by the greater
8 of the following:

9 (1) A majority of all the directors in office when the
10 action is taken.

11 (2) The number of directors required by the articles of
12 incorporation or bylaws to take action under section 490.824.

13 *b.* Paragraph "a" applies unless, in either case, this
14 chapter or the articles of incorporation provide otherwise.

15 3. Sections 490.820 through 490.824 apply to board
16 committees and their members.

17 4. A board committee may exercise the powers of the board
18 of directors under section 490.801, to the extent specified by
19 the board of directors or in the articles of incorporation or
20 bylaws, except that a board committee shall not do any of the
21 following:

22 *a.* Authorize or approve distributions, except according to
23 a formula or method, or within limits, prescribed by the board
24 of directors.

25 *b.* Approve or propose to shareholders action that this
26 chapter requires be approved by shareholders.

27 *c.* Fill vacancies on the board of directors or, subject to
28 subsection 5, on any board committees.

29 *d.* Adopt, amend, or repeal bylaws.

30 5. The board of directors may appoint one or more directors
31 as alternate members of any board committee to replace any
32 absent or disqualified member during the member's absence
33 or disqualification. If the articles of incorporation, the
34 bylaws, or the resolution creating the board committee so
35 provide, the member or members present at any board committee

1 meeting and not disqualified from voting may, by unanimous
2 action, appoint another director to act in place of an absent
3 or disqualified member during that member's absence or
4 disqualification.

5 Sec. 103. Section 490.830, Code 2020, is amended by striking
6 the section and inserting in lieu thereof the following:

7 **490.830 Standards of conduct for directors.**

8 1. Each member of the board of directors, when discharging
9 the duties of a director, shall act in conformity with all of
10 the following:

11 a. In good faith.

12 b. In a manner the director reasonably believes to be in the
13 best interests of the corporation.

14 2. The members of the board of directors or a board
15 committee, when becoming informed in connection with their
16 decision-making function or devoting attention to their
17 oversight function, shall discharge their duties with the care
18 that a person in a like position would reasonably believe
19 appropriate under similar circumstances.

20 3. In discharging board or board committee duties, a
21 director shall disclose, or cause to be disclosed, to the other
22 board or committee members information which the director
23 knows is not already known by them but known by the director
24 to be material to the discharge of their decision-making or
25 oversight functions, except that disclosure is not required to
26 the extent that the director reasonably believes that doing so
27 would violate a duty imposed under law, a legally enforceable
28 obligation of confidentiality, or a professional ethics rule.

29 4. In discharging board or board committee duties, a
30 director who does not have knowledge that makes reliance
31 unwarranted is entitled to rely on the performance by any of
32 the persons specified in subsection 6, paragraph "a" or "c", to
33 whom the board may have delegated, formally or informally by
34 course of conduct, the authority or duty to perform one or more
35 of the board's functions that are delegable under applicable

1 law.

2 5. In discharging board or board committee duties, a
3 director who does not have knowledge that makes reliance
4 unwarranted is entitled to rely on information, opinions,
5 reports, or statements, including financial statements and
6 other financial data, prepared or presented by any of the
7 persons specified in subsection 6.

8 6. A director is entitled to rely, in accordance with
9 subsection 4 or 5, on any of the following:

10 a. One or more officers or employees of the corporation whom
11 the director reasonably believes to be reliable and competent
12 in the functions performed or the information, opinions,
13 reports, or statements provided.

14 b. Legal counsel, public accountants, or other persons
15 retained by the corporation as to matters involving skills
16 or expertise the director reasonably believes are any of the
17 following:

18 (1) Matters within the particular person's professional or
19 expert competence.

20 (2) Matters as to which the particular person merits
21 confidence.

22 c. A board committee of which the director is not a member
23 if the director reasonably believes the committee merits
24 confidence.

25 Sec. 104. Section 490.831, Code 2020, is amended by striking
26 the section and inserting in lieu thereof the following:

27 **490.831 Standards of liability for directors.**

28 1. A director shall not be liable to the corporation or its
29 shareholders for any decision to take or not to take action,
30 or any failure to take any action, as a director, unless the
31 party asserting liability in a proceeding establishes all of
32 the following:

33 a. No defense interposed by the director based on any of the
34 following precludes liability:

35 (1) A provision in the articles of incorporation authorized

1 by section 490.202, subsection 2, paragraph "d" or "f".

2 (2) The protection afforded by section 490.861 for action
3 taken in compliance with section 490.862 or section 490.863.

4 (3) The protection afforded by section 490.870.

5 b. That the challenged conduct consisted or was the result
6 of any of the following:

7 (1) Action not in good faith.

8 (2) A decision that satisfies any of the following:

9 (a) That which the director did not reasonably believe to be
10 in the best interests of the corporation.

11 (b) As to which the director was not informed to an
12 extent the director reasonably believed appropriate in the
13 circumstances.

14 (3) A lack of objectivity due to the director's familial,
15 financial, or business relationship with, or a lack of
16 independence due to the director's domination or control by,
17 another person having a material interest in the challenged
18 conduct, which also meets all of the following criteria:

19 (a) Which relationship or which domination or control could
20 reasonably be expected to have affected the director's judgment
21 respecting the challenged conduct in a manner adverse to the
22 corporation.

23 (b) After a reasonable expectation to such effect has been
24 established, the director shall not have established that the
25 challenged conduct was reasonably believed by the director to
26 be in the best interests of the corporation.

27 (4) A sustained failure of the director to devote attention
28 to ongoing oversight of the business and affairs of the
29 corporation, or a failure to devote timely attention, by
30 making, or causing to be made, appropriate inquiry, when
31 particular facts and circumstances of significant concern
32 materialize that would alert a reasonably attentive director
33 to the need for such inquiry.

34 (5) Receipt of a financial benefit to which the director was
35 not entitled or any other breach of the director's duties to

1 deal fairly with the corporation and its shareholders that is
2 actionable under applicable law.

3 2. *a.* The party seeking to hold the director liable for
4 money damages shall also have the burden of establishing all
5 of the following:

6 (1) That harm to the corporation or its shareholders has
7 been suffered.

8 (2) The harm suffered was proximately caused by the
9 director's challenged conduct.

10 *b.* A party seeking to hold the director liable for other
11 money payment under a legal remedy, such as compensation for
12 the unauthorized use of corporate assets, shall also have
13 whatever persuasion burden may be called for to establish that
14 the payment sought is appropriate in the circumstances.

15 *c.* A party seeking to hold the director liable for other
16 money payment under an equitable remedy, such as profit
17 recovery by or disgorgement to the corporation, shall also
18 have whatever persuasion burden may be called for to establish
19 that the equitable remedy sought is appropriate in the
20 circumstances.

21 3. This section shall not do any of the following:

22 *a.* In any instance where fairness is at issue, such
23 as consideration of the fairness of a transaction to the
24 corporation under section 490.861, subsection 2, paragraph
25 "c", alter the burden of proving the fact or lack of fairness
26 otherwise applicable.

27 *b.* Alter the fact or lack of liability of a director
28 under another section of this chapter, such as the provisions
29 governing the consequences of an unlawful distribution under
30 section 490.833 or a transactional interest under section
31 490.861.

32 *c.* Affect any rights to which the corporation or a
33 shareholder may be entitled under another statute of this state
34 or the United States.

35 Sec. 105. Section 490.833, Code 2020, is amended by striking

1 the section and inserting in lieu thereof the following:

2 **490.833 Directors' liability for unlawful distributions.**

3 1. A director who votes for or assents to a distribution in
4 excess of what may be authorized and made pursuant to section
5 490.640, subsection 1, or section 490.1409, subsection 1, is
6 personally liable to the corporation for the amount of the
7 distribution that exceeds what could have been distributed
8 without violating section 490.640, subsection 1, or section
9 490.1409, subsection 1, if the party asserting liability
10 establishes that when taking the action the director did not
11 comply with section 490.830.

12 2. A director held liable under subsection 1 for an unlawful
13 distribution is entitled to all of the following:

14 a. Contribution from every other director who could be held
15 liable under subsection 1 for the unlawful distribution.

16 b. Recoupment from each shareholder of the prorata portion
17 of the amount of the unlawful distribution the shareholder
18 accepted, knowing the distribution was made in violation of
19 section 490.640, subsection 1, or section 490.1409, subsection
20 1.

21 3. a. A proceeding to enforce the liability of a director
22 under subsection 1 is barred unless it is commenced within two
23 years after any of the following:

24 (1) The date on which the effect of the distribution was
25 measured under section 490.640, subsection 5 or 8.

26 (2) The date as of which the violation of section 490.640,
27 subsection 1, occurred as the consequence of disregard of a
28 restriction in the articles of incorporation.

29 (3) The date on which the distribution of assets to
30 shareholders under section 490.1409, subsection 1, was made.

31 b. A proceeding to enforce contribution or recoupment
32 under subsection 2 is barred unless it is commenced within
33 one year after the liability of the claimant has been finally
34 adjudicated under subsection 1.

35 Sec. 106. Section 490.840, Code 2020, is amended by striking

1 the section and inserting in lieu thereof the following:

2 **490.840 Officers.**

3 1. A corporation has the officers described in its bylaws
4 or appointed by the board of directors in accordance with the
5 bylaws.

6 2. The board of directors may elect individuals to fill one
7 or more offices of the corporation. An officer may appoint one
8 or more officers if authorized by the bylaws or the board of
9 directors.

10 3. The bylaws or the board of directors shall assign to an
11 officer responsibility for maintaining and authenticating the
12 records of the corporation required to be kept under section
13 490.1601, subsection 1.

14 4. The same individual may simultaneously hold more than one
15 office in a corporation.

16 Sec. 107. Section 490.842, Code 2020, is amended by striking
17 the section and inserting in lieu thereof the following:

18 **490.842 Standards of conduct for officers.**

19 1. An officer, when performing in such capacity, has the
20 duty to act in conformity with all of the following:

21 a. In good faith.

22 b. With the care that a person in a like position would
23 reasonably exercise under similar circumstances.

24 c. In a manner the officer reasonably believes to be in the
25 best interests of the corporation.

26 2. The duty of an officer includes the obligation to do all
27 of the following:

28 a. Inform the superior officer to whom, or the board of
29 directors or the board committee to which, the officer reports
30 of information about the affairs of the corporation known to
31 the officer, within the scope of the officer's functions, and
32 known to the officer to be material to such superior officer,
33 board, or committee.

34 b. Inform the officer's superior officer, or another
35 appropriate person within the corporation, or the board of

1 directors, or a board committee, of any actual or probable
2 material violation of law involving the corporation or material
3 breach of duty to the corporation by an officer, employee,
4 or agent of the corporation, that the officer believes has
5 occurred or is likely to occur.

6 3. In discharging the officer's duties, an officer who does
7 not have knowledge that makes reliance unwarranted is entitled
8 to rely on any of the following:

9 a. The performance of properly delegated responsibilities
10 by one or more employees of the corporation whom the officer
11 reasonably believes to be reliable and competent in performing
12 the responsibilities delegated.

13 b. Information, opinions, reports, or statements, including
14 financial statements and other financial data, prepared or
15 presented by one or more employees of the corporation whom the
16 officer reasonably believes to be reliable and competent in
17 the matters presented or by legal counsel, public accountants,
18 or other persons retained by the corporation as to matters
19 involving skills or expertise the officer reasonably believes
20 are any of the following:

21 (1) Matters within the particular person's professional or
22 expert competence.

23 (2) Matters as to which the particular person merits
24 confidence.

25 4. An officer shall not be liable to the corporation or its
26 shareholders for any decision to take or not to take action,
27 or any failure to take any action, as an officer, if the duties
28 of the office are performed in compliance with this section.
29 Whether an officer who does not comply with this section shall
30 have liability will depend in such instance on applicable
31 law, including those principles of section 490.831 that have
32 relevance.

33 Sec. 108. Section 490.843, Code 2020, is amended by striking
34 the section and inserting in lieu thereof the following:

35 **490.843 Resignation and removal of officers.**

1 1. An officer may resign at any time by delivering a
2 written notice to the board of directors, or its chair, or to
3 the appointing officer or the secretary. A resignation is
4 effective as provided in section 490.141, subsection 9, unless
5 the notice provides for a delayed effectiveness, including
6 effectiveness determined upon a future event or events. If
7 effectiveness of a resignation is stated to be delayed and the
8 board of directors or the appointing officer accepts the delay,
9 the board of directors or the appointing officer may fill the
10 pending vacancy before the delayed effectiveness but the new
11 officer shall not take office until the vacancy occurs.

12 2. An officer may be removed at any time with or without
13 cause by any of the following:

14 a. The board of directors.

15 b. The appointing officer, unless the bylaws or the board
16 of directors provide otherwise.

17 c. Any other officer if authorized by the bylaws or the
18 board of directors.

19 3. As used in this section, "*appointing officer*" means the
20 officer, including any successor to that officer, who appointed
21 the officer resigning or being removed.

22 Sec. 109. Section 490.844, Code 2020, is amended by striking
23 the section and inserting in lieu thereof the following:

24 **490.844 Contract rights of officers.**

25 1. The election or appointment of an officer does not itself
26 create contract rights.

27 2. An officer's removal does not affect the officer's
28 contract rights, if any, with the corporation. An officer's
29 resignation does not affect the corporation's contract rights,
30 if any, with the officer.

31 Sec. 110. Section 490.850, Code 2020, is amended by striking
32 the section and inserting in lieu thereof the following:

33 **490.850 Part definitions.**

34 As used in this part:

35 1. "*Corporation*" includes any domestic or foreign

1 predecessor entity of a corporation in a merger.

2 2. "*Director*" or "*officer*" means an individual who is or
3 was a director or officer, respectively, of a corporation
4 or who, while a director or officer of the corporation, is
5 or was serving at the corporation's request as a director,
6 officer, manager, partner, trustee, employee, or agent of
7 another entity or employee benefit plan. A director or
8 officer is considered to be serving an employee benefit plan
9 at the corporation's request if the individual's duties to
10 the corporation also impose duties on, or otherwise involve
11 services by, the individual to the plan or to participants in
12 or beneficiaries of the plan. "*Director*" or "*officer*" includes,
13 unless the context requires otherwise, the estate or personal
14 representative of a director or officer.

15 3. "*Liability*" means the obligation to pay a judgment,
16 settlement, penalty, fine, including an excise tax assessed
17 with respect to an employee benefit plan, or expenses incurred
18 with respect to a proceeding.

19 4. *a.* "*Official capacity*" means the following:

20 (1) When used with respect to a director, the office of
21 director in a corporation.

22 (2) When used with respect to an officer, as contemplated
23 in section 490.856, the office in a corporation held by the
24 officer.

25 *b.* "*Official capacity*" does not include service for any
26 other domestic or foreign corporation or any joint venture,
27 trust, employee benefit plan, or other entity.

28 5. "*Party*" means an individual who was, is, or is threatened
29 to be made a defendant or respondent in a proceeding.

30 6. "*Proceeding*" means any threatened, pending, or completed
31 action, suit, or proceeding, whether civil, criminal,
32 administrative, arbitrative, or investigative and whether
33 formal or informal.

34 Sec. 111. Section 490.851, Code 2020, is amended by striking
35 the section and inserting in lieu thereof the following:

1 **490.851 Permissible indemnification.**

2 1. Except as otherwise provided in this section, a
3 corporation may indemnify an individual who is a party to
4 a proceeding because the individual is a director against
5 liability incurred in the proceeding if any of the following
6 apply:

7 a. All of the following apply:

8 (1) The director's conduct was in good faith.

9 (2) The director reasonably believed:

10 (a) In the case of conduct in an official capacity, that
11 the director's conduct was in the best interests of the
12 corporation.

13 (b) In all other cases, that the director's conduct was at
14 least not opposed to the best interests of the corporation.

15 (3) In the case of any criminal proceeding, the director
16 had no reasonable cause to believe the director's conduct was
17 unlawful.

18 b. The director engaged in conduct for which broader
19 indemnification has been made permissible or obligatory under a
20 provision of the articles of incorporation, as authorized by
21 section 490.202, subsection 2, paragraph "e".

22 2. A director's conduct with respect to an employee benefit
23 plan for a purpose the director reasonably believed to be in
24 the interests of the participants in, and the beneficiaries
25 of, the plan is conduct that satisfies the requirement of
26 subsection 1, paragraph "a", subparagraph (2), subparagraph
27 division (b).

28 3. The termination of a proceeding by judgment, order,
29 settlement, or conviction, or upon a plea of nolo contendere
30 or its equivalent, is not, of itself, determinative that
31 the director did not meet the relevant standard of conduct
32 described in this section.

33 4. Unless ordered by a court under section 490.854,
34 subsection 1, paragraph "c", a corporation shall not indemnify a
35 director in any of the following circumstances:

1 a. In connection with a proceeding by or in the right of the
2 corporation, except for expenses incurred in connection with
3 the proceeding if it is determined that the director has met
4 the relevant standard of conduct under subsection 1.

5 b. In connection with any proceeding with respect to conduct
6 for which the director was adjudged liable on the basis of
7 receiving a financial benefit to which the director was not
8 entitled, regardless of whether it involved action in the
9 director's official capacity.

10 Sec. 112. Section 490.852, Code 2020, is amended by striking
11 the section and inserting in lieu thereof the following:

12 **490.852 Mandatory indemnification.**

13 A corporation shall indemnify a director who was wholly
14 successful, on the merits or otherwise, in the defense of
15 any proceeding to which the director was a party because the
16 director is or was a director of the corporation against
17 expenses incurred by the director in connection with the
18 proceeding.

19 Sec. 113. Section 490.853, Code 2020, is amended by striking
20 the section and inserting in lieu thereof the following:

21 **490.853 Advance for expenses.**

22 1. A corporation may, before final disposition of a
23 proceeding, advance funds to pay for or reimburse expenses
24 incurred in connection with the proceeding by an individual
25 who is a party to the proceeding because that individual is a
26 director, if the director delivers to the corporation a signed
27 written undertaking of the director to repay any funds advanced
28 and all of the following apply:

29 a. The director is not entitled to mandatory indemnification
30 under section 490.852.

31 b. It is ultimately determined under section 490.854 or
32 490.855 that the director is not entitled to indemnification.

33 2. The undertaking required by subsection 1 must be an
34 unlimited general obligation of the director but need not be
35 secured and may be accepted without reference to the financial

1 ability of the director to make repayment.

2 3. Authorizations under this section shall be made by any
3 of the following:

4 a. By the board of directors as follows:

5 (1) If there are two or more qualified directors, by a
6 majority vote of all of the qualified directors, a majority
7 of whom shall for such purpose constitute a quorum, or by a
8 majority of the members of a committee consisting solely of two
9 or more qualified directors appointed by such a vote.

10 (2) If there are fewer than two qualified directors,
11 by the vote necessary for action by the board of directors
12 in accordance with section 490.824, subsection 3, in which
13 authorization directors who are not qualified directors may
14 participate.

15 b. By the shareholders, but shares owned by or voted under
16 the control of a director who at the time is not a qualified
17 director shall not be voted on the authorization.

18 Sec. 114. Section 490.854, Code 2020, is amended by striking
19 the section and inserting in lieu thereof the following:

20 **490.854 Court-ordered indemnification and advance for
21 expenses.**

22 1. A person who is a party to a proceeding because the
23 person is a director may apply for indemnification or an
24 advance for expenses to the court conducting the proceeding
25 or to another court of competent jurisdiction. After receipt
26 of an application and after giving any notice it considers
27 necessary, the court shall do any of the following:

28 a. Order indemnification if the court determines that the
29 director is entitled to mandatory indemnification under section
30 490.852.

31 b. Order indemnification or advance for expenses if
32 the court determines that the director is entitled to
33 indemnification or advance for expenses pursuant to a provision
34 authorized by section 490.858, subsection 1.

35 c. (1) Order indemnification or advance for expenses if the

1 court determines, in view of all the relevant circumstances,
2 that it is fair and reasonable to do any of the following:

3 (a) Indemnify the director.

4 (b) Advance expenses to the director.

5 (2) The court shall order indemnification or advance for
6 expenses, even if in the case of subparagraph (1), subparagraph
7 division (a) or (b), the director has not met the relevant
8 standard of conduct set forth in section 490.851, subsection 1,
9 failed to comply with section 490.853 or was adjudged liable
10 in a proceeding referred to in section 490.851, subsection 4,
11 paragraph "a" or "b". However, if the director was adjudged
12 so liable the director's indemnification shall be limited to
13 expenses incurred in connection with the proceeding.

14 2. If the court determines that the director is entitled
15 to indemnification under subsection 1, paragraph "a", or to
16 indemnification or advance for expenses under subsection 1,
17 paragraph "b", it shall also order the corporation to pay the
18 director's expenses incurred in connection with obtaining
19 court-ordered indemnification or advance for expenses.

20 If the court determines that the director is entitled to
21 indemnification or advance for expenses under subsection 1,
22 paragraph "c", it may also order the corporation to pay the
23 director's expenses to obtain court-ordered indemnification or
24 advance for expenses.

25 Sec. 115. Section 490.855, Code 2020, is amended by striking
26 the section and inserting in lieu thereof the following:

27 **490.855 Determination and authorization of indemnification.**

28 1. A corporation shall not indemnify a director under
29 section 490.851 unless authorized for a specific proceeding
30 after a determination has been made that indemnification is
31 permissible because the director has met the relevant standard
32 of conduct set forth in section 490.851.

33 2. The determination shall be made by any of the following:

34 a. If there are two or more qualified directors, by the
35 board of directors by a majority vote of all the qualified

1 directors, a majority of whom shall for such purpose constitute
2 a quorum, or by a majority of the members of a committee of two
3 or more qualified directors appointed by such a vote.

4 b. By special legal counsel selected in one of the following
5 manners:

6 (1) In the manner prescribed in paragraph "a".

7 (2) If there are fewer than two qualified directors,
8 selected by the board of directors, in which selection
9 directors who are not qualified directors may participate.

10 c. By the shareholders, but shares owned by or voted under
11 the control of a director who at the time is not a qualified
12 director shall not be voted on the determination.

13 3. Authorization of indemnification shall be made in
14 the same manner as the determination that indemnification is
15 permissible, except that if there are fewer than two qualified
16 directors or if the determination is made by special legal
17 counsel, authorization of indemnification shall be made by
18 those entitled to select special legal counsel under subsection
19 2, paragraph "b", subparagraph (2).

20 Sec. 116. Section 490.856, Code 2020, is amended by striking
21 the section and inserting in lieu thereof the following:

22 **490.856 Indemnification of officers.**

23 1. A corporation may indemnify and advance expenses under
24 this part to an officer who is a party to a proceeding because
25 the person is an officer, according to all of the following:

26 a. To the same extent as a director.

27 b. If the person is an officer but not a director, to
28 such further extent as may be provided by the articles of
29 incorporation or bylaws, or by a resolution adopted or a
30 contract approved by the board of directors or shareholders,
31 except for any of the following:

32 (1) Liability in connection with a proceeding by or in the
33 right of the corporation other than for expenses incurred in
34 connection with the proceeding.

35 (2) Liability arising out of conduct that constitutes any

1 of the following:

2 (a) Receipt by the officer of a financial benefit to which
3 the officer is not entitled.

4 (b) An intentional infliction of harm on the corporation or
5 the shareholders.

6 (c) An intentional violation of criminal law.

7 2. The provisions of subsection 1, paragraph "b", shall
8 apply to an officer who is also a director, if the officer is
9 made a party to the proceeding based on an act or omission
10 solely as an officer.

11 3. An officer who is not a director is entitled to mandatory
12 indemnification under section 490.852, and may apply to a court
13 under section 490.854 for indemnification or an advance for
14 expenses, in each case to the same extent to which a director
15 may be entitled to indemnification or advance for expenses
16 under those sections.

17 Sec. 117. Section 490.857, Code 2020, is amended by striking
18 the section and inserting in lieu thereof the following:

19 **490.857 Insurance.**

20 A corporation may purchase and maintain insurance on
21 behalf of an individual who is a director or officer of
22 the corporation, or who, while a director or officer of the
23 corporation, serves at the corporation's request as a director,
24 officer, partner, trustee, employee, or agent of another
25 domestic or foreign corporation, or a joint venture, trust,
26 employee benefit plan, or other entity, against liability
27 asserted against or incurred by the individual in that capacity
28 or arising from the individual's status as a director or
29 officer, regardless of whether the corporation would have power
30 to indemnify or advance expenses to the individual against the
31 same liability under this part.

32 Sec. 118. Section 490.858, Code 2020, is amended by striking
33 the section and inserting in lieu thereof the following:

34 **490.858 Variation by corporate action — application of part.**

35 1. A corporation may, by a provision in its articles

1 of incorporation or bylaws or in a resolution adopted or a
2 contract approved by the board of directors or shareholders,
3 obligate itself in advance of the act or omission giving rise
4 to a proceeding to provide indemnification in accordance
5 with section 490.851 or advance funds to pay for or
6 reimburse expenses in accordance with section 490.853. Any
7 such obligatory provision shall be deemed to satisfy the
8 requirements for authorization referred to in section 490.853,
9 subsection 3, and in section 490.855, subsection 3. Any
10 such provision that obligates the corporation to provide
11 indemnification to the fullest extent permitted by law shall be
12 deemed to obligate the corporation to advance funds to pay for
13 or reimburse expenses in accordance with section 490.853 to the
14 fullest extent permitted by law, unless the provision expressly
15 provides otherwise.

16 2. A right of indemnification or to advances for expenses
17 created by this part or under subsection 1 and in effect at
18 the time of an act or omission shall not be eliminated or
19 impaired with respect to such act or omission by an amendment
20 of the articles of incorporation or bylaws or a resolution
21 of the board of directors or shareholders, adopted after the
22 occurrence of such act or omission, unless, in the case of
23 a right created under subsection 1, the provision creating
24 such right and in effect at the time of such act or omission
25 explicitly authorizes such elimination or impairment after such
26 act or omission has occurred.

27 3. Any provision pursuant to subsection 1 shall not obligate
28 the corporation to indemnify or advance expenses to a director
29 of a predecessor of the corporation, pertaining to conduct
30 with respect to the predecessor, unless otherwise expressly
31 provided. Any provision for indemnification or advance for
32 expenses in the articles of incorporation, or bylaws, or a
33 resolution of the board of directors or shareholders of a
34 predecessor of the corporation in a merger or in a contract
35 to which the predecessor is a party, existing at the time the

1 merger takes effect, shall be governed by section 490.1107,
2 subsection 1, paragraph "d".

3 4. Subject to subsection 2, a corporation may, by a
4 provision in its articles of incorporation, limit any of the
5 rights to indemnification or advance for expenses created by or
6 pursuant to this part.

7 5. This part does not limit a corporation's power to pay
8 or reimburse expenses incurred by a director or an officer in
9 connection with appearing as a witness in a proceeding at a
10 time when the director or officer is not a party.

11 6. This part does not limit a corporation's power to
12 indemnify, advance expenses to, or provide or maintain
13 insurance on behalf of an employee or agent.

14 Sec. 119. Section 490.860, Code 2020, is amended by striking
15 the section and inserting in lieu thereof the following:

16 **490.860 Part definitions.**

17 As used in this part, unless otherwise specified:

18 1. "*Control*", including the term "*controlled by*", means any
19 of the following:

20 a. Having the power, directly or indirectly, to elect or
21 remove a majority of the members of the board of directors
22 or other governing body of an entity, whether through the
23 ownership of voting shares or interests, by contract, or
24 otherwise.

25 b. Being subject to a majority of the risk of loss from the
26 entity's activities or entitled to receive a majority of the
27 entity's residual returns.

28 2. "*Director's conflicting interest transaction*" means
29 a transaction effected or proposed to be effected by the
30 corporation, or by an entity controlled by the corporation, to
31 which, or respecting which, any of the following applies:

32 a. To which, at the relevant time, the director is a party.

33 b. Respecting which, at the relevant time, the director
34 had knowledge and a material financial interest known to the
35 director.

1 c. Respecting which, at the relevant time, the director knew
2 that a related person was a party or had a material financial
3 interest.

4 3. "*Fair to the corporation*" means, for purposes of section
5 490.861, subsection 2, paragraph "c", that the transaction
6 as a whole was beneficial to the corporation, taking into
7 appropriate account whether it was all of the following:

8 a. Fair in terms of the director's dealings with the
9 corporation.

10 b. Comparable to what might have been obtainable in an arm's
11 length transaction, given the consideration paid or received
12 by the corporation.

13 4. "*Material financial interest*" means a financial interest
14 in a transaction that would reasonably be expected to impair
15 the objectivity of the director's judgment when participating
16 in action on the authorization of the transaction.

17 5. "*Related person*" means any of the following:

18 a. The individual's spouse.

19 b. A child, stepchild, grandchild, parent, stepparent,
20 grandparent, sibling, stepsibling, half sibling, aunt,
21 uncle, niece, or nephew, or spouse of any such person, of the
22 individual or of the individual's spouse.

23 c. A natural person living in the same home as the
24 individual.

25 d. An entity, other than the corporation or an entity
26 controlled by the corporation, controlled by the individual or
27 any person specified in this subsection.

28 e. Any of the following:

29 (1) A domestic or foreign business or nonprofit
30 corporation, other than the corporation or an entity controlled
31 by the corporation, of which the individual is a director.

32 (2) A domestic or foreign unincorporated entity of which the
33 individual is a general partner or a member of the governing
34 body.

35 (3) A domestic or foreign individual, trust, or estate

1 for whom or of which the individual is a trustee, guardian,
2 personal representative, or like fiduciary.

3 *f.* A person that is, or an entity that is controlled by, an
4 employer of the individual.

5 6. "*Relevant time*" means the following:

6 a. The time at which directors' action respecting the
7 transaction is taken in compliance with section 490.862.

8 b. If the transaction is not brought before the board
9 of directors or a board committee for action under section
10 490.862, at the time the corporation or an entity controlled
11 by the corporation becomes legally obligated to consummate the
12 transaction.

13 7. "*Required disclosure*" means disclosure of all of the
14 following:

15 a. The existence and nature of the director's conflicting
16 interest.

17 b. All facts known to the director respecting the subject
18 matter of the transaction that a director free of such
19 conflicting interest would reasonably believe to be material in
20 deciding whether to proceed with the transaction.

21 Sec. 120. Section 490.861, Code 2020, is amended by striking
22 the section and inserting in lieu thereof the following:

23 **490.861 Judicial action.**

24 1. A transaction effected or proposed to be effected by the
25 corporation, or by an entity controlled by the corporation,
26 shall not be the subject of equitable relief, or give rise to
27 an award of damages or other sanctions against a director of
28 the corporation, in a proceeding by a shareholder or by or in
29 the right of the corporation, on the ground that the director
30 has an interest respecting the transaction, if it is not a
31 director's conflicting interest transaction.

32 2. A director's conflicting interest transaction shall
33 not be the subject of equitable relief, or give rise to an
34 award of damages or other sanctions against a director of the
35 corporation, in a proceeding by a shareholder or by or in the

1 right of the corporation, on the ground that the director has
2 an interest respecting the transaction, if any of the following
3 apply:

4 a. Directors' action respecting the transaction was taken in
5 compliance with section 490.862 at any time.

6 b. Shareholders' action respecting the transaction was taken
7 in compliance with section 490.863 at any time.

8 c. The transaction, judged according to the circumstances
9 at the relevant time, is established to have been fair to the
10 corporation.

11 Sec. 121. Section 490.862, Code 2020, is amended by striking
12 the section and inserting in lieu thereof the following:

13 **490.862 Directors' action.**

14 1. Directors' action respecting a director's conflicting
15 interest transaction is effective for purposes of section
16 490.861, subsection 2, paragraph "a", if the transaction has
17 been authorized by the affirmative vote of a majority, but
18 no fewer than two, of the qualified directors who voted on
19 the transaction, after required disclosure by the conflicted
20 director of information not already known by such qualified
21 directors, or after modified disclosure in compliance with
22 subsection 2, provided that all of the following apply:

23 a. The qualified directors have deliberated and voted
24 outside the presence of and without the participation by any
25 other director.

26 b. Where the action has been taken by a board committee,
27 all members of the committee were qualified directors, and any
28 of the following apply:

29 (1) The committee was composed of all the qualified
30 directors on the board of directors.

31 (2) The members of the committee were appointed by the
32 affirmative vote of a majority of the qualified directors on
33 the board of directors.

34 2. Notwithstanding subsection 1, when a transaction is
35 a director's conflicting interest transaction only because a

1 related person described in section 490.860, subsection 5,
2 paragraph "e" or "f", is a party to or has a material financial
3 interest in the transaction, the conflicted director is not
4 obligated to make required disclosure to the extent that the
5 director reasonably believes that doing so would violate a
6 duty imposed under law, a legally enforceable obligation of
7 confidentiality, or a professional ethics rule, provided that
8 the conflicted director discloses to the qualified directors
9 voting on the transaction all of the following:

10 a. All information required to be disclosed that is not so
11 violative.

12 b. The existence and nature of the director's conflicting
13 interest.

14 c. The nature of the conflicted director's duty not to
15 disclose the confidential information.

16 3. A majority, but no fewer than two, of all the qualified
17 directors on the board of directors, or on the board committee,
18 constitutes a quorum for purposes of action that complies with
19 this section.

20 4. Where directors' action under this section does not
21 satisfy a quorum or voting requirement applicable to the
22 authorization of the transaction by reason of the articles of
23 incorporation or bylaws, or a provision of law, independent
24 action to satisfy those authorization requirements shall be
25 taken by the board of directors or a board committee, in
26 which action directors who are not qualified directors may
27 participate.

28 Sec. 122. Section 490.863, Code 2020, is amended by striking
29 the section and inserting in lieu thereof the following:

30 **490.863 Shareholders' action.**

31 1. a. Shareholders' action respecting a director's
32 conflicting interest transaction is effective for purposes of
33 section 490.861, subsection 2, paragraph "b", if a majority of
34 the votes cast by the holders of all qualified shares are in
35 favor of the transaction after all of the following occur:

1 (1) Notice to shareholders describing the action to be taken
2 respecting the transaction.

3 (2) Provision to the corporation of the information
4 referred to in subsection 2.

5 (3) Communication to the shareholders entitled to vote
6 on the transaction of the information that is the subject of
7 required disclosure, to the extent the information is not known
8 by them.

9 b. In the case of shareholders' action at a meeting, the
10 shareholders entitled to vote shall be determined as of the
11 record date for notice of the meeting.

12 2. A director who has a conflicting interest respecting
13 the transaction shall, before the shareholders' vote, inform
14 the secretary or other officer or agent of the corporation
15 authorized to tabulate votes, in writing, of the number of
16 shares that the director knows are not qualified shares under
17 subsection 3, and the identity of the holders of those shares.

18 3. As used in this section:

19 a. "*Holder*" means and "*held by*" refers to shares held
20 by a record shareholder, a beneficial shareholder, or an
21 unrestricted voting trust beneficial owner.

22 b. "*Qualified shares*" means all shares entitled to be
23 voted with respect to the transaction except for shares that
24 the secretary or other officer or agent of the corporation
25 authorized to tabulate votes either knows, or under subsection
26 2 is notified, are held by any of the following:

27 (1) A director who has a conflicting interest respecting the
28 transaction.

29 (2) A related person of the director, excluding a person
30 described in section 490.860, subsection 5, paragraph "f".

31 4. A majority of the votes entitled to be cast by the
32 holders of all qualified shares constitutes a quorum for
33 purposes of compliance with this section. Subject to the
34 provisions of subsection 5, shareholders' action that otherwise
35 complies with this section is not affected by the presence of

1 holders, or by the voting, of shares that are not qualified
2 shares.

3 5. If a shareholders' vote does not comply with subsection
4 1 solely because of a director's failure to comply with
5 subsection 2, and if the director establishes that the failure
6 was not intended to influence and did not in fact determine the
7 outcome of the vote, the court may take such action respecting
8 the transaction and the director, and may give such effect,
9 if any, to the shareholders' vote, as the court considers
10 appropriate in the circumstances.

11 6. Where shareholders' action under this section does
12 not satisfy a quorum or voting requirement applicable to the
13 authorization of the transaction by reason of the articles of
14 incorporation or bylaws, or a provision of law, independent
15 action to satisfy those authorization requirements shall be
16 taken by the shareholders, in which action shares that are not
17 qualified shares may participate.

18 Sec. 123. Section 490.870, Code 2020, is amended by striking
19 the section and inserting in lieu thereof the following:

20 **490.870 Business opportunities.**

21 1. If a director or officer pursues or takes advantage of
22 a business opportunity directly, or indirectly through or on
23 behalf of another person, that action shall not be the subject
24 of equitable relief, or give rise to an award of damages or
25 other sanctions against the director, officer, or other person,
26 in a proceeding by or in the right of the corporation on the
27 ground that the opportunity should have first been offered to
28 the corporation, if any of the following apply:

29 a. Before the director, officer, or other person becomes
30 legally obligated respecting the opportunity, the director or
31 officer brings it to the attention of the corporation and any
32 of the following apply:

33 (1) Action by qualified directors disclaiming the
34 corporation's interest in the opportunity is taken in
35 compliance with the same procedures as are set forth in section

1 490.862.

2 (2) Shareholders' action disclaiming the corporation's
3 interest in the opportunity is taken in compliance with the
4 procedures set forth in section 490.863, in either case as if
5 the decision being made concerned a director's conflicting
6 interest transaction; except that, rather than making required
7 disclosure as defined in section 490.860, the director or
8 officer shall have made prior disclosure to those acting on
9 behalf of the corporation of all material facts concerning the
10 business opportunity known to the director or officer.

11 b. The duty to offer the corporation the business
12 opportunity has been limited or eliminated pursuant to a
13 provision of the articles of incorporation adopted, and where
14 required, made effective by action of qualified directors, in
15 accordance with section 490.202, subsection 2, paragraph "f".

16 2. In any proceeding seeking equitable relief or other
17 remedies based upon an alleged improper pursuit or taking
18 advantage of a business opportunity by a director or officer,
19 directly, or indirectly through or on behalf of another
20 person, the fact that the director or officer did not employ
21 the procedure described in subsection 1, paragraph "a",
22 subparagraph (1) or (2), before pursuing or taking advantage
23 of the opportunity shall not create an implication that the
24 opportunity should have been first presented to the corporation
25 or alter the burden of proof otherwise applicable to establish
26 that the director or officer breached a duty to the corporation
27 in the circumstances.

28 Sec. 124. Section 490.901, Code 2020, is amended by striking
29 the section and inserting in lieu thereof the following:

30 **490.901 Subchapter definitions.**

31 1. As used in this subchapter:

32 a. "*Conversion*" means a transaction pursuant to part C.

33 b. "*Converted entity*" means the converting entity as it
34 continues in existence after a conversion.

35 c. "*Converting entity*" means the domestic corporation or

1 eligible entity that approves a plan of conversion pursuant to
2 section 490.932 or the foreign eligible entity that approves a
3 conversion pursuant to the organic law of the eligible entity.

4 d. "*Domesticated corporation*" means the domesticating
5 corporation as it continues in existence after a domestication.

6 e. "*Domesticating corporation*" means the domestic
7 corporation that approves a plan of domestication pursuant
8 to section 490.921 or the foreign corporation that approves
9 a domestication pursuant to the organic law of the foreign
10 corporation.

11 f. "*Domestication*" means a transaction pursuant to part B.

12 g. "*Protected agreement*" means any of the following:

13 (1) A document evidencing indebtedness of a domestic
14 corporation or eligible entity and any related agreement in
15 effect immediately before the enactment date.

16 (2) An agreement that is binding on a domestic corporation
17 or eligible entity immediately before the enactment date.

18 (3) The articles of incorporation or bylaws of a domestic
19 corporation or the organic rules of a domestic eligible entity,
20 in each case in effect immediately before the enactment date.

21 (4) An agreement that is binding on any of the shareholders,
22 members, interest holders, directors, or other governors of a
23 domestic corporation or eligible entity, in their capacities as
24 such, immediately before the enactment date.

25 2. As used in subsection 1 and sections 490.920 and
26 490.930, "*enactment date*" means July 1, 2021, as it relates
27 to domestications and January 1, 2009, as it relates to
28 conversions.

29 Sec. 125. Section 490.902, Code 2020, is amended by striking
30 the section and inserting in lieu thereof the following:

31 **490.902 Excluded transactions.**

32 This subchapter shall not be used to effect a transaction
33 that converts a company organized on the mutual principle to
34 one organized on the basis of share ownership.

35 Sec. 126. NEW SECTION. 490.903 Required approvals.

1 If a domestic or foreign corporation or eligible entity
2 shall not be a party to a merger without the approval of the
3 superintendent of banking, the commissioner of insurance,
4 or the Iowa utility board, and the applicable statutes or
5 regulations do not specifically deal with transactions under
6 this subchapter but do require such approval for mergers,
7 a corporation or eligible entity shall not be a party to a
8 transaction under this subchapter without the prior approval of
9 that agency or official.

10 Sec. 127. NEW SECTION. 490.904 Relationship of subchapter
11 to other laws.

12 A transaction effected under this subchapter shall not
13 create or impair a right, duty, or obligation of a person under
14 the statutory law of this state other than this subchapter
15 relating to a change in control, business combination,
16 control-share acquisition, or similar transaction involving
17 a domesticating or converting domestic corporation, unless
18 the approval of the plan of domestication or conversion is by
19 a vote of the shareholders or the board of directors which
20 would be sufficient to create or impair the right, duty, or
21 obligation directly under that law.

22 Sec. 128. NEW SECTION. 490.905 Foreign insurance companies
23 becoming domestic.

24 1. The secretary of state, upon a corporation complying with
25 this section and upon the filing of articles of incorporation
26 and upon receipt of the fees as provided in this chapter,
27 shall issue an acknowledgment of receipt of document as
28 of the date of the filing of the articles of incorporation
29 with the secretary of state. The acknowledgment of receipt
30 of document shall state on its face that it is issued in
31 accordance with this section. The secretary of state shall
32 then notify the appropriate officer of the state or country of
33 the corporation's last domicile that the corporation is now a
34 domestic corporation domiciled in this state. This section
35 applies to life insurance companies, and to insurance companies

1 doing business under chapter 515.

2 2. A corporation becoming domiciled in this state under
3 subsection 1 shall not be required to comply with any other
4 requirements under this subchapter.

5 Sec. 129. NEW SECTION. 490.920 Domestication.

6 1. By complying with the provisions of this part applicable
7 to foreign corporations, a foreign corporation may become a
8 domestic corporation if the domestication is permitted by the
9 organic law of the foreign corporation.

10 2. By complying with the provisions of this part, a domestic
11 corporation may become a foreign corporation pursuant to a
12 plan of domestication if the domestication is permitted by the
13 organic law of the foreign corporation.

14 3. The plan of domestication must include all of the
15 following:

16 a. The name of the domesticating corporation.

17 b. The name and jurisdiction of formation of the
18 domesticated corporation.

19 c. The manner and basis of reclassifying the shares of the
20 domesticating corporation into shares or other securities,
21 obligations, rights to acquire shares or other securities,
22 cash, other property, or any combination of the foregoing.

23 d. The proposed articles of incorporation and bylaws of the
24 domesticated corporation.

25 e. The other terms and conditions of the domestication.

26 4. In addition to the requirements of subsection 3, a plan
27 of domestication may contain any other provision not prohibited
28 by law.

29 5. The terms of a plan of domestication may be made
30 dependent upon facts objectively ascertainable outside the plan
31 in accordance with section 490.120, subsection 11.

32 6. If a protected agreement of a domestic domesticating
33 corporation in effect immediately before the domestication
34 becomes effective contains a provision applying to a merger
35 of the corporation and the agreement does not refer to a

1 domestication of the corporation, the provision applies to a
2 domestication of the corporation as if the domestication were a
3 merger until such time as the provision is first amended after
4 the enactment date.

5 Sec. 130. NEW SECTION. 490.921 Action on a plan of
6 domestication.

7 In the case of a domestication of a domestic corporation
8 into a foreign jurisdiction, the plan of domestication shall be
9 adopted in the following manner:

10 1. The plan of domestication shall first be adopted by the
11 board of directors.

12 2. *a.* The plan of domestication shall then be approved by
13 the shareholders. In submitting the plan of domestication to
14 the shareholders for approval, the board of directors shall
15 recommend that the shareholders approve the plan, unless any of
16 the following applies:

17 (1) The board of directors makes a determination that
18 because of conflicts of interest or other special circumstances
19 it should not make such a recommendation.

20 (2) Section 490.826 applies.

21 *b.* If paragraph "a", subparagraph (1) or (2) applies, the
22 board shall inform the shareholders of the basis for its so
23 proceeding.

24 3. The board of directors may set conditions for approval
25 of the plan of domestication by the shareholders or the
26 effectiveness of the plan of domestication.

27 4. If the approval of the shareholders is to be given at
28 a meeting, the corporation shall notify each shareholder,
29 regardless of whether entitled to vote, of the meeting of
30 shareholders at which the plan of domestication is to be
31 submitted for approval. The notice must state that the
32 purpose, or one of the purposes, of the meeting is to consider
33 the plan of domestication and must contain or be accompanied
34 by a copy or summary of the plan. The notice must include
35 or be accompanied by a copy of the articles of incorporation

1 and the bylaws as they will be in effect immediately after the
2 domestication.

3 5. Unless the articles of incorporation, bylaws, or the
4 board of directors acting pursuant to subsection 3, require
5 a greater vote or a greater quorum, approval of the plan of
6 domestication requires all of the following:

7 a. The approval of the shareholders at a meeting at which a
8 quorum exists consisting of a majority of the votes entitled
9 to be cast on the plan.

10 b. Except as provided in subsection 6, the approval of
11 each class or series of shares voting as a separate voting
12 group at a meeting at which a quorum of the voting group exists
13 consisting of a majority of the votes entitled to be cast on
14 the plan by that voting group.

15 6. The articles of incorporation may expressly limit or
16 eliminate the separate voting rights provided in subsection
17 5, paragraph "b", as to any class or series of shares, except
18 when the articles of incorporation of the foreign corporation
19 resulting from the domestication include what would be in
20 effect an amendment that would entitle the class or series to
21 vote as a separate group under section 490.1004 if it were
22 a proposed amendment of the articles of incorporation of the
23 domestic domesticating corporation.

24 7. If as a result of a domestication one or more
25 shareholders of a domestic domesticating corporation would
26 become subject to interest holder liability, approval of the
27 plan of domestication shall require the signing in connection
28 with the domestication, by each such shareholder, of a separate
29 written consent to become subject to such interest holder
30 liability, unless in the case of a shareholder that already has
31 interest holder liability with respect to the domesticating
32 corporation, the terms and conditions of the interest holder
33 liability with respect to the domesticated corporation are
34 substantially identical to those of the existing interest
35 holder liability, other than for changes that eliminate or

1 reduce such interest holder liability.

2 2. Sec. 131. NEW SECTION. 490.922 Articles of domestication
3 — effectiveness.

4 1. After a plan of domestication of a domestic corporation
5 has been adopted and approved as required by this chapter, or a
6 foreign corporation that is the domesticating corporation has
7 approved a domestication as required under its organic law,
8 articles of domestication shall be signed by the domesticating
9 corporation. The articles must set forth all of the following:

10 a. The name of the domesticating corporation and its
11 jurisdiction of formation.

12 b. The name and jurisdiction of formation of the
13 domesticated corporation.

14 c. If the domesticating corporation is a domestic
15 corporation, a statement that the plan of domestication
16 was approved in accordance with this subchapter or, if the
17 domesticating corporation is a foreign corporation, a statement
18 that the domestication was approved in accordance with its
19 organic law.

20 2. If the domesticated corporation is a domestic
21 corporation, the articles of domestication must attach
22 articles of incorporation of the domesticated corporation that
23 satisfy the requirements of section 490.202. Provisions that
24 would not be required to be included in restated articles of
25 incorporation may be omitted from the articles of incorporation
26 attached to the articles of domestication.

27 3. The articles of domestication shall be delivered to the
28 secretary of state for filing, and shall take effect at the
29 effective date determined in accordance with section 490.123.

30 4. If the domesticated corporation is a domestic
31 corporation, the domestication becomes effective when the
32 articles of domestication are effective. If the domesticated
33 corporation is a foreign corporation, the domestication becomes
34 effective on the later of the following:

35 a. The date and time provided by the organic law of the

1 domesticated corporation.

2 b. When the articles of domestication are effective.

3 5. If the domesticating corporation is a foreign
4 corporation that is registered to do business in this state
5 under subchapter XV, its registration statement shall
6 be canceled automatically when the domestication becomes
7 effective.

8 Sec. 132. NEW SECTION. 490.923 Amendment of plan of
9 domestication — abandonment.

10 1. A plan of domestication of a domestic corporation may be
11 amended by any of the following manners:

12 a. In the same manner as the plan was approved, if the plan
13 does not provide for the manner in which it may be amended.

14 b. In the manner provided in the plan, except that a
15 shareholder that was entitled to vote on or consent to approval
16 of the plan is entitled to vote on or consent to any amendment
17 of the plan that will change any of the following:

18 (1) The amount or kind of shares or other securities,
19 obligations, rights to acquire shares or other securities,
20 cash, other property, or any combination of the foregoing, to
21 be received by any of the shareholders of the domesticating
22 corporation under the plan.

23 (2) The articles of incorporation or bylaws of the
24 domesticated corporation that will be in effect immediately
25 after the domestication becomes effective, except for changes
26 that do not require approval of the shareholders of the
27 domesticated corporation under its organic law or its proposed
28 articles of incorporation or bylaws as set forth in the plan.

29 (3) Any of the other terms or conditions of the plan, if the
30 change would adversely affect the shareholder in any material
31 respect.

32 2. After a plan of domestication has been adopted and
33 approved by a domestic corporation as required by this part,
34 and before the articles of domestication have become effective,
35 the plan may be abandoned by the corporation without action by

1 its shareholders in accordance with any procedures set forth in
2 the plan or, if no such procedures are set forth in the plan, in
3 the manner determined by the board of directors.

4 3. If a domestication is abandoned after the articles of
5 domestication have been delivered to the secretary of state for
6 filing but before the articles of domestication have become
7 effective, articles of abandonment, signed by the domesticating
8 corporation, must be delivered to the secretary of state for
9 filing before the articles of domestication become effective.
10 The articles of abandonment take effect upon filing, and the
11 domestication shall be deemed abandoned and shall not become
12 effective. The articles of abandonment must contain all of the
13 following:

14 a. The name of the domesticating corporation.

15 b. The date on which the articles of domestication were
16 filed by the secretary of state.

17 c. A statement that the domestication has been abandoned in
18 accordance with this section.

19 Sec. 133. NEW SECTION. 490.924 Effect of domestication.

20 1. When a domestication becomes effective all of the
21 following apply:

22 a. All property owned by, and every contract right possessed
23 by, the domesticating corporation are the property and contract
24 rights of the domesticated corporation without transfer,
25 reversion, or impairment.

26 b. All debts, obligations, and other liabilities of the
27 domesticating corporation are the debts, obligations, and other
28 liabilities of the domesticated corporation.

29 c. The name of the domesticated corporation may but need not
30 be substituted for the name of the domesticating corporation in
31 any pending proceeding.

32 d. The articles of incorporation and bylaws of the
33 domesticated corporation become effective.

34 e. The shares of the domesticating corporation are
35 reclassified into shares or other securities, obligations,

1 rights to acquire shares or other securities, cash, or other
2 property in accordance with the terms of the domestication, and
3 the shareholders of the domesticating corporation are entitled
4 only to the rights provided to them by those terms and to any
5 appraisal rights they may have under the organic law of the
6 domesticating corporation.

7 *f.* The domesticated corporation is all of the following:

8 (1) Incorporated under and subject to the organic law of the
9 domesticated corporation.

10 (2) The same corporation without interruption as the
11 domesticating corporation.

12 (3) Deemed to have been incorporated on the date the
13 domesticating corporation was originally incorporated.

14 2. When a domestication of a domestic corporation into
15 a foreign jurisdiction becomes effective, the domesticated
16 corporation is deemed to have done all of the following:

17 a. Appointed the secretary of state as its agent for
18 service of process in a proceeding to enforce the rights of
19 shareholders who exercise appraisal rights in connection with
20 the domestication.

21 b. Agreed that it will promptly pay the amount, if any, to
22 which such shareholders are entitled under subchapter XIII.

23 3. Except as otherwise provided in the organic law or
24 organic rules of a domesticating foreign corporation, the
25 interest holder liability of a shareholder in a foreign
26 corporation that is domesticated into this state who had
27 interest holder liability in respect of such domesticating
28 corporation before the domestication becomes effective shall
29 be as follows:

30 a. The domestication does not discharge that prior
31 interest holder liability with respect to any interest holder
32 liabilities that arose before the domestication becomes
33 effective.

34 b. The provisions of the organic law of the domesticating
35 corporation shall continue to apply to the collection or

1 discharge of any interest holder liabilities preserved by
2 paragraph "a", as if the domestication had not occurred.

3 c. The shareholder shall have such rights of contribution
4 from other persons as are provided by the organic law of the
5 domesticating corporation with respect to any interest holder
6 liabilities preserved by paragraph "a", as if the domestication
7 had not occurred.

8 d. The shareholder shall not, by reason of such prior
9 interest holder liability, have interest holder liability with
10 respect to any interest holder liabilities that are incurred
11 after the domestication becomes effective.

12 4. A shareholder who becomes subject to interest holder
13 liability in respect of the domesticated corporation as a
14 result of the domestication shall have such interest holder
15 liability only in respect of interest holder liabilities that
16 arise after the domestication becomes effective.

17 5. A domestication does not constitute or cause the
18 dissolution of the domesticating corporation.

19 6. Property held for charitable purposes under the
20 laws of this state by a domestic or foreign corporation
21 immediately before a domestication shall not, as a result of
22 the transaction, be diverted from the objects for which it was
23 donated, granted, devised, or otherwise transferred except
24 and to the extent permitted by or pursuant to the laws of
25 this state addressing cy pres or dealing with nondiversification
26 of charitable assets.

27 7. A bequest, devise, gift, grant, or promise contained
28 in a will or other instrument of donation, subscription, or
29 conveyance which is made to the domesticating corporation and
30 which takes effect or remains payable after the domestication
31 inures to the domesticated corporation.

32 8. A trust obligation that would govern property if
33 transferred to the domesticating corporation applies to
34 property that is transferred to the domesticated corporation
35 after the domestication takes effect.

1 Sec. 134. NEW SECTION. 490.930 Conversion.

2 1. By complying with this subchapter, a domestic
3 corporation may become any of the following:

4 a. A domestic eligible entity.

5 b. A foreign eligible entity if the conversion is permitted
6 by the organic law of the foreign entity.

7 2. By complying with this part and applicable provisions
8 of its organic law, a domestic eligible entity may become a
9 domestic corporation. If procedures for the approval of a
10 conversion are not provided by the organic law or organic rules
11 of a domestic eligible entity, the conversion shall be adopted
12 and approved in the same manner as a merger of that eligible
13 entity. If the organic law or organic rules of a domestic
14 eligible entity do not provide procedures for the approval
15 of either a conversion or a merger, a plan of conversion may
16 nonetheless be adopted and approved by the unanimous consent
17 of all the interest holders of such eligible entity. In
18 either such case, the conversion thereafter may be effected as
19 provided in the other provisions of this part; and for purposes
20 of applying this subchapter in such a case all of the following
21 apply:

22 a. The eligible entity, its members or interest holders,
23 eligible interests and organic rules taken together, shall be
24 deemed to be a domestic business corporation, shareholders,
25 shares and articles of incorporation, respectively and vice
26 versa, as the context may require.

27 b. If the business and affairs of the eligible entity are
28 managed by a person or persons that are not identical to the
29 members or interest holders, that person or persons shall be
30 deemed to be the board of directors.

31 3. By complying with the provisions of this part applicable
32 to foreign entities, a foreign eligible entity may become a
33 domestic corporation if the organic law of the foreign eligible
34 entity permits it to become a business corporation in another
35 jurisdiction.

1 4. If a protected agreement of a domestic converting
2 corporation in effect immediately before the conversion becomes
3 effective contains a provision applying to a merger of the
4 corporation that is a converting entity and the agreement does
5 not refer to a conversion of the corporation, the provision
6 applies to a conversion of the corporation as if the conversion
7 were a merger, until such time as the provision is first
8 amended after the enactment date.

9 Sec. 135. NEW SECTION. 490.931 Plan of conversion.

10 1. A domestic corporation may convert to a domestic or
11 foreign eligible entity under this part by approving a plan of
12 conversion. The plan of conversion must include all of the
13 following:

14 a. The name of the converting corporation.

15 b. The name, jurisdiction of formation, and type of entity
16 of the converted entity.

17 c. The manner and basis of converting the shares of
18 the domestic corporation into eligible interests or other
19 securities, obligations, rights to acquire eligible interests
20 or other securities, cash, other property, or any combination
21 of the foregoing.

22 d. The other terms and conditions of the conversion.

23 e. The full text, as it will be in effect immediately after
24 the conversion becomes effective, of the organic rules of the
25 converted entity which are to be in writing.

26 2. In addition to the requirements of subsection 1, a plan
27 of conversion may contain any other provision not prohibited
28 by law.

29 3. The terms of a plan of conversion may be made dependent
30 upon facts objectively ascertainable outside the plan in
31 accordance with section 490.120, subsection 11.

32 Sec. 136. NEW SECTION. 490.932 Action on a plan of
33 conversion.

34 In the case of a conversion of a domestic corporation to a
35 domestic or foreign eligible entity, the plan of conversion

1 shall be adopted in the following manner:

2 1. The plan of conversion shall first be adopted by the
3 board of directors.

4 2. *a.* The plan of conversion shall then be approved by
5 the shareholders. In submitting the plan of conversion to the
6 shareholders for their approval, the board of directors must
7 recommend that the shareholders approve the plan, unless any of
8 the following applies:

9 (1) The board of directors makes a determination that
10 because of conflicts of interest or other special circumstances
11 it should not make such a recommendation.

12 (2) Section 490.826 applies.

13 *b.* If paragraph "a", subparagraph (1) or (2) applies, the
14 board of directors shall inform the shareholders of the basis
15 for its so proceeding.

16 3. The board of directors may set conditions for approval of
17 the plan of conversion by the shareholders or the effectiveness
18 of the plan of conversion.

19 4. If the approval of the shareholders is to be given at
20 a meeting, the corporation shall notify each shareholder,
21 regardless of whether entitled to vote, of the meeting of
22 shareholders at which the plan of conversion is to be submitted
23 for approval. The notice must state that the purpose, or one
24 of the purposes, of the meeting is to consider the plan of
25 conversion and must contain or be accompanied by a copy or
26 summary of the plan. The notice must include or be accompanied
27 by a copy of the organic rules of the converted entity which
28 are to be in writing as they will be in effect immediately
29 after the conversion.

30 5. Unless the articles of incorporation, bylaws, or the
31 board of directors acting pursuant to subsection 3, require
32 a greater vote or a greater quorum, approval of the plan of
33 conversion requires all of the following:

34 *a.* The approval of the shareholders at a meeting at which a
35 quorum exists consisting of a majority of the votes entitled

1 to be cast on the plan.

2 b. Except as provided in subsection 6, the approval of
3 each class or series of shares voting as a separate voting
4 group at a meeting at which a quorum of the voting group exists
5 consisting of a majority of the votes entitled to be cast on
6 the plan by that voting group.

7 6. If as a result of the conversion one or more shareholders
8 of the converting domestic corporation would become subject to
9 interest holder liability, approval of the plan of conversion
10 shall require the signing in connection with the transaction,
11 by each such shareholder, of a separate written consent to
12 become subject to such interest holder liability.

13 Sec. 137. NEW SECTION. 490.933 Articles of conversion —
14 effectiveness.

15 1. Articles of conversion shall be signed by the converting
16 entity after either a plan of conversion of a domestic
17 corporation has been adopted and approved as required by this
18 chapter or a domestic or foreign eligible entity that is the
19 converting entity has approved a conversion as required under
20 its organic law. The articles of conversion must do all of the
21 following:

22 a. State the name, jurisdiction of formation, and type of
23 entity of the converting entity.

24 b. State the name, jurisdiction of formation, and type of
25 entity of the converted entity.

26 c. (1) If the converting entity is a domestic corporation,
27 state that the plan of conversion was approved in accordance
28 with this part.

29 (2) If the converting entity is an eligible entity, state
30 that the conversion was approved by the eligible entity in
31 accordance with its organic law.

32 (3) If the converting entity is a domestic eligible entity
33 the organic law of which does not provide for approval of the
34 conversion, state that the conversion was approved by the
35 domestic eligible entity in accordance with this part.

1 d. (1) If the converted entity is a domestic business
2 corporation, or a domestic nonprofit corporation or filing
3 entity, have attached the public organic record of the
4 converted entity, except that provisions that would not be
5 required to be included in a restated public organic record may
6 be omitted.

7 (2) If the converted entity is a domestic limited liability
8 partnership, have attached the filing required to become a
9 limited liability partnership.

10 2. If the converted entity is a domestic corporation,
11 its articles of incorporation must satisfy the requirements
12 of section 490.202, except that provisions that would not be
13 required to be included in restated articles of incorporation
14 may be omitted from the articles of incorporation. If the
15 converted entity is a domestic eligible entity, its public
16 organic record, if any, must satisfy the requirements of the
17 organic law of this state, except that the public organic
18 record does not need to be signed.

19 3. The articles of conversion shall be delivered to the
20 secretary of state for filing, and shall take effect at the
21 effective date determined in accordance with section 490.123.

22 4. If a converted entity is a domestic entity, the
23 conversion becomes effective when the articles of conversion
24 are effective. With respect to a conversion in which the
25 converted entity is a foreign eligible entity, the conversion
26 itself shall become effective at the later of the following:

27 a. The date and time provided by the organic law of that
28 eligible entity.

29 b. When the articles of conversion become effective.

30 5. Articles of conversion under this section may be combined
31 with any required conversion filing under the organic law
32 of a domestic eligible entity that is the converting entity
33 or converted entity if the combined filing satisfies the
34 requirements of both this section and the other organic law.

35 6. If the converting entity is a foreign eligible entity

1 that is registered to do business in this state under a
2 provision of law similar to subchapter XV, its registration
3 statement or other type of foreign qualification shall be
4 canceled automatically on the effective date of its conversion.

5 **Sec. 138. NEW SECTION. 490.934 Amendment of plan of
6 conversion — abandonment.**

7 1. A plan of conversion of a converting entity that is a
8 domestic corporation may be amended in any of the following
9 manners:

10 a. In the same manner as the plan was approved, if the plan
11 does not provide for the manner in which it may be amended.

12 b. In the manner provided in the plan, except that
13 shareholders that were entitled to vote on or consent to
14 approval of the plan are entitled to vote on or consent to any
15 amendment of the plan that will change any of the following:

16 (1) The amount or kind of eligible interests or other
17 securities, obligations, rights to acquire eligible interests
18 or other securities, cash, other property, or any combination
19 of the foregoing, to be received by any of the shareholders of
20 the converting corporation under the plan.

21 (2) The organic rules of the converted entity that will be
22 in effect immediately after the conversion becomes effective,
23 except for changes that do not require approval of the eligible
24 interest holders of the converted entity under its organic law
25 or organic rules.

26 (3) Any other terms or conditions of the plan, if the
27 change would adversely affect such shareholders in any material
28 respect.

29 2. After a plan of conversion has been approved by a
30 converting entity that is a domestic corporation in the manner
31 required by this part and before the articles of conversion
32 become effective, the plan may be abandoned by the corporation
33 without action by its shareholders in accordance with any
34 procedures set forth in the plan or, if no such procedures are
35 set forth in the plan, in the manner determined by the board of

1 directors.

2 3. If a conversion is abandoned after the articles of
3 conversion have been delivered to the secretary of state for
4 filing and before the articles of conversion become effective,
5 articles of abandonment, signed by the converting entity,
6 must be delivered to the secretary of state for filing before
7 the articles of conversion become effective. The articles
8 of abandonment take effect on filing, and the conversion is
9 abandoned and does not become effective. The articles of
10 abandonment must contain all of the following:

11 a. The name of the converting entity.

12 b. The date on which the articles of conversion were filed
13 by the secretary of state.

14 c. A statement that the conversion has been abandoned in
15 accordance with this section.

16 Sec. 139. NEW SECTION. 490.935 Effect of conversion.

17 1. When a conversion becomes effective all of the following
18 shall apply:

19 a. All property owned by, and every contract right possessed
20 by, the converting entity remain the property and contract
21 rights of the converted entity without transfer, reversion, or
22 impairment.

23 b. All debts, obligations, and other liabilities of the
24 converting entity remain the debts, obligations, and other
25 liabilities of the converted entity.

26 c. The name of the converted entity may but need not be
27 substituted for the name of the converting entity in any
28 pending action or proceeding.

29 d. If the converted entity is a filing entity or a domestic
30 business corporation or a domestic or foreign nonprofit
31 corporation, its public organic record and its private organic
32 rules become effective.

33 e. If the converted entity is a nonfiling entity, its
34 private organic rules become effective.

35 f. If the converted entity is a limited liability

1 partnership, the filing required to become a limited liability
2 partnership and its private organic rules become effective.

3 g. The shares or eligible interests of the converting
4 entity are reclassified into shares, eligible interests or
5 other securities, obligations, rights to acquire shares,
6 eligible interests or other securities, cash, or other property
7 in accordance with the terms of the conversion, and the
8 shareholders or interest holders of the converting entity are
9 entitled only to the rights provided to them by those terms and
10 to any appraisal rights they may have under the organic law of
11 the converting entity.

12 h. The converted entity is all of the following:

13 (1) Incorporated or organized under and subject to the
14 organic law of the converted entity.

15 (2) The same entity without interruption as the converting
16 entity.

17 (3) Deemed to have been incorporated or otherwise
18 organized on the date that the converting entity was originally
19 incorporated or organized.

20 2. When a conversion of a domestic corporation to a foreign
21 eligible entity becomes effective, the converted entity is
22 deemed to have done all of the following:

23 a. Appointed the secretary of state as its agent for
24 service of process in a proceeding to enforce the rights of
25 shareholders who exercise appraisal rights in connection with
26 the conversion.

27 b. Agreed that it will promptly pay the amount, if any, to
28 which such shareholders are entitled under subchapter XIII.

29 3. Except as otherwise provided in the articles of
30 incorporation of a domestic corporation or the organic law or
31 organic rules of a foreign corporation or a domestic or foreign
32 eligible entity, a shareholder or eligible interest holder who
33 becomes subject to interest holder liability in respect of a
34 domestic corporation or eligible entity as a result of the
35 conversion shall have such interest holder liability only in

1 respect of interest holder liabilities that arise after the
2 conversion becomes effective.

3 4. Except as otherwise provided in the organic law or the
4 organic rules of the eligible entity, the interest holder
5 liability of an interest holder in a converting eligible entity
6 that converts to a domestic corporation who had interest holder
7 liability in respect of such converting eligible entity before
8 the conversion becomes effective shall be as follows:

9 a. The conversion does not discharge that prior interest
10 holder liability with respect to any interest holder
11 liabilities that arose before the conversion became effective.

12 b. The provisions of the organic law of the eligible entity
13 shall continue to apply to the collection or discharge of any
14 interest holder liabilities preserved by paragraph "a", as if
15 the conversion had not occurred.

16 c. The eligible interest holder shall have such rights of
17 contribution from other persons as are provided by the organic
18 law of the eligible entity with respect to any interest holder
19 liabilities preserved by paragraph "a", as if the conversion had
20 not occurred.

21 d. The eligible interest holder shall not, by reason of such
22 prior interest holder liability, have interest holder liability
23 with respect to any interest holder liabilities that arise
24 after the conversion becomes effective.

25 5. A conversion does not require the converting entity
26 to wind up its affairs and does not constitute or cause the
27 dissolution or termination of the entity.

28 6. Property held for charitable purposes under the laws of
29 this state by a corporation or a domestic or foreign eligible
30 entity immediately before a conversion shall not, as a result
31 of the transaction, be diverted from the objects for which it
32 was donated, granted, devised, or otherwise transferred except
33 and to the extent permitted by or pursuant to the laws of
34 this state addressing cy pres or dealing with nondiversion of
35 charitable assets.

1 7. A bequest, devise, gift, grant, or promise contained
2 in a will or other instrument of donation, subscription, or
3 conveyance which is made to the converting entity and which
4 takes effect or remains payable after the conversion inures to
5 the converted entity.

6 8. A trust obligation that would govern property if
7 transferred to the converting entity applies to property that
8 is transferred to the converted entity after the conversion
9 takes effect.

10 Sec. 140. Section 490.1003, Code 2020, is amended by
11 striking the section and inserting in lieu thereof the
12 following:

13 **490.1003 Amendment by board of directors and shareholders.**
14 If a corporation has issued shares, an amendment to the
15 articles of incorporation shall be adopted in the following
16 manner:

17 1. The proposed amendment shall first be adopted by the
18 board of directors.

19 2. *a.* Except as provided in sections 490.1005, 490.1007,
20 and 490.1008, the amendment shall then be approved by the
21 shareholders. In submitting the proposed amendment to the
22 shareholders for approval, the board of directors shall
23 recommend that the shareholders approve the amendment, unless
24 any of the following applies:

25 (1) The board of directors makes a determination that
26 because of conflicts of interest or other special circumstances
27 it should not make such a recommendation.

28 (2) Section 490.826 applies.

29 *b.* If paragraph "a", subparagraph (1) or (2) applies, the
30 board must inform the shareholders of the basis for its so
31 proceeding.

32 3. The board of directors may set conditions for the
33 approval of the amendment by the shareholders or the
34 effectiveness of the amendment.

35 4. If the amendment is required to be approved by the

1 shareholders, and the approval is to be given at a meeting,
2 the corporation shall notify each shareholder, regardless of
3 whether entitled to vote, of the meeting of shareholders at
4 which the amendment is to be submitted for approval. The
5 notice must state that the purpose, or one of the purposes,
6 of the meeting is to consider the amendment. The notice must
7 contain or be accompanied by a copy of the amendment.

8 5. Unless the articles of incorporation or bylaws, or the
9 board of directors acting pursuant to subsection 3, require a
10 greater vote or a greater quorum, approval of the amendment
11 requires the approval of the shareholders at a meeting at which
12 a quorum consisting of a majority of the votes entitled to
13 be cast on the amendment exists, and, if any class or series
14 of shares is entitled to vote as a separate group on the
15 amendment, except as provided in section 490.1004, subsection
16 3, the approval of each such separate voting group at a meeting
17 at which a quorum of the voting group exists consisting of a
18 majority of the votes entitled to be cast on the amendment by
19 that voting group.

20 6. *a.* If as a result of an amendment of the articles
21 of incorporation one or more shareholders of a domestic
22 corporation would become subject to new interest holder
23 liability, approval of the amendment requires the signing in
24 connection with the amendment, by each such shareholder, of a
25 separate written consent to become subject to such new interest
26 holder liability.

27 *b.* Paragraph "a" does not apply in the case of a shareholder
28 that already has interest holder liability and the terms and
29 conditions of the new interest holder liability are any of the
30 following:

31 (1) Substantially identical to those of the existing
32 interest holder liability.

33 (2) Substantially identical to those of the existing
34 interest holder liability, other than changes that eliminate or
35 reduce such interest holder liability.

1 7. As used in subsection 6 and section 490.1009, "new
2 *interest holder liability*" means interest holder liability
3 of a person resulting from an amendment of the articles of
4 incorporation if any of the following applies:

5 a. The person did not have interest holder liability before
6 the amendment becomes effective.

7 b. The person had interest holder liability before the
8 amendment becomes effective, the terms and conditions of which
9 are changed when the amendment becomes effective.

10 Sec. 141. Section 490.1004, Code 2020, is amended by
11 striking the section and inserting in lieu thereof the
12 following:

13 **490.1004 Voting on amendments by voting groups.**

14 1. The holders of the outstanding shares of a class are
15 entitled to vote as a separate voting group, if shareholder
16 voting is otherwise required by this chapter, on a proposed
17 amendment to the articles of incorporation if the amendment
18 would do any of the following:

19 a. Effect an exchange or reclassification of all or part of
20 the shares of the class into shares of another class.

21 b. Effect an exchange or reclassification, or create the
22 right of exchange, of all or part of the shares of another
23 class into shares of the class.

24 c. Change the rights, preferences, or limitations of all or
25 part of the shares of the class.

26 d. Change the shares of all or part of the class into a
27 different number of shares of the same class.

28 e. Create a new class of shares having rights or preferences
29 with respect to distributions that are prior or superior to the
30 shares of the class.

31 f. Increase the rights, preferences, or number of authorized
32 shares of any class that, after giving effect to the amendment,
33 have rights or preferences with respect to distributions that
34 are prior or superior to the shares of the class.

35 g. Limit or deny an existing preemptive right of all or part

1 of the shares of the class.

2 h. Cancel or otherwise affect rights to distributions that
3 have accumulated but not yet been authorized on all or part of
4 the shares of the class.

5 2. If a proposed amendment would affect a series of a class
6 of shares in one or more of the ways described in subsection 1,
7 the holders of shares of that series are entitled to vote as a
8 separate voting group on the proposed amendment.

9 3. If a proposed amendment that entitles the holders of
10 two or more classes or series of shares to vote as separate
11 voting groups under this section would affect those two or more
12 classes or series in the same or a substantially similar way,
13 the holders of shares of all the classes or series so affected
14 shall vote together as a single voting group on the proposed
15 amendment, unless otherwise provided in the articles of
16 incorporation or added as a condition by the board of directors
17 pursuant to section 490.1003, subsection 3.

18 4. A class or series of shares is entitled to the voting
19 rights granted by this section even if the articles of
20 incorporation provide that the shares are nonvoting shares.

21 Sec. 142. Section 490.1006, Code 2020, is amended by
22 striking the section and inserting in lieu thereof the
23 following:

24 **490.1006 Articles of amendment.**

25 1. After an amendment to the articles of incorporation
26 has been adopted and approved in the manner required by this
27 chapter and by the articles of incorporation, the corporation
28 shall deliver to the secretary of state, for filing, articles
29 of amendment, which must set forth all of the following:

30 a. The name of the corporation.

31 b. The text of each amendment adopted, or the information
32 required by section 490.120, subsection 11, paragraph "e".

33 c. If an amendment provides for an exchange,
34 reclassification, or cancellation of issued shares,
35 provisions for implementing the amendment, if not contained in

1 the amendment itself, which may be made dependent upon facts
2 objectively ascertainable outside the articles of amendment in
3 accordance with section 490.120, subsection 11, paragraph "e".

4 d. The date of each amendment's adoption.

5 e. For an amendment, the following:

6 (1) If it was adopted by the incorporators or board of
7 directors without shareholder approval, a statement that the
8 amendment was duly adopted by the incorporators or by the board
9 of directors, as the case may be, and that shareholder approval
10 was not required.

11 (2) If it required approval by the shareholders, a statement
12 that the amendment was duly approved by the shareholders in
13 the manner required by this chapter and by the articles of
14 incorporation.

15 (3) If being filed pursuant to section 490.120, subsection
16 11, paragraph "e", a statement to that effect.

17 2. Articles of amendment shall take effect at the effective
18 date determined in accordance with section 490.123.

19 Sec. 143. Section 490.1007, Code 2020, is amended by
20 striking the section and inserting in lieu thereof the
21 following:

22 **490.1007 Restated articles of incorporation.**

23 1. A corporation's board of directors may restate its
24 articles of incorporation at any time, without shareholder
25 approval, to consolidate all amendments into a single document.

26 2. If the restated articles include one or more new
27 amendments that require shareholder approval, the amendments
28 shall be adopted and approved as provided in section 490.1003.

29 3. A corporation that restates its articles of
30 incorporation shall deliver to the secretary of state for
31 filing articles of restatement setting forth all of the
32 following:

33 a. The name of the corporation.

34 b. The text of the restated articles of incorporation.

35 c. A statement that the restated articles consolidate all

1 amendments into a single document.

2 d. If a new amendment is included in the restated articles,
3 the statements required under section 490.1006 with respect to
4 the new amendment.

5 4. Duly adopted restated articles of incorporation
6 supersede the original articles of incorporation and all
7 amendments to the articles of incorporation.

8 5. The secretary of state may certify restated articles of
9 incorporation as the articles of incorporation currently in
10 effect, without including the statements required by subsection
11 3, paragraph "d".

12 Sec. 144. Section 490.1009, Code 2020, is amended by
13 striking the section and inserting in lieu thereof the
14 following:

15 **490.1009 Effect of amendment.**

16 1. An amendment to the articles of incorporation does not
17 affect a cause of action existing against or in favor of the
18 corporation, a proceeding to which the corporation is a party,
19 or the existing rights of persons other than the shareholders.
20 An amendment changing a corporation's name does not affect a
21 proceeding brought by or against the corporation in its former
22 name.

23 2. A shareholder who becomes subject to new interest holder
24 liability in respect of the corporation as a result of an
25 amendment to the articles of incorporation shall have that new
26 interest holder liability only in respect of interest holder
27 liabilities that arise after the amendment becomes effective.

28 3. Except as otherwise provided in the articles of
29 incorporation of the corporation, the interest holder liability
30 of a shareholder who had interest holder liability in respect
31 of the corporation before the amendment becomes effective and
32 has new interest holder liability after the amendment becomes
33 effective shall be as follows:

34 a. The amendment does not discharge that prior interest
35 holder liability with respect to any interest holder

1 liabilities that arose before the amendment becomes effective.
2 b. The provisions of the articles of incorporation of
3 the corporation relating to interest holder liability as in
4 effect immediately prior to the amendment shall continue to
5 apply to the collection or discharge of any interest holder
6 liabilities preserved by paragraph "a", as if the amendment had
7 not occurred.

8 c. The shareholder shall have such rights of contribution
9 from other persons as are provided by the articles of
10 incorporation relating to interest holder liability as in
11 effect immediately prior to the amendment with respect to any
12 interest holder liabilities preserved by paragraph "a", as if
13 the amendment had not occurred.

14 d. The shareholder shall not, by reason of such prior
15 interest holder liability, have interest holder liability with
16 respect to any interest holder liabilities that arise after the
17 amendment becomes effective.

18 Sec. 145. Section 490.1020, Code 2020, is amended by
19 striking the section and inserting in lieu thereof the
20 following:

21 **490.1020 Authority to amend.**

22 1. A corporation's shareholders may amend or repeal the
23 corporation's bylaws.

24 2. A corporation's board of directors may amend or repeal
25 the corporation's bylaws unless any of the following apply:

26 a. The articles of incorporation, section 490.1021, or, if
27 applicable, section 490.1022, reserve that power exclusively to
28 the shareholders in whole or part.

29 b. Except as provided in section 490.206, subsection 4,
30 the shareholders in amending, repealing, or adopting a bylaw
31 expressly provide that the board of directors shall not amend,
32 repeal, or adopt that bylaw.

33 3. A shareholder of the corporation does not have a vested
34 property right resulting from any provision in the bylaws.

35 Sec. 146. Section 490.1021, Code 2020, is amended by

1 striking the section and inserting in lieu thereof the
2 following:

3 **490.1021 Bylaw increasing quorum or voting requirement for**
4 **directors.**

5 1. A bylaw that increases a quorum or voting requirement
6 for the board of directors or that requires a meeting of
7 shareholders to be held at a place may be amended or repealed
8 as follows:

9 a. If originally adopted by the shareholders, only by the
10 shareholders, unless the bylaw otherwise provides.

11 b. If adopted by the board of directors, either by the
12 shareholders or by the board of directors.

13 2. A bylaw adopted or amended by the shareholders that
14 increases a quorum or voting requirement for the board of
15 directors may provide that it can be amended or repealed only
16 by a specified vote of either the shareholders or the board of
17 directors.

18 3. Action by the board of directors under subsection 1
19 to amend or repeal a bylaw that changes a quorum or voting
20 requirement for the board of directors shall meet the same
21 quorum requirement and be adopted by the same vote required to
22 take action under the quorum and voting requirement then in
23 effect or proposed to be adopted, whichever is greater.

24 Sec. 147. **NEW SECTION. 490.1022 Bylaw provisions relating**
to the election of directors.

26 1. Unless the articles of incorporation specifically
27 prohibit the adoption of a bylaw pursuant to this section,
28 alter the vote specified in section 490.728, subsection 1, or
29 provide for cumulative voting, a corporation may elect in its
30 bylaws to be governed in the election of directors as follows:

31 a. Each vote entitled to be cast may be voted for or against
32 up to that number of candidates that is equal to the number
33 of directors to be elected, or a shareholder may indicate an
34 abstention, but without cumulating the votes.

35 b. To be elected, a nominee shall have received a plurality

1 of the votes cast by holders of shares entitled to vote
2 in the election at a meeting at which a quorum is present,
3 provided that a nominee who is elected but receives more votes
4 against than for election shall serve as a director for a term
5 that shall terminate on the date that is the earlier of the
6 following:

7 (1) (a) Ninety days from the date on which the voting
8 results are determined pursuant to section 490.729, subsection
9 2, paragraph "e".

10 (b) The date on which an individual is selected by the
11 board of directors to fill the office held by such director,
12 which selection shall be deemed to constitute the filling of a
13 vacancy by the board to which section 490.810 applies.

14 (2) Subject to subsection 1, paragraph "c", a nominee who is
15 elected but receives more votes against than for election shall
16 not serve as a director beyond the ninety-day period provided
17 in subparagraph division (a).

18 c. The board of directors may select any qualified
19 individual to fill the office held by a director who received
20 more votes against than for election.

21 2. a. Subsection 1 does not apply to an election of
22 directors by a voting group if any of the following applies:

23 (1) At the expiration of the time fixed under a provision
24 requiring advance notification of director candidates.

25 (2) Absent such a provision, at a time fixed by the board of
26 directors which is not more than fourteen days before notice
27 is given of the meeting at which the election is to occur,
28 there are more candidates for election by the voting group than
29 the number of directors to be elected, one or more of whom are
30 properly proposed by shareholders.

31 b. An individual shall not be considered a candidate for
32 purposes of paragraph "a", if the board of directors determines
33 before the notice of meeting is given that such individual's
34 candidacy does not create a bona fide election contest.

35 3. A bylaw electing to be governed by this section may be

1 repealed under any of the following circumstances:

2 a. If originally adopted by the shareholders, only by the
3 shareholders, unless the bylaw otherwise provides.

4 b. If adopted by the board of directors, by the board of
5 directors or the shareholders.

6 Sec. 148. Section 490.1101, Code 2020, is amended by
7 striking the section and inserting in lieu thereof the
8 following:

9 **490.1101 Subchapter definitions.**

10 As used in this subchapter:

11 1. "*Acquired entity*" means the domestic or foreign
12 corporation or eligible entity that will have all of one or
13 more classes or series of its shares or eligible interests
14 acquired in a share exchange.

15 2. "*Acquiring entity*" means the domestic or foreign
16 corporation or eligible entity that will acquire all of one or
17 more classes or series of shares or eligible interests of the
18 acquired entity in a share exchange.

19 3. "*New interest holder liability*" means interest holder
20 liability of a person, resulting from a merger or share
21 exchange, that is any of the following:

22 a. In respect of an entity which is different from the
23 entity in which the person held shares or eligible interests
24 immediately before the merger or share exchange became
25 effective.

26 b. In respect of the same entity as the one in which the
27 person held shares or eligible interests immediately before
28 the merger or share exchange became effective if any of the
29 following apply:

30 (1) The person did not have interest holder liability
31 immediately before the merger or share exchange became
32 effective.

33 (2) The person had interest holder liability immediately
34 before the merger or share exchange became effective, the terms
35 and conditions of which were changed when the merger or share

1 exchange became effective.

2 4. "*Party to a merger*" means any domestic or foreign
3 corporation or eligible entity that will merge under a plan of
4 merger but does not include a survivor created by the merger.

5 5. "*Survivor*" in a merger means the domestic or foreign
6 corporation or eligible entity into which one or more other
7 corporations or eligible entities are merged.

8 Sec. 149. Section 490.1102, Code 2020, is amended by
9 striking the section and inserting in lieu thereof the
10 following:

11 **490.1102 Merger.**

12 1. By complying with this subchapter, all of the following
13 apply:

14 a. One or more domestic business corporations may merge
15 with one or more domestic or foreign business corporations or
16 eligible entities pursuant to a plan of merger, resulting in
17 a survivor.

18 b. Two or more foreign business corporations or domestic or
19 foreign eligible entities may merge, resulting in a survivor
20 that is a domestic business corporation created in the merger.

21 2. By complying with the provisions of this subchapter
22 applicable to foreign entities, a foreign business corporation
23 or a foreign eligible entity may be a party to a merger with
24 a domestic business corporation, or may be created as the
25 survivor in a merger in which a domestic business corporation
26 is a party, but only if the merger is permitted by the organic
27 law of the foreign business corporation or eligible entity.

28 3. If the organic law or organic rules of a domestic
29 eligible entity do not provide procedures for the approval
30 of a merger, a plan of merger may nonetheless be adopted
31 and approved by the unanimous consent of all of the interest
32 holders of such eligible entity, and the merger may thereafter
33 be effected as provided in the other provisions of this
34 subchapter; and for the purposes of applying this subchapter in
35 such a case all of the following shall apply:

1 a. The eligible entity, its members or interest holders,
2 eligible interests and articles of incorporation or other
3 organic rules taken together shall be deemed to be a domestic
4 business corporation, shareholders, shares and articles of
5 incorporation, respectively and vice versa as the context may
6 require.

7 b. If the business and affairs of the eligible entity are
8 managed by a person or persons that are not identical to the
9 members or interest holders, that group shall be deemed to be
10 the board of directors.

11 4. The plan of merger must include all of the following:

12 a. As to each party to the merger, its name, jurisdiction of
13 formation, and type of entity.

14 b. The survivor's name, jurisdiction of formation, and type
15 of entity, and, if the survivor is to be created in the merger,
16 a statement to that effect.

17 c. The terms and conditions of the merger.

18 d. The manner and basis of converting the shares of
19 each merging domestic or foreign business corporation and
20 eligible interests of each merging domestic or foreign eligible
21 entity into shares or other securities, eligible interests,
22 obligations, rights to acquire shares, other securities or
23 eligible interests, cash, other property, or any combination
24 of the foregoing.

25 e. The articles of incorporation of any domestic or foreign
26 business or nonprofit corporation, or the public organic
27 record of any domestic or foreign unincorporated entity, to be
28 created by the merger, or if a new domestic or foreign business
29 or nonprofit corporation or unincorporated entity is not to
30 be created by the merger, any amendments to the survivor's
31 articles of incorporation or other public organic record.

32 f. Any other provisions required by the laws under which any
33 party to the merger is organized or by which it is governed, or
34 by the articles of incorporation or organic rules of any such
35 party.

1 5. In addition to the requirements of subsection 4, a plan
2 of merger may contain any other provision not prohibited by
3 law.

4 6. Terms of a plan of merger may be made dependent on facts
5 objectively ascertainable outside the plan in accordance with
6 section 490.120, subsection 11.

7 7. A plan of merger may be amended only with the consent of
8 each party to the merger, except as provided in the plan. A
9 domestic party to a merger may approve an amendment to a plan
10 in any of the following manners:

11 a. In the same manner as the plan was approved, if the plan
12 does not provide for the manner in which it may be amended.

13 b. In the manner provided in the plan, except that
14 shareholders, members, or interest holders that were entitled
15 to vote on or consent to approval of the plan are entitled
16 to vote on or consent to any amendment of the plan that will
17 change any of the following:

18 (1) The amount or kind of shares or other securities,
19 eligible interests, obligations, rights to acquire shares,
20 other securities or eligible interests, cash, or other property
21 to be received under the plan by the shareholders, members, or
22 interest holders of any party to the merger.

23 (2) The articles of incorporation of any domestic or foreign
24 business or nonprofit corporation, or the organic rules of
25 any unincorporated entity, that will be the survivor of the
26 merger, except for changes permitted by section 490.1005 or by
27 comparable provisions of the organic law of any such foreign
28 corporation or domestic or foreign nonprofit corporation or
29 unincorporated entity.

30 (3) Any of the other terms or conditions of the plan if the
31 change would adversely affect such shareholders, members, or
32 interest holders in any material respect.

33 Sec. 150. Section 490.1103, Code 2020, is amended by
34 striking the section and inserting in lieu thereof the
35 following:

1 **490.1103 Share exchange.**

2 1. By complying with this subchapter all of the following
3 apply:

4 a. A domestic corporation may acquire all of the shares of
5 one or more classes or series of shares of another domestic or
6 foreign corporation, or all of the eligible interests of one or
7 more classes or series of interests of a domestic or foreign
8 eligible entity, in exchange for shares or other securities,
9 eligible interests, obligations, rights to acquire shares or
10 other securities or eligible interests, cash, other property,
11 or any combination of the foregoing, pursuant to a plan of
12 share exchange.

13 b. All of the shares of one or more classes or series of
14 shares of a domestic corporation may be acquired by another
15 domestic or foreign corporation or eligible entity, in
16 exchange for shares or other securities, eligible interests,
17 obligations, rights to acquire shares or other securities or
18 eligible interests, cash, other property, or any combination of
19 the foregoing, pursuant to a plan of share exchange.

20 2. A foreign corporation or eligible entity may be the
21 acquired entity in a share exchange only if the share exchange
22 is permitted by the organic law of that corporation or other
23 entity.

24 3. If the organic law or organic rules of a domestic
25 eligible entity do not provide procedures for the approval
26 of a share exchange, a plan of share exchange may be adopted
27 and approved, and the share exchange effected, in accordance
28 with the procedures, if any, for a merger. If the organic
29 law or organic rules of a domestic eligible entity do not
30 provide procedures for the approval of either a share exchange
31 or a merger, a plan of share exchange may nonetheless be
32 adopted and approved by the unanimous consent of all of the
33 interest holders of such eligible entity whose interests will
34 be exchanged under the plan of share exchange, and the share
35 exchange may thereafter be effected as provided in the other

1 provisions of this subchapter; and for purposes of applying
2 this subchapter in such a case all of the following apply:
3 a. The eligible entity, its interest holders, interests,
4 and articles of incorporation or other organic rules taken
5 together shall be deemed to be a domestic business corporation,
6 shareholders, shares and articles of incorporation,
7 respectively and vice versa as the context may require.

8 b. If the business and affairs of the eligible entity are
9 managed by a person or persons that are not identical to the
10 members or interest holders, that person or those persons shall
11 be deemed to be the board of directors.

12 4. The plan of share exchange must include all of the
13 following:

14 a. The name of each domestic or foreign corporation or other
15 eligible entity the shares or eligible interests of which will
16 be acquired and the name of the domestic or foreign corporation
17 or eligible entity that will acquire those shares or eligible
18 interests.

19 b. The terms and conditions of the share exchange.

20 c. The manner and basis of exchanging shares of a domestic
21 or foreign corporation or eligible interests in a domestic or
22 foreign eligible entity the shares or eligible interests of
23 which will be acquired under the share exchange for shares or
24 other securities, eligible interests, obligations, rights to
25 acquire shares, other securities, or eligible interests, cash,
26 other property, or any combination of the foregoing.

27 d. Any other provisions required by the organic law
28 governing the acquired entity or its articles of incorporation
29 or organic rules.

30 5. The terms of a plan of share exchange may be made
31 dependent on facts objectively ascertainable outside the plan
32 in accordance with section 490.120, subsection 11.

33 6. A plan of share exchange may be amended only with the
34 consent of each party to the share exchange, except as provided
35 in the plan. A domestic entity may approve an amendment to a

1 plan in any of the following manners:

2 a. In the same manner as the plan was approved, if the plan
3 does not provide for the manner in which it may be amended.

4 b. In the manner provided in the plan, except that
5 shareholders, members, or interest holders that were entitled
6 to vote on or consent to approval of the plan are entitled
7 to vote on or consent to any amendment of the plan that will
8 change any of the following:

9 (1) The amount or kind of shares or other securities,
10 eligible interests, obligations, rights to acquire shares,
11 other securities or eligible interests, cash, or other property
12 to be received under the plan by the shareholders, members, or
13 interest holders of the acquired entity.

14 (2) Any of the other terms or conditions of the plan if the
15 change would adversely affect such shareholders, members, or
16 interest holders in any material respect.

17 Sec. 151. Section 490.1104, Code 2020, is amended by
18 striking the section and inserting in lieu thereof the
19 following:

20 **490.1104 Action on a plan of merger or share exchange.**

21 In the case of a domestic corporation that is a party to a
22 merger or the acquired entity in a share exchange, the plan
23 of merger or share exchange shall be adopted in the following
24 manner:

25 1. The plan of merger or share exchange shall first be
26 adopted by the board of directors.

27 2. a. Except as provided in subsections 8, 10, and 12, and
28 in section 490.1105, the plan of merger or share exchange shall
29 then be approved by the shareholders. In submitting the plan
30 of merger or share exchange to the shareholders for approval,
31 the board of directors shall recommend that the shareholders
32 approve the plan, or, in the case of an offer referred to in
33 subsection 10, paragraph "b", that the shareholders tender
34 their shares to the offeror in response to the offer, unless
35 any of the following apply:

1 (1) The board of directors makes a determination that
2 because of conflicts of interest or other special circumstances
3 it should not make such a recommendation.

4 (2) Section 490.826 applies.

5 b. If either paragraph "a", subparagraph (1) or (2),
6 applies, the board shall inform the shareholders of the basis
7 for its so proceeding.

8 3. The board of directors may set conditions for the
9 approval of the plan of merger or share exchange by the
10 shareholders or the effectiveness of the plan of merger or
11 share exchange.

12 4. If the plan of merger or share exchange is required
13 to be approved by the shareholders, and if the approval is
14 to be given at a meeting, the corporation shall notify each
15 shareholder, regardless of whether entitled to vote, of the
16 meeting of shareholders at which the plan is to be submitted
17 for approval. The notice must state that the purpose, or one
18 of the purposes, of the meeting is to consider the plan and
19 must contain or be accompanied by a copy or summary of the
20 plan. If the corporation is to be merged into an existing
21 foreign or domestic corporation or eligible entity, the notice
22 must also include or be accompanied by a copy or summary of the
23 articles of incorporation and bylaws or the organic rules of
24 that corporation or eligible entity. If the corporation is to
25 be merged with a domestic or foreign corporation or eligible
26 entity and a new domestic or foreign corporation or eligible
27 entity is to be created pursuant to the merger, the notice
28 must include or be accompanied by a copy or a summary of the
29 articles of incorporation and bylaws or the organic rules of
30 the new corporation or eligible entity.

31 5. Unless the articles of incorporation, bylaws, or the
32 board of directors acting pursuant to subsection 3, require
33 a greater vote or a greater quorum, approval of the plan
34 of merger or share exchange requires the approval of the
35 shareholders at a meeting at which a quorum exists consisting

1 of a majority of the votes entitled to be cast on the plan,
2 and, if any class or series of shares is entitled to vote as
3 a separate group on the plan of merger or share exchange, the
4 approval of each such separate voting group at a meeting at
5 which a quorum of the voting group is present consisting of
6 a majority of the votes entitled to be cast on the merger or
7 share exchange by that voting group.

8 6. Subject to subsection 7, separate voting by voting groups
9 is required for each of the following:

10 a. On a plan of merger, by each class or series of shares
11 that are any of the following:

12 (1) To be converted under the plan of merger into shares,
13 other securities, eligible interests, obligations, rights to
14 acquire shares, other securities or eligible interests, cash,
15 other property, or any combination of the foregoing.

16 (2) Entitled to vote as a separate group on a provision in
17 the plan that constitutes a proposed amendment to the articles
18 of incorporation of a surviving corporation that requires
19 action by separate voting groups under section 490.1004.

20 b. On a plan of share exchange, by each class or series
21 of shares included in the exchange, with each class or series
22 constituting a separate voting group.

23 c. On a plan of merger or share exchange, if the voting
24 group is entitled under the articles of incorporation to
25 vote as a voting group to approve a plan of merger or share
26 exchange, respectively.

27 7. The articles of incorporation may expressly limit or
28 eliminate the separate voting rights provided in subsection 6,
29 paragraph "a", subparagraph (1), and subsection 6, paragraph
30 "b", as to any class or series of shares, except when all of the
31 following apply:

32 a. The plan of merger or share exchange includes what is
33 or would be in effect an amendment subject to subsection 6,
34 paragraph "a", subparagraph (2).

35 b. The plan of merger or share exchange will not effect a

1 substantive business combination.

2 8. Unless the articles of incorporation otherwise provide,
3 approval by the corporation's shareholders of a plan of
4 merger is not required if all of the following conditions are
5 satisfied:

6 a. The corporation will survive the merger.

7 b. Except for amendments permitted by section 490.1005, its
8 articles of incorporation will not be changed.

9 c. Each shareholder of the corporation whose shares were
10 outstanding immediately before the effective date of the merger
11 or share exchange will hold the same number of shares, with
12 identical preferences, rights, and limitations, immediately
13 after the effective date of the merger.

14 d. The issuance in the merger of shares or other securities
15 convertible into or rights exercisable for shares does not
16 require a vote under section 490.621, subsection 6.

17 9. a. If, as a result of a merger or share exchange, one
18 or more shareholders of a domestic corporation would become
19 subject to new interest holder liability, approval of the plan
20 of merger or share exchange requires the signing in connection
21 with the transaction, by each such shareholder, of a separate
22 written consent to become subject to such new interest holder
23 liability.

24 b. Paragraph "a" does not apply in the case of a shareholder
25 that already has interest holder liability with respect to such
26 domestic corporation, if all of the following apply:

27 (1) The new interest holder liability is with respect to
28 a domestic or foreign corporation, which may be a different
29 or the same domestic corporation in which the person is a
30 shareholder.

31 (2) The terms and conditions of the new interest holder
32 liability are substantially identical to those of the existing
33 interest holder liability, other than for changes that
34 eliminate or reduce such interest holder liability.

35 10. Unless the articles of incorporation otherwise provide,

1 approval by the shareholders of a plan of merger or share
2 exchange is not required if all of the following apply:

3 a. The plan of merger or share exchange expressly permits or
4 requires the merger or share exchange to be effected under this
5 subsection and provides that, if the merger or share exchange
6 is to be effected under this subsection, the merger or share
7 exchange will be effected as soon as practicable following the
8 satisfaction of the requirement set forth in paragraph "f".

9 b. Another party to the merger, the acquiring entity in
10 the share exchange, or a parent of another party to the merger
11 or the acquiring entity in the share exchange, makes an offer
12 to purchase, on the terms provided in the plan of merger or
13 share exchange, any and all of the outstanding shares of the
14 corporation that, absent this subsection, would be entitled to
15 vote on the plan of merger or share exchange, except that the
16 offer may exclude shares of the corporation that are owned at
17 the commencement of the offer by the corporation, the offeror,
18 or any parent of the offeror, or by any wholly owned subsidiary
19 of any of the foregoing.

20 c. The offer discloses that the plan of merger or share
21 exchange provides that the merger or share exchange will be
22 effected as soon as practicable following the satisfaction of
23 the requirement set forth in paragraph "f" and that the shares
24 of the corporation that are not tendered in response to the
25 offer will be treated as set forth in paragraph "h".

26 d. The offer remains open for at least ten days.

27 e. The offeror purchases all shares properly tendered in
28 response to the offer and not properly withdrawn.

29 f. The shares listed below are collectively entitled to cast
30 at least the minimum number of votes on the merger or share
31 exchange that, absent this subsection, would be required by
32 this subchapter and by the articles of incorporation for the
33 approval of the merger or share exchange by the shareholders
34 and by any other voting group entitled to vote on the merger
35 or share exchange at a meeting at which all shares entitled to

1 vote on the approval were present and voted:

2 (1) Shares purchased by the offeror in accordance with the
3 offer.

4 (2) Shares otherwise owned by the offeror or by any parent
5 of the offeror or any wholly owned subsidiary of any of the
6 foregoing.

7 (3) Shares subject to an agreement that they are to be
8 transferred, contributed, or delivered to the offeror, any
9 parent of the offeror, or any wholly owned subsidiary of any of
10 the foregoing in exchange for shares or eligible interests in
11 such offeror, parent, or subsidiary.

12 g. The offeror or a wholly owned subsidiary of the offeror
13 merges with or into, or effects a share exchange in which it
14 acquires shares of, the corporation.

15 h. Each outstanding share of each class or series of shares
16 of the corporation that the offeror is offering to purchase
17 in accordance with the offer, and that is not purchased in
18 accordance with the offer, is to be converted in the merger
19 into, or into the right to receive, or is to be exchanged
20 in the share exchange for, or for the right to receive,
21 the same amount and kind of securities, eligible interests,
22 obligations, rights, cash, or other property to be paid or
23 exchanged in accordance with the offer for each share of
24 that class or series of shares that is tendered in response
25 to the offer, except that shares of the corporation that are
26 owned by the corporation or that are described in paragraph
27 "f", subparagraph (2) or (3), need not be converted into or
28 exchanged for the consideration described in this paragraph
29 "h".

30 11. As used in subsection 10:

31 a. "Offer" means the offer referred to in subsection 10,
32 paragraph "b".

33 b. "Offeror" means the person making the offer.

34 c. "Parent" of an entity means a person that owns, directly
35 or indirectly, through one or more wholly owned subsidiaries,

1 all of the outstanding shares of or eligible interests in that
2 entity.

3 d. Shares tendered in response to the offer shall be deemed
4 to have been "purchased" in accordance with the offer at the
5 earliest time as of which the following applies:

6 (1) The offeror has irrevocably accepted those shares for
7 payment.

8 (2) Either of the following applies:

9 (a) In the case of shares represented by certificates, the
10 offeror, or the offeror's designated depository or other agent,
11 has physically received the certificates representing those
12 shares.

13 (b) In the case of shares without certificates, those shares
14 have been transferred into the account of the offeror or its
15 designated depository or other agent, or an agent's message
16 relating to those shares has been received by the offeror or
17 its designated depository or other agent.

18 e. "*Wholly owned subsidiary*" of a person means an entity of
19 or in which that person owns, directly or indirectly, through
20 one or more wholly owned subsidiaries, all of the outstanding
21 shares or eligible interests.

22 12. Unless the articles of incorporation otherwise provide,
23 all of the following applies:

24 a. Approval of a plan of share exchange by the shareholders
25 of a domestic corporation is not required if the corporation is
26 the acquiring entity in the share exchange.

27 b. Shares not to be exchanged under the plan of share
28 exchange are not entitled to vote on the plan.

29 Sec. 152. Section 490.1105, Code 2020, is amended by
30 striking the section and inserting in lieu thereof the
31 following:

32 **490.1105 Merger between parent and subsidiary or between
33 subsidiaries.**

34 1. A domestic or foreign parent entity that owns shares of
35 a domestic corporation which carry at least ninety percent of

1 the voting power of each class and series of the outstanding
2 shares of the subsidiary that has voting power may do any of
3 the following:

4 a. Merge the subsidiary into itself, if it is a domestic
5 or foreign corporation or eligible entity, or into another
6 domestic or foreign corporation or eligible entity in which the
7 parent entity owns at least ninety percent of the voting power
8 of each class and series of the outstanding shares or eligible
9 interests which have voting power.

10 b. Merge itself, if it is a domestic or foreign corporation
11 or eligible entity, into such subsidiary, in either case
12 without the approval of the board of directors or shareholders
13 of the subsidiary, unless the articles of incorporation
14 or organic rules of the parent entity or the articles of
15 incorporation of the subsidiary corporation otherwise provide.

16 c. Section 490.1104, subsection 9, applies to a merger under
17 this section. The articles of merger relating to a merger
18 under this section do not need to be signed by the subsidiary.

19 2. A parent entity shall, within ten days after the
20 effective date of a merger approved under subsection 1, notify
21 each of the subsidiary's shareholders that the merger has
22 become effective.

23 3. Except as provided in subsections 1 and 2, a merger
24 between a parent entity and a domestic subsidiary corporation
25 shall be governed by the provisions of this subchapter
26 applicable to mergers generally.

27 Sec. 153. Section 490.1106, Code 2020, is amended by
28 striking the section and inserting in lieu thereof the
29 following:

30 **490.1106 Articles of merger or share exchange.**

31 1. After a plan of merger has been adopted and approved as
32 required by this chapter, or if the merger is being effected
33 under section 490.1102, subsection 1, paragraph "b", the merger
34 has been approved as required by the organic law governing the
35 parties to the merger, then articles of merger shall be signed

1 by each party to the merger except as provided in section
2 490.1105, subsection 1. The articles must set forth all of the
3 following:

4 a. The name, jurisdiction of formation, and type of entity
5 of each party to the merger.

6 b. The name, jurisdiction of formation, and type of entity
7 of the survivor.

8 c. If the survivor of the merger is a domestic corporation
9 and its articles of incorporation are amended, or if a new
10 domestic corporation is created as a result of the merger, any
11 of the following:

12 (1) The amendments to the survivor's articles of
13 incorporation.

14 (2) The articles of incorporation of the new corporation.

15 d. If the survivor of the merger is a domestic eligible
16 entity and its public organic record is amended, or if a new
17 domestic eligible entity is created as a result of the merger,
18 any of the following:

19 (1) The amendments to the public organic record of the
20 survivor.

21 (2) The public organic record of the new eligible entity.

22 e. If the plan of merger required approval by the
23 shareholders of a domestic corporation that is a party to the
24 merger, a statement that the plan was duly approved by the
25 shareholders and, if voting by any separate voting group was
26 required, by each such separate voting group, in the manner
27 required by this chapter and the articles of incorporation.

28 f. If the plan of merger or share exchange did not require
29 approval by the shareholders of a domestic corporation that is
30 a party to the merger, a statement to that effect.

31 g. As to each foreign corporation that is a party to the
32 merger, a statement that the participation of the foreign
33 corporation was duly authorized as required by its organic law.

34 h. As to each domestic or foreign eligible entity that is a
35 party to the merger, a statement that the merger was approved

1 in accordance with its organic law or section 490.1102,
2 subsection 3.

3 *i.* If the survivor is created by the merger and is a
4 domestic limited liability partnership, the filing required to
5 become a limited liability partnership, as an attachment.

6 2. After a plan of share exchange in which the acquired
7 entity is a domestic corporation or eligible entity has been
8 adopted and approved as required by this chapter, articles
9 of share exchange shall be signed by the acquired entity and
10 the acquiring entity. The articles shall set forth all of the
11 following:

12 *a.* The name of the acquired entity.

13 *b.* The name, jurisdiction of formation, and type of entity
14 of the domestic or foreign corporation or eligible entity that
15 is the acquiring entity.

16 *c.* A statement that the plan of share exchange was duly
17 approved by the acquired entity by all of the following:

18 (1) The required vote or consent of each class or series of
19 shares or eligible interests included in the exchange.

20 (2) The required vote or consent of each other class or
21 series of shares or eligible interests entitled to vote on
22 approval of the exchange by the articles of incorporation or
23 organic rules of the acquired entity or section 490.1103,
24 subsection 3.

25 3. In addition to the requirements of subsection 1 or 2,
26 articles of merger or share exchange may contain any other
27 provision not prohibited by law.

28 4. The articles of merger or share exchange shall be
29 delivered to the secretary of state for filing and, subject to
30 subsection 5, the merger or share exchange shall take effect
31 on the effective date determined in accordance with section
32 490.123.

33 5. With respect to a merger in which one or more foreign
34 entities is a party or a foreign entity created by the merger
35 is the survivor, the merger itself shall become effective at

1 the later of the following:

2 a. When all documents required to be filed in foreign
3 jurisdictions to effect the merger have become effective.

4 b. When the articles of merger take effect.

5 6. Articles of merger filed under this section may be
6 combined with any filing required under the organic law
7 governing any domestic eligible entity involved in the
8 transaction if the combined filing satisfies the requirements
9 of both this section and the other organic law.

10 Sec. 154. Section 490.1107, Code 2020, is amended by
11 striking the section and inserting in lieu thereof the
12 following:

13 **490.1107 Effect of merger or share exchange.**

14 1. When a merger becomes effective, all of the following
15 apply:

16 a. The domestic or foreign corporation or eligible entity
17 that is designated in the plan of merger as the survivor
18 continues or comes into existence, as the case may be.

19 b. The separate existence of every domestic or foreign
20 corporation or eligible entity that is a party to the merger,
21 other than the survivor, ceases.

22 c. All property owned by, and every contract right possessed
23 by, each domestic or foreign corporation or eligible entity
24 that is a party to the merger, other than the survivor, are the
25 property and contract rights of the survivor without transfer,
26 reversion, or impairment.

27 d. All debts, obligations, and other liabilities of each
28 domestic or foreign corporation or eligible entity that is
29 a party to the merger, other than the survivor, are debts,
30 obligations, or liabilities of the survivor.

31 e. The name of the survivor may, but need not be,
32 substituted in any pending proceeding for the name of any party
33 to the merger whose separate existence ceased in the merger.

34 f. If the survivor is a domestic entity, the articles of
35 incorporation and bylaws or the organic rules of the survivor

1 are amended to the extent provided in the plan of merger.

2 g. The articles of incorporation and bylaws or the organic
3 rules of a survivor that is a domestic entity and is created by
4 the merger become effective.

5 h. The shares of each domestic or foreign corporation
6 that is a party to the merger, and the eligible interests in
7 an eligible entity that is a party to a merger, that are to
8 be converted in accordance with the terms of the merger into
9 shares, or other securities, eligible interests, obligations,
10 rights to acquire shares, other securities, or eligible
11 interests, cash, other property, or any combination of the
12 foregoing, are converted, and the former holders of such shares
13 or eligible interests are entitled only to the rights provided
14 to them by those terms or to any rights they may have under
15 subchapter XIII or the organic law governing the eligible
16 entity or foreign corporation.

17 i. Except as provided by law or the terms of the merger,
18 all the rights, privileges, franchises, and immunities of each
19 entity that is a party to the merger, other than the survivor,
20 are the rights, privileges, franchises, and immunities of the
21 survivor.

22 j. If the survivor exists before the merger, all of the
23 following apply:

24 (1) All the property and contract rights of the survivor
25 remain its property and contract rights without transfer,
26 reversion, or impairment.

27 (2) The survivor remains subject to all its debts,
28 obligations, and other liabilities.

29 (3) Except as provided by law or the plan of merger, the
30 survivor continues to hold all of its rights, privileges,
31 franchises, and immunities.

32 2. When a share exchange becomes effective, the shares
33 or eligible interests in the acquired entity that are to be
34 exchanged for shares or other securities, eligible interests,
35 obligations, rights to acquire shares, other securities or

1 eligible interests, cash, other property, or any combination of
2 the foregoing, are entitled only to the rights provided to them
3 in the plan of share exchange or to any rights they may have
4 under subchapter XIII or under the organic law governing the
5 acquired entity.

6 3. Except as otherwise provided in the articles of
7 incorporation of a domestic corporation or the organic law
8 governing or organic rules of a foreign corporation or a
9 domestic or foreign eligible entity, the effect of a merger or
10 share exchange on interest holder liability is as follows:

11 a. A person who becomes subject to new interest holder
12 liability in respect of an entity as a result of a merger or
13 share exchange shall have that new interest holder liability
14 only in respect of interest holder liabilities that arise after
15 the merger or share exchange becomes effective.

16 b. If a person had interest holder liability with respect to
17 a party to the merger or the acquired entity before the merger
18 or share exchange becomes effective with respect to shares or
19 eligible interests of such party or acquired entity which were
20 exchanged in the merger or share exchange, were canceled in
21 the merger, or the terms and conditions of which relating to
22 interest holder liability were amended pursuant to the merger,
23 then all of the following apply:

24 (1) The merger or share exchange does not discharge that
25 prior interest holder liability with respect to any interest
26 holder liabilities that arose before the merger or share
27 exchange becomes effective.

28 (2) The provisions of the organic law governing any entity
29 for which the person had that prior interest holder liability
30 shall continue to apply to the collection or discharge of any
31 interest holder liabilities preserved by subparagraph (1), as
32 if the merger or share exchange had not occurred.

33 (3) The person shall have such rights of contribution from
34 other persons as are provided by the organic law governing the
35 entity for which the person had that prior interest holder

1 liability with respect to any interest holder liabilities
2 preserved by subparagraph (1), as if the merger or share
3 exchange had not occurred.

4 (4) The person shall not, by reason of such prior interest
5 holder liability, have interest holder liability with respect
6 to any interest holder liabilities that arise after the merger
7 or share exchange becomes effective.

8 c. If a person has interest holder liability both before
9 and after a merger becomes effective with unchanged terms and
10 conditions with respect to the entity that is the survivor by
11 reason of owning the same shares or eligible interests before
12 and after the merger becomes effective, the merger has no
13 effect on such interest holder liability.

14 d. A share exchange has no effect on interest holder
15 liability related to shares or eligible interests of the
16 acquired entity that were not exchanged in the share exchange.

17 4. Upon a merger becoming effective, a foreign corporation,
18 or a foreign eligible entity, that is the survivor of the
19 merger is deemed to have done all of the following:

20 a. Appointed the secretary of state as its agent for
21 service of process in a proceeding to enforce the rights of
22 shareholders of each domestic corporation that is a party to
23 the merger who exercise appraisal rights.

24 b. Agreed that it will promptly pay the amount, if any, to
25 which such shareholders are entitled under subchapter XIII.

26 5. Except as provided in the organic law governing a party
27 to a merger or in its articles of incorporation or organic
28 rules, the merger does not give rise to any rights that an
29 interest holder, governor, or third party would have upon a
30 dissolution, liquidation, or winding up of that party. The
31 merger does not require a party to the merger to wind up its
32 affairs and does not constitute or cause its dissolution or
33 termination.

34 6. Property held for a charitable purpose under the law of
35 this state by a domestic or foreign corporation or eligible

1 entity immediately before a merger becomes effective shall not,
2 as a result of the transaction, be diverted from the objects
3 for which it was donated, granted, devised, or otherwise
4 transferred except and to the extent permitted by or pursuant
5 to the laws of this state addressing cy pres or dealing with
6 nondiversion of charitable assets.

7 7. A bequest, devise, gift, grant, or promise contained
8 in a will or other instrument of donation, subscription, or
9 conveyance which is made to an entity that is a party to a
10 merger that is not the survivor and which takes effect or
11 remains payable after the merger inures to the survivor.

12 8. A trust obligation that would govern property if
13 transferred to a nonsurviving entity applies to property
14 that is transferred to the survivor after a merger becomes
15 effective.

16 Sec. 155. Section 490.1108, Code 2020, is amended by
17 striking the section and inserting in lieu thereof the
18 following:

19 **490.1108 Abandonment of a merger or share exchange.**

20 1. After a plan of merger or share exchange has been
21 adopted and approved as required by this subchapter, and before
22 articles of merger or share exchange have become effective, the
23 plan may be abandoned by a domestic business corporation that
24 is a party to the plan without action by its shareholders in
25 accordance with any procedures set forth in the plan of merger
26 or share exchange or, if no such procedures are set forth in
27 the plan, in the manner determined by the board of directors.

28 2. If a merger or share exchange is abandoned under
29 subsection 1 after articles of merger or share exchange have
30 been delivered to the secretary of state for filing but before
31 the merger or share exchange has become effective, a statement
32 of abandonment signed by all the parties that signed the
33 articles of merger or share exchange shall be delivered to the
34 secretary of state for filing before the articles of merger
35 or share exchange become effective. The statement shall take

1 effect on filing and the merger or share exchange shall be
2 deemed abandoned and shall not become effective. The statement
3 of abandonment must contain all of the following:

4 a. The name of each party to the merger or the names of the
5 acquiring and acquired entities in a share exchange.

6 b. The date on which the articles of merger or share
7 exchange were filed by the secretary of state.

8 c. A statement that the merger or share exchange has been
9 abandoned in accordance with this section.

10 Sec. 156. Section 490.1201, Code 2020, is amended by
11 striking the section and inserting in lieu thereof the
12 following:

13 **490.1201 Disposition of assets not requiring shareholder
14 approval.**

15 No approval of the shareholders is required to do any of
16 the following, unless the articles of incorporation otherwise
17 provide:

18 1. Sell, lease, exchange, or otherwise dispose of any of
19 the corporation's assets in the usual and regular course of
20 business.

21 2. Mortgage, pledge, dedicate to the repayment of
22 indebtedness, whether with or without recourse, or otherwise
23 encumber any or all of the corporation's assets, regardless of
24 whether in the usual and regular course of business.

25 3. Transfer any or all of the corporation's assets to one or
26 more domestic or foreign corporations or other entities, all of
27 the shares or interests of which are owned by the corporation.

28 4. Distribute assets pro rata to the holders of one or more
29 classes or series of the corporation's shares.

30 Sec. 157. Section 490.1202, Code 2020, is amended by
31 striking the section and inserting in lieu thereof the
32 following:

33 **490.1202 Shareholder approval of certain dispositions.**

34 1. A sale, lease, exchange, or other disposition of assets,
35 other than a disposition described in section 490.1201,

1 requires approval of the corporation's shareholders if the
2 disposition would leave the corporation without a significant
3 continuing business activity. A corporation will conclusively
4 be deemed to have retained a significant continuing business
5 activity if it retains a business activity that represented,
6 for the corporation and its subsidiaries on a consolidated
7 basis, at least twenty-five percent of total assets at the
8 end of the most recently completed fiscal year, and either
9 twenty-five percent of either income from continuing operations
10 before taxes or twenty-five percent of revenues from continuing
11 operations, in each case for the most recently completed fiscal
12 year; but no presumption that the disposition will leave the
13 corporation without a significant continuing business activity
14 shall arise from the fact that the corporation's continuing
15 business activity does not equal or exceed any of these
16 percentages.

17 2. To obtain the approval of the shareholders under
18 subsection 1, all of the following shall apply:

19 a. The board of directors shall first adopt a resolution
20 authorizing the disposition. The disposition shall then be
21 approved by the shareholders. In submitting the disposition
22 to the shareholders for approval, the board of directors shall
23 recommend that the shareholders approve the disposition, unless
24 any of the following apply:

25 (1) The board of directors makes a determination that
26 because of conflicts of interest or other special circumstances
27 it should not make such a recommendation.

28 (2) Section 490.826 applies.

29 b. If paragraph "a", subparagraph (1) or (2), applies, the
30 board shall inform the shareholders of the basis for its so
31 proceeding.

32 3. The board of directors may set conditions for the
33 approval by the shareholders of a disposition or the
34 effectiveness of the disposition.

35 4. If a disposition is required to be approved by the

1 shareholders under subsection 1, and if the approval is to
2 be given at a meeting, the corporation shall notify each
3 shareholder, regardless of whether entitled to vote, of
4 the meeting of shareholders at which the disposition is
5 to be submitted for approval. The notice must state that
6 the purpose, or one of the purposes, of the meeting is to
7 consider the disposition and must contain a description of
8 the disposition, including the terms and conditions of the
9 disposition and the consideration to be received by the
10 corporation.

11 5. Unless the articles of incorporation, bylaws, or the
12 board of directors acting pursuant to subsection 3 require
13 a greater vote or a greater quorum, the approval of a
14 disposition by the shareholders shall require the approval
15 of the shareholders at a meeting at which a quorum exists
16 consisting of a majority of the votes entitled to be cast on
17 the disposition.

18 6. After a disposition has been approved by the shareholders
19 under this subchapter, and at any time before the disposition
20 has been consummated, it may be abandoned by the corporation
21 without action by the shareholders, subject to any contractual
22 rights of other parties to the disposition.

23 7. A disposition of assets in the course of dissolution
24 under subchapter XIV is not governed by this section.

25 8. The assets of a direct or indirect consolidated
26 subsidiary shall be deemed to be the assets of the parent
27 corporation for the purposes of this section.

28 Sec. 158. Section 490.1301, Code 2020, is amended by
29 striking the section and inserting in lieu thereof the
30 following:

31 **490.1301 Subchapter definitions.**

32 As used in this subchapter:

33 1. "Affiliate" means a person that directly or indirectly
34 through one or more intermediaries controls, is controlled by,
35 or is under common control with another person or is a senior

1 executive of such person. For purposes of section 490.1302,
2 subsection 2, paragraph "d", a person is deemed to be an
3 affiliate of its senior executives.

4 2. "*Corporation*" means the domestic corporation that is the
5 issuer of the shares held by a shareholder demanding appraisal
6 and, for matters covered in sections 490.1322 through 490.1331,
7 "*corporation*" includes the survivor of a merger.

8 3. "*Fair value*" means the value of the corporation's shares
9 determined according to the following:

10 a. Immediately before the effectiveness of the corporate
11 action to which the shareholder objects.

12 b. Using customary and current valuation concepts and
13 techniques generally employed for similar businesses in the
14 context of the transaction requiring appraisal.

15 c. Without discounting for lack of marketability or minority
16 status except, if appropriate, for amendments to the articles
17 of incorporation pursuant to section 490.1302, subsection 1,
18 paragraph "d".

19 4. "*Interest*" means interest from the date the corporate
20 action becomes effective until the date of payment, at the rate
21 of interest on judgments in this state on the effective date
22 of the corporate action.

23 5. "*Interested transaction*" means a corporate action
24 described in section 490.1302, subsection 1, other than a
25 merger pursuant to section 490.1105, involving an interested
26 person in which any of the shares or assets of the corporation
27 are being acquired or converted. As used in this subsection:

28 a. "*Beneficial owner*" means any person who, directly
29 or indirectly, through any contract, arrangement, or
30 understanding, other than a revocable proxy, has or shares the
31 power to vote, or to direct the voting of, shares; except that
32 a member of a national securities exchange is not deemed to be
33 a beneficial owner of securities held directly or indirectly
34 by it on behalf of another person if the member is precluded
35 by the rules of the exchange from voting without instruction

1 on contested matters or matters that may affect substantially
2 the rights or privileges of the holders of the securities to
3 be voted. When two or more persons agree to act together for
4 the purpose of voting their shares of the corporation, each
5 member of the group formed thereby is deemed to have acquired
6 beneficial ownership, as of the date of the agreement, of all
7 shares having voting power of the corporation beneficially
8 owned by any member of the group.

9 b. "*Excluded shares*" means shares acquired pursuant to an
10 offer for all shares having voting power if the offer was made
11 within one year before the corporate action for consideration
12 of the same kind and of a value equal to or less than that paid
13 in connection with the corporate action.

14 c. "*Interested person*" means a person, or an affiliate of a
15 person, who at any time during the one-year period immediately
16 preceding approval by the board of directors of the corporate
17 action was or had any of the following:

18 (1) Was the beneficial owner of twenty percent or more of
19 the voting power of the corporation, other than as owner of
20 excluded shares.

21 (2) Had the power, contractually or otherwise, other than as
22 owner of excluded shares, to cause the appointment or election
23 of twenty-five percent or more of the directors to the board of
24 directors of the corporation.

25 (3) Was a senior executive or director of the corporation
26 or a senior executive of any affiliate of the corporation, and
27 that senior executive or director will receive, as a result
28 of the corporate action, a financial benefit not generally
29 available to other shareholders as such, other than any of the
30 following:

31 (a) Employment, consulting, retirement, or similar benefits
32 established separately and not as part of or in contemplation
33 of the corporate action.

34 (b) Employment, consulting, retirement, or similar benefits
35 established in contemplation of, or as part of, the corporate

1 action that are not more favorable than those existing before
2 the corporate action or, if more favorable, that have been
3 approved on behalf of the corporation in the same manner as is
4 provided in section 490.862.

5 (c) In the case of a director of the corporation who will,
6 in the corporate action, become a director or governor of the
7 acquiror or any of its affiliates, rights, and benefits as a
8 director or governor that are provided on the same basis as
9 those afforded by the acquiror generally to other directors or
10 governors of such entity or such affiliate.

11 6. "*Preferred shares*" means a class or series of shares
12 whose holders have preference over any other class or series of
13 shares with respect to distributions.

14 7. "*Senior executive*" means the chief executive officer,
15 chief operating officer, chief financial officer, and any
16 individual in charge of a principal business unit or function.

17 8. "*Shareholder*" means a record shareholder, a beneficial
18 shareholder, and a voting trust beneficial owner.

19 Sec. 159. Section 490.1302, Code 2020, is amended by
20 striking the section and inserting in lieu thereof the
21 following:

22 **490.1302 Right to appraisal.**

23 1. A shareholder is entitled to appraisal rights, and to
24 obtain payment of the fair value of that shareholder's shares,
25 in the event of any of the following corporate actions:

26 a. Consummation of a merger to which the corporation is a
27 party if any of the following apply:

28 (1) Shareholder approval is required for the merger by
29 section 490.1104 or would be required but for the provisions of
30 section 490.1104, subsection 10, except that appraisal rights
31 shall not be available to any shareholder of the corporation
32 with respect to shares of any class or series that remain
33 outstanding after consummation of the merger.

34 (2) The corporation is a subsidiary and the merger is
35 governed by section 490.1105.

1 b. Consummation of a share exchange to which the corporation
2 is a party the shares of which will be acquired, except that
3 appraisal rights shall not be available to any shareholder of
4 the corporation with respect to any class or series of shares
5 of the corporation that is not acquired in the share exchange.

6 c. Consummation of a disposition of assets pursuant to
7 section 490.1202 if the shareholder is entitled to vote on
8 the disposition, except that appraisal rights shall not be
9 available to any shareholder of the corporation with respect to
10 shares of any class or series if all of the following apply:

11 (1) Under the terms of the corporate action approved by the
12 shareholders there is to be distributed to shareholders in cash
13 the corporation's net assets, in excess of a reasonable amount
14 reserved to meet claims of the type described in sections
15 490.1406 and 490.1407, if the distribution is made subject to
16 all of the following:

17 (a) Within one year after the shareholders' approval of the
18 action.

19 (b) In accordance with the shareholders' respective
20 interests determined at the time of distribution.

21 (2) The disposition of assets is not an interested
22 transaction.

23 d. An amendment of the articles of incorporation with
24 respect to a class or series of shares that reduces the number
25 of shares of a class or series owned by the shareholder to a
26 fraction of a share if the corporation has the obligation or
27 right to repurchase the fractional share so created.

28 e. Any other merger, share exchange, disposition of assets,
29 or amendment to the articles of incorporation, in each case to
30 the extent provided by the articles of incorporation, bylaws,
31 or a resolution of the board of directors.

32 f. Consummation of a domestication pursuant to section
33 490.920 if the shareholder does not receive shares in the
34 foreign corporation resulting from the domestication that have
35 terms as favorable to the shareholder in all material respects,

1 and represent at least the same percentage interest of the
2 total voting rights of the outstanding shares of the foreign
3 corporation, as the shares held by the shareholder before the
4 domestication.

5 g. Consummation of a conversion of the corporation to a
6 nonprofit corporation pursuant to section 490.930.

7 h. Consummation of a conversion of the corporation to an
8 unincorporated entity pursuant to section 490.930.

9 2. Notwithstanding subsection 1, the availability of
10 appraisal rights under subsection 1, paragraphs "a", "b", "c",
11 "d", "f", and "h", shall be limited in accordance with the
12 following provisions:

13 a. Appraisal rights shall not be available for the holders
14 of shares of any class or series of shares which is any of the
15 following:

16 (1) A covered security under section 18(b)(1)(A) or (B) of
17 the federal Securities Act of 1933, as amended.

18 (2) Traded in an organized market and has at least two
19 thousand shareholders and a market value of at least twenty
20 million dollars, exclusive of the value of such shares held
21 by the corporation's subsidiaries, senior executives and
22 directors, and by any beneficial shareholder and any voting
23 trust beneficial owner owning more than ten percent of such
24 shares.

25 (3) Issued by an open-end management investment company
26 registered with the United States securities and exchange
27 commission under the federal Investment Company Act of 1940, 15
28 U.S.C. §80a-1 et seq., and which may be redeemed at the option
29 of the holder at net asset value.

30 b. The applicability of paragraph "a" shall be determined
31 according to the following:

32 (1) The record date fixed to determine the shareholders
33 entitled to receive notice of the meeting of shareholders to
34 act upon the corporate action requiring appraisal rights or
35 in the case of an offer made pursuant to section 490.1104,

1 subsection 10, the date of such offer.

2 (2) If there is no meeting of shareholders and no offer made
3 pursuant to section 490.1104, subsection 10, the day before the
4 consummation of the corporate action or effective date of the
5 amendment of the articles of incorporation, as applicable.

6 c. Paragraph "a" shall not be applicable and appraisal
7 rights shall be available pursuant to subsection 1 under the
8 following circumstances:

9 (1) For the holders of any class or series of shares who
10 are required by the terms of the corporate action requiring
11 appraisal rights to accept for such shares anything other than
12 cash or shares of any class or any series of shares of any
13 corporation, or any other proprietary interest of any other
14 entity, that satisfies the standards set forth in paragraph "a",
15 at the time the corporate action becomes effective.

16 (2) For the holders of any class or series of shares, in the
17 case of the consummation of a disposition of assets pursuant
18 to section 490.1202, unless the cash, shares, or proprietary
19 interests received in the disposition are, under the terms
20 of the corporate action approved by the shareholders, to be
21 distributed to the shareholders, as part of a distribution to
22 shareholders of the net assets of the corporation in excess of
23 a reasonable amount to meet claims of the type described in
24 sections 490.1406 and 490.1407, if the distribution is made
25 subject to all of the following:

26 (a) Within one year after the shareholders' approval of the
27 action.

28 (b) In accordance with the shareholders' respective
29 interests determined at the time of the distribution.

30 d. Paragraph "a" shall not be applicable and appraisal
31 rights shall be available pursuant to subsection 1 for the
32 holders of any class or series of shares where the corporate
33 action is an interested transaction.

34 3. Notwithstanding any other provision of this section, the
35 articles of incorporation as originally filed or any amendment

1 to the articles of incorporation may limit or eliminate
2 appraisal rights for any class or series of preferred shares,
3 except that the following shall apply:

4 a. Except as provided in paragraph "b", no such limitation
5 or elimination shall be effective if the class or series does
6 not have the right to vote separately as a voting group, alone
7 or as part of a group, on the action or if the action is a
8 conversion under section 490.930, or a merger having a similar
9 effect as a conversion in which the converted entity is an
10 eligible entity.

11 b. Any such limitation or elimination contained in an
12 amendment to the articles of incorporation that limits or
13 eliminates appraisal rights for any of such shares that are
14 outstanding immediately before the effective date of such
15 amendment or that the corporation is or may be required to
16 issue or sell thereafter pursuant to any conversion, exchange,
17 or other right existing immediately before the effective date
18 of such amendment, shall not apply to any corporate action that
19 becomes effective within one year after the effective date of
20 such amendment if such action would otherwise afford appraisal
21 rights.

22 Sec. 160. Section 490.1303, Code 2020, is amended by
23 striking the section and inserting in lieu thereof the
24 following:

25 **490.1303 Assertion of rights by nominees and beneficial
26 shareholders.**

27 1. A record shareholder may assert appraisal rights
28 as to fewer than all the shares registered in the record
29 shareholder's name but owned by a beneficial shareholder or a
30 voting trust beneficial owner only if the record shareholder
31 objects with respect to all shares of a class or series owned
32 by the beneficial shareholder or the voting trust beneficial
33 owner and notifies the corporation in writing of the name
34 and address of each beneficial shareholder or voting trust
35 beneficial owner on whose behalf appraisal rights are being

1 asserted. The rights of a record shareholder who asserts
2 appraisal rights for only part of the shares held of record in
3 the record shareholder's name under this subsection shall be
4 determined as if the shares as to which the record shareholder
5 objects and the record shareholder's other shares were
6 registered in the names of different record shareholders.

7 2. A beneficial shareholder and a voting trust beneficial
8 owner may assert appraisal rights as to shares of any class
9 or series held on behalf of the shareholder only if such
10 shareholder does all of the following:

11 a. Submits to the corporation the record shareholder's
12 written consent to the assertion of such rights no later
13 than the date referred to in section 490.1322, subsection 2,
14 paragraph "b", subparagraph (2).

15 b. Does so with respect to all shares of the class or series
16 that are beneficially owned by the beneficial shareholder or
17 the voting trust beneficial owner.

18 Sec. 161. Section 490.1320, Code 2020, is amended by
19 striking the section and inserting in lieu thereof the
20 following:

21 **490.1320 Notice of appraisal rights.**

22 1. Where any corporate action specified in section
23 490.1302, subsection 1, is to be submitted to a vote at a
24 shareholders' meeting, the meeting notice, or where no approval
25 of such action is required pursuant to section 490.1104,
26 subsection 10, the offer made pursuant to that section, must
27 state that the corporation has concluded that appraisal rights
28 are, are not, or may be available under this subchapter. If
29 the corporation concludes that appraisal rights are or may be
30 available, a copy of this subchapter must accompany the meeting
31 notice or offer sent to those record shareholders entitled to
32 exercise appraisal rights.

33 2. In a merger pursuant to section 490.1105, the parent
34 entity shall notify in writing all record shareholders of the
35 subsidiary who are entitled to assert appraisal rights that the

1 corporate action became effective. Such notice shall be sent
2 within ten days after the corporate action became effective and
3 include the materials described in section 490.1322.

4 3. Where any corporate action specified in section
5 490.1302, subsection 1, is to be approved by written consent
6 of the shareholders pursuant to section 490.704, all of the
7 following apply:

8 a. Written notice that appraisal rights are, are not, or may
9 be available shall be sent to each record shareholder from whom
10 a consent is solicited at the time consent of such shareholder
11 is first solicited and, if the corporation has concluded that
12 appraisal rights are or may be available, the notice must be
13 accompanied by a copy of this subchapter.

14 b. Written notice that appraisal rights are, are not, or
15 may be available must be delivered together with the notice to
16 nonconsenting and nonvoting shareholders required by section
17 490.704, subsections 5 and 6, may include the materials
18 described in section 490.1322, and, if the corporation has
19 concluded that appraisal rights are or may be available, must
20 be accompanied by a copy of this subchapter.

21 4. Where corporate action described in section 490.1302,
22 subsection 1, is proposed, or a merger pursuant to section
23 490.1105 is effected, the notice referred to in subsection 1
24 or 3, if the corporation concludes that appraisal rights are
25 or may be available, and in subsection 2 must be accompanied
26 by all of the following:

27 a. Financial statements of the corporation that issued
28 the shares that may be subject to appraisal, consisting of a
29 balance sheet as of the end of a fiscal year ending not more
30 than sixteen months before the date of the notice, an income
31 statement for that year, and a cash flow statement for that
32 year; provided that, if such financial statements are not
33 reasonably available, the corporation shall provide reasonably
34 equivalent financial information.

35 b. The latest interim financial statements of such

1 corporation, if any.

2 5. The right to receive the information described in
3 subsection 4 may be waived in writing by a shareholder before
4 or after the corporate action.

5 Sec. 162. Section 490.1321, Code 2020, is amended by
6 striking the section and inserting in lieu thereof the
7 following:

8 **490.1321 Notice of intent to demand payment and consequences
9 of voting or consenting.**

10 1. If a corporate action specified in section 490.1302,
11 subsection 1, is submitted to a vote at a shareholders'
12 meeting, a shareholder who wishes to assert appraisal rights
13 with respect to any class or series of shares must do all of the
14 following:

15 a. Deliver to the corporation, before the vote is taken,
16 written notice of the shareholder's intent to demand payment if
17 the proposed action is effectuated.

18 b. Not vote, or cause or permit to be voted, any shares of
19 such class or series in favor of the proposed action.

20 2. If a corporate action specified in section 490.1302,
21 subsection 1, is to be approved by written consent, a
22 shareholder who wishes to assert appraisal rights with respect
23 to any class or series of shares shall not sign a consent in
24 favor of the proposed action with respect to that class or
25 series of shares.

26 3. If a corporate action specified in section 490.1302,
27 subsection 1, does not require shareholder approval pursuant to
28 section 490.1104, subsection 10, a shareholder who wishes to
29 assert appraisal rights with respect to any class or series of
30 shares must do all of the following:

31 a. Deliver to the corporation before the shares are
32 purchased pursuant to the offer written notice of the
33 shareholder's intent to demand payment if the proposed action
34 is effected.

35 b. Not tender, or cause or permit to be tendered, any shares

1 of such class or series in response to such offer.

2 4. A shareholder who fails to satisfy the requirements of
3 subsection 1, 2, or 3 is not entitled to payment under this
4 subchapter.

5 Sec. 163. Section 490.1322, Code 2020, is amended by
6 striking the section and inserting in lieu thereof the
7 following:

8 **490.1322 Appraisal notice and form.**

9 1. If a corporate action requiring appraisal rights
10 under section 490.1302, subsection 1, becomes effective, the
11 corporation shall deliver a written appraisal notice and form
12 required by subsection 2, to all shareholders who satisfy the
13 requirements of section 490.1321, subsection 1, 2, or 3. In
14 the case of a merger under section 490.1105, the parent shall
15 deliver an appraisal notice and form to all record shareholders
16 who may be entitled to assert appraisal rights.

17 2. The appraisal notice shall be delivered no earlier than
18 the date the corporate action specified in section 490.1302,
19 subsection 1, became effective, and no later than ten days
20 after such date, and must do all of the following:

21 a. Supply a form that does all of the following:

22 (1) Specifies the first date of any announcement to
23 shareholders made before the date the corporate action became
24 effective of the principal terms of the proposed corporate
25 action.

26 (2) If such announcement was made, requires the shareholder
27 asserting appraisal rights to certify whether beneficial
28 ownership of those shares for which appraisal rights are
29 asserted was acquired before that date.

30 (3) Requires the shareholder asserting appraisal rights to
31 certify that such shareholder did not vote for or consent to
32 the transaction as to the class or series of shares for which
33 appraisal is sought.

34 b. State all of the following:

35 (1) Where the form shall be sent and where certificates for

1 certificated shares shall be deposited and the date by which
2 those certificates must be deposited, which date shall not be
3 earlier than the date by which the corporation must receive the
4 required form under subparagraph (2).

5 (2) A date by which the corporation shall receive the
6 form, which date shall not be fewer than forty nor more than
7 sixty days after the date the appraisal notice is sent under
8 subsection 1, and state that the shareholder shall have waived
9 the right to demand appraisal with respect to the shares unless
10 the form is received by the corporation by such specified date.

11 (3) The corporation's estimate of the fair value of the
12 shares.

13 (4) That, if requested in writing, the corporation will
14 provide, to the shareholder so requesting, within ten days
15 after the date specified in subparagraph (2) the number of
16 shareholders who return the forms by the specified date and the
17 total number of shares owned by them.

18 (5) The date by which the notice to withdraw under section
19 490.1323 shall be received, which date shall be within twenty
20 days after the date specified in subparagraph (2).

21 c. Be accompanied by a copy of this subchapter.

22 Sec. 164. Section 490.1323, Code 2020, is amended by
23 striking the section and inserting in lieu thereof the
24 following:

25 **490.1323 Perfection of rights — right to withdraw.**

26 1. A shareholder who receives notice pursuant to section
27 490.1322 and who wishes to exercise appraisal rights shall
28 sign and return the form sent by the corporation and, in
29 the case of certificated shares, deposit the shareholder's
30 certificates in accordance with the terms of the notice by the
31 date referred to in the notice pursuant to section 490.1322,
32 subsection 2, paragraph "b", subparagraph (2). In addition,
33 if applicable, the shareholder shall certify on the form
34 whether the beneficial owner of such shares acquired beneficial
35 ownership of the shares before the date required to be set

1 forth in the notice pursuant to section 490.1322, subsection
2 2, paragraph "a", subparagraph (1). If a shareholder fails to
3 make this certification, the corporation may elect to treat the
4 shareholder's shares as after-acquired shares under section
5 490.1325. Once a shareholder deposits that shareholder's
6 certificates or, in the case of uncertificated shares, returns
7 the signed forms, that shareholder loses all rights as a
8 shareholder, unless the shareholder withdraws pursuant to
9 subsection 2.

10 2. A shareholder who has complied with subsection 1 may
11 nevertheless decline to exercise appraisal rights and withdraw
12 from the appraisal process by so notifying the corporation in
13 writing by the date set forth in the appraisal notice pursuant
14 to section 490.1322, subsection 2, paragraph "b", subparagraph
15 (5). A shareholder who fails to so withdraw from the appraisal
16 process shall not thereafter withdraw without the corporation's
17 written consent.

18 3. A shareholder who does not sign and return the form and,
19 in the case of certificated shares, deposit that shareholder's
20 share certificates where required, each by the date set forth
21 in the notice described in section 490.1322, subsection 2,
22 shall not be entitled to payment under this subchapter.

23 Sec. 165. Section 490.1324, Code 2020, is amended by
24 striking the section and inserting in lieu thereof the
25 following:

26 **490.1324 Payment.**

27 1. Except as provided in section 490.1325, within thirty
28 days after the form required by section 490.1322, subsection 2,
29 paragraph "b", subparagraph (2), is due, the corporation shall
30 pay in cash to those shareholders who complied with section
31 490.1323, subsection 1, the amount the corporation estimates to
32 be the fair value of their shares, plus interest.

33 2. The payment to each shareholder pursuant to subsection 1
34 must be accompanied by all of the following:

35 a. (1) Financial statements of the corporation that issued

1 the shares to be appraised, consisting of a balance sheet as
2 of the end of a fiscal year ending not more than sixteen months
3 before the date of payment, an income statement for that year,
4 and a cash flow statement for that year; provided that, if
5 such annual financial statements are not reasonably available,
6 the corporation shall provide reasonably equivalent financial
7 information.

8 (2) The latest interim financial statements of such
9 corporation, if any.

10 b. A statement of the corporation's estimate of the fair
11 value of the shares, which estimate shall equal or exceed the
12 corporation's estimate given pursuant to section 490.1322,
13 subsection 2, paragraph "b", subparagraph (3).

14 c. A statement that shareholders described in subsection
15 1 have the right to demand further payment under section
16 490.1326 and that if any such shareholder does not do so within
17 the time period specified in section 490.1326, subsection 2,
18 such shareholder shall be deemed to have accepted the payment
19 under subsection 1 in full satisfaction of the corporation's
20 obligations under this subchapter.

21 Sec. 166. Section 490.1325, Code 2020, is amended by
22 striking the section and inserting in lieu thereof the
23 following:

24 **490.1325 After-acquired shares.**

25 1. A corporation may elect to withhold payment required
26 by section 490.1324 from any shareholder who was required to,
27 but did not certify that beneficial ownership of all of the
28 shareholder's shares for which appraisal rights are asserted
29 was acquired before the date set forth in the appraisal notice
30 sent pursuant to section 490.1322, subsection 2, paragraph "a".

31 2. If the corporation elected to withhold payment under
32 subsection 1, within thirty days after the form required by
33 section 490.1322, subsection 2, paragraph "b", subparagraph
34 (2), is due, the corporation shall notify all shareholders who
35 are described in subsection 1 regarding all of the following:

1 a. Of the information required by section 490.1324,
2 subsection 2, paragraph "a".
3 b. Of the corporation's estimate of fair value pursuant to
4 section 490.1324, subsection 2, paragraph "b".
5 c. That they may accept the corporation's estimate of fair
6 value, plus interest, in full satisfaction of their demands or
7 demand appraisal under section 490.1326.
8 d. That those shareholders who wish to accept such offer
9 shall so notify the corporation of their acceptance of the
10 corporation's offer within thirty days after receiving the
11 offer.
12 e. That those shareholders who do not satisfy the
13 requirements for demanding appraisal under section 490.1326
14 shall be deemed to have accepted the corporation's offer.
15 3. Within ten days after receiving the shareholder's
16 acceptance pursuant to subsection 2, paragraph "d", the
17 corporation shall pay in cash the amount it offered under
18 subsection 2, paragraph "b", plus interest to each shareholder
19 who agreed to accept the corporation's offer in full
20 satisfaction of the shareholder's demand.
21 4. Within forty days after delivering the notice described
22 in subsection 2, the corporation shall pay in cash the amount
23 it offered to pay under subsection 2, paragraph "b", plus
24 interest to each shareholder described in subsection 2,
25 paragraph "e".
26 Sec. 167. Section 490.1326, Code 2020, is amended by
27 striking the section and inserting in lieu thereof the
28 following:
29 **490.1326 Procedure if shareholder dissatisfied with payment
30 or offer.**
31 1. A shareholder paid pursuant to section 490.1324 who is
32 dissatisfied with the amount of the payment shall notify the
33 corporation in writing of that shareholder's estimate of the
34 fair value of the shares and demand payment of that estimate,
35 less any payment under section 490.1324 plus interest. A

1 shareholder offered payment under section 490.1325 who is
2 dissatisfied with that offer shall reject the offer and demand
3 payment of the shareholder's stated estimate of the fair value
4 of the shares plus interest.

5 2. A shareholder who fails to notify the corporation
6 in writing of that shareholder's demand to be paid the
7 shareholder's stated estimate of the fair value plus interest
8 under subsection 1 within thirty days after receiving the
9 corporation's payment or offer of payment under section
10 490.1324 or 490.1325, respectively, waives the right to demand
11 payment under this section and shall be entitled only to the
12 payment made or offered pursuant to those respective sections.

13 Sec. 168. Section 490.1330, Code 2020, is amended by
14 striking the section and inserting in lieu thereof the
15 following:

16 **490.1330 Court action.**

17 1. If a shareholder makes a demand for payment under
18 section 490.1326 which remains unsettled, the corporation shall
19 commence a proceeding within sixty days after receiving the
20 payment demand and petition the court to determine the fair
21 value of the shares and accrued interest. If the corporation
22 does not commence the proceeding within the sixty-day
23 period, it shall pay in cash to each shareholder the amount
24 the shareholder demanded pursuant to section 490.1326 plus
25 interest.

26 2. The corporation shall commence the proceeding in the
27 district court of the county where the corporation's principal
28 office or, if none, its registered office, in this state is
29 located. If the corporation is a foreign corporation without
30 a registered office in this state, it shall commence the
31 proceeding in the county in this state where the principal
32 office or registered office of the domestic corporation merged
33 with the foreign corporation was located at the time of the
34 transaction.

35 3. The corporation shall make all shareholders, regardless

1 of whether they are residents of this state, whose demands
2 remain unsettled parties to the proceeding as in an action
3 against their shares, and all parties shall be served with a
4 copy of the petition. Nonresidents may be served by registered
5 or certified mail or by publication as provided by law.

6 4. The jurisdiction of the court in which the proceeding
7 is commenced under subsection 2 is plenary and exclusive.
8 The court may appoint one or more persons as appraisers to
9 receive evidence and recommend a decision on the question of
10 fair value. The appraisers shall have the powers described
11 in the order appointing them, or in any amendment to it. The
12 shareholders demanding appraisal rights are entitled to the
13 same discovery rights as parties in other civil proceedings.
14 There shall be no right to a jury trial.

15 5. Each shareholder made a party to the proceeding is
16 entitled to judgment for any of the following:

17 a. The amount, if any, by which the court finds the fair
18 value of the shareholder's shares exceeds the amount paid
19 by the corporation to the shareholder for such shares, plus
20 interest.

21 b. The fair value, plus interest, of the shareholder's
22 shares for which the corporation elected to withhold payment
23 under section 490.1325.

24 Sec. 169. Section 490.1331, Code 2020, is amended by
25 striking the section and inserting in lieu thereof the
26 following:

27 **490.1331 Court costs and expenses.**

28 1. The court in an appraisal proceeding commenced under
29 section 490.1330 shall determine all court costs of the
30 proceeding, including the reasonable compensation and expenses
31 of appraisers appointed by the court. The court shall assess
32 the court costs against the corporation, except that the court
33 may assess court costs against all or some of the shareholders
34 demanding appraisal, in amounts which the court finds
35 equitable, to the extent the court finds such shareholders

1 acted arbitrarily, vexatiously, or not in good faith with
2 respect to the rights provided by this subchapter.

3 2. The court in an appraisal proceeding may also assess the
4 expenses of the respective parties in amounts the court finds
5 equitable, against any of the following:

6 a. The corporation and in favor of any or all shareholders
7 demanding appraisal if the court finds the corporation did not
8 substantially comply with the requirements of section 490.1320,
9 490.1322, 490.1324, or 490.1325.

10 b. Either the corporation or a shareholder demanding
11 appraisal, in favor of any other party, if the court finds that
12 the party against whom expenses are assessed acted arbitrarily,
13 vexatiously, or not in good faith with respect to the rights
14 provided by this subchapter.

15 3. If the court in an appraisal proceeding finds that
16 the expenses incurred by any shareholder were of substantial
17 benefit to other shareholders similarly situated and that such
18 expenses should not be assessed against the corporation, the
19 court may direct that such expenses be paid out of the amounts
20 awarded the shareholders who were benefited.

21 4. To the extent the corporation fails to make a required
22 payment pursuant to section 490.1324, 490.1325, or 490.1326,
23 the shareholder may sue directly for the amount owed, and to
24 the extent successful, shall be entitled to recover from the
25 corporation all expenses of the suit.

26 Sec. 170. Section 490.1340, Code 2020, is amended by
27 striking the section and inserting in lieu thereof the
28 following:

29 **490.1340 Other remedies limited.**

30 1. The legality of a proposed or completed corporate
31 action described in section 490.1302, subsection 1, shall not
32 be contested, nor may the corporate action be enjoined, set
33 aside, or rescinded, in a legal or equitable proceeding by a
34 shareholder after the shareholders have approved the corporate
35 action.

1 2. Subsection 1 does not apply to a corporate action that
2 meets any of the following conditions:

3 a. Was not authorized and approved in accordance with the
4 applicable provisions of any of the following:

5 (1) Subchapter IX, X, XI, or XII.

6 (2) The articles of incorporation or bylaws.

7 (3) The resolution of the board of directors authorizing the
8 corporate action.

9 b. Was procured as a result of fraud, a material
10 misrepresentation, or an omission of a material fact necessary
11 to make statements made, in light of the circumstances in which
12 they were made, not misleading.

13 c. Is an interested transaction, unless it has been
14 recommended by the board of directors in the same manner as
15 is provided in section 490.862 and has been approved by the
16 shareholders in the same manner as is provided in section
17 490.863 as if the interested transaction were a director's
18 conflicting interest transaction.

19 d. Is approved by less than unanimous consent of the
20 voting shareholders pursuant to section 490.704 if all of the
21 following apply:

22 (1) The challenge to the corporate action is brought by a
23 shareholder who did not consent and as to whom notice of the
24 approval of the corporate action was not effective at least ten
25 days before the corporate action was effected.

26 (2) The proceeding challenging the corporate action is
27 commenced within ten days after notice of the approval of the
28 corporate action is effective as to the shareholder bringing
29 the proceeding.

30 Sec. 171. Section 490.1402, Code 2020, is amended by
31 striking the section and inserting in lieu thereof the
32 following:

33 **490.1402 Dissolution by board of directors and shareholders.**

34 1. The board of directors may propose dissolution for
35 submission to the shareholders by first adopting a resolution

1 authorizing the dissolution.

2 2. *a.* For a proposal to dissolve to be adopted, it shall
3 then be approved by the shareholders. In submitting the
4 proposal to dissolve to the shareholders for approval, the
5 board of directors shall recommend that the shareholders
6 approve the dissolution, unless any of the following apply:

7 (1) The board of directors determines that because of
8 conflict of interest or other special circumstances it should
9 make no recommendation.

10 (2) Section 490.826 applies.

11 *b.* If paragraph "a", subparagraph (1) or (2), applies, the
12 board shall inform the shareholders of the basis for its so
13 proceeding.

14 3. The board of directors may set conditions for the
15 approval of the proposal for dissolution by shareholders or the
16 effectiveness of the dissolution.

17 4. If the approval of the shareholders is to be given at
18 a meeting, the corporation shall notify each shareholder,
19 regardless of whether entitled to vote, of the meeting of
20 shareholders at which the dissolution is to be submitted for
21 approval. The notice must state that the purpose, or one of
22 the purposes, of the meeting is to consider dissolving the
23 corporation.

24 5. Unless the articles of incorporation, bylaws, or the
25 board of directors acting pursuant to subsection 3 require a
26 greater vote, a greater quorum, or a vote by voting groups,
27 adoption of the proposal to dissolve shall require the approval
28 of the shareholders at a meeting at which a quorum exists
29 consisting of a majority of the votes entitled to be cast on
30 the proposal to dissolve.

31 Sec. 172. Section 490.1403, Code 2020, is amended by
32 striking the section and inserting in lieu thereof the
33 following:

34 **490.1403 Articles of dissolution.**

35 1. At any time after dissolution is authorized, the

1 corporation may dissolve by delivering to the secretary of
2 state for filing articles of dissolution setting forth all of
3 the following:

4 a. The name of the corporation.

5 b. The date that dissolution was authorized.

6 c. If dissolution was approved by the shareholders, a
7 statement that the proposal to dissolve was duly approved by
8 the shareholders in the manner required by this chapter and by
9 the articles of incorporation and bylaws.

10 2. The articles of dissolution shall take effect at the
11 effective date determined in accordance with section 490.123.
12 A corporation is dissolved upon the effective date of its
13 articles of dissolution.

14 3. As used in this part, "*dissolved corporation*" means a
15 corporation whose articles of dissolution have become effective
16 and includes a successor entity to which the remaining assets
17 of the corporation are transferred subject to its liabilities
18 for purposes of liquidation.

19 Sec. 173. Section 490.1404, Code 2020, is amended by
20 striking the section and inserting in lieu thereof the
21 following:

22 **490.1404 Revocation of dissolution.**

23 1. A corporation may revoke its dissolution within one
24 hundred twenty days after its effective date.

25 2. Revocation of dissolution shall be authorized in the
26 same manner as the dissolution was authorized unless that
27 authorization permitted revocation by action of the board of
28 directors alone, in which event the board of directors may
29 revoke the dissolution without shareholder action.

30 3. After the revocation of dissolution is authorized,
31 the corporation may revoke the dissolution by delivering to
32 the secretary of state for filing articles of revocation
33 of dissolution, together with a copy of its articles of
34 dissolution, that set forth all of the following:

35 a. The name of the corporation.

1 b. The effective date of the dissolution that was revoked.

2 c. The date that the revocation of dissolution was
3 authorized.

4 d. If the corporation's board of directors or incorporators
5 revoked the dissolution, a statement to that effect.

6 e. If the corporation's board of directors revoked a
7 dissolution as authorized by the shareholders, a statement that
8 revocation was permitted by action by the board of directors
9 alone pursuant to that authorization.

10 f. If shareholder action was required to revoke the
11 dissolution, a statement that the revocation was duly approved
12 by the shareholders in the manner required by this chapter and
13 by the articles of incorporation and bylaws.

14 4. The articles of revocation of dissolution shall take
15 effect at the effective date determined in accordance with
16 section 490.123. Revocation of dissolution is effective
17 upon the effective date of the articles of revocation of
18 dissolution.

19 5. When the revocation of dissolution is effective, it
20 relates back to and takes effect as of the effective date of
21 the dissolution and the corporation resumes carrying on its
22 business as if the dissolution had never occurred.

23 Sec. 174. Section 490.1405, Code 2020, is amended by
24 striking the section and inserting in lieu thereof the
25 following:

26 **490.1405 Effect of dissolution.**

27 1. A corporation that has dissolved continues its corporate
28 existence but the dissolved corporation shall not carry on any
29 business except that appropriate to wind up and liquidate its
30 business and affairs, including by doing any of the following:

31 a. Collecting its assets.

32 b. Disposing of its properties that will not be distributed
33 in kind to its shareholders.

34 c. Discharging or making provision for discharging its
35 liabilities.

1 d. Making distributions of its remaining assets among its
2 shareholders according to their interests.

3 e. Doing every other act necessary to wind up and liquidate
4 its business and affairs.

5 2. Dissolution of a corporation does not do any of the
6 following:

7 a. Transfer title to the corporation's property.

8 b. Prevent transfer of its shares or securities.

9 c. Subject its directors or officers to standards of conduct
10 different from those prescribed in subchapter VIII.

11 d. Change any of the following:

12 (1) Quorum or voting requirements for its board of directors
13 or shareholders.

14 (2) Provisions for selection, resignation, or removal of
15 its directors or officers or both.

16 (3) Provisions for amending its bylaws.

17 e. Prevent commencement of a proceeding by or against the
18 corporation in its corporate name.

19 f. Abate or suspend a proceeding pending by or against the
20 corporation on the effective date of dissolution.

21 g. Terminate the authority of the registered agent of the
22 corporation.

23 3. A distribution in liquidation under this section may
24 only be made by a dissolved corporation. For purposes of
25 determining the shareholders entitled to receive a distribution
26 in liquidation, the board of directors may fix a record date
27 for determining shareholders entitled to a distribution in
28 liquidation, which date shall not be retroactive. If the
29 board of directors does not fix a record date for determining
30 shareholders entitled to a distribution in liquidation, the
31 record date is the date the board of directors authorizes the
32 distribution in liquidation.

33 Sec. 175. Section 490.1406, Code 2020, is amended by
34 striking the section and inserting in lieu thereof the
35 following:

1 **490.1406 Known claims against dissolved corporation.**

2 1. A dissolved corporation may dispose of the known claims
3 against it by notifying its known claimants in writing of the
4 dissolution at any time after its effective date.

5 2. The written notice must do all of the following:

6 a. Describe information that must be included in a claim.

7 b. Provide a mailing address where a claim may be sent.

8 c. State the deadline, which must not be fewer than one
9 hundred twenty days after the written notice is effective, by
10 which the dissolved corporation shall receive the claim.

11 d. State that the claim will be barred if not received by
12 the deadline.

13 3. A claim against the dissolved corporation is barred if
14 any of the following occurs:

15 a. A claimant who was given written notice under subsection
16 2 does not deliver the claim to the dissolved corporation by
17 the deadline.

18 b. A claimant whose claim was rejected by the dissolved
19 corporation does not commence a proceeding to enforce the claim
20 within ninety days after the rejection notice is effective.

21 4. As used in this section, "claim" does not include a
22 contingent liability or a claim based on an event occurring
23 after the effective date of dissolution.

24 Sec. 176. Section 490.1407, Code 2020, is amended by
25 striking the section and inserting in lieu thereof the
26 following:

27 **490.1407 Other claims against dissolved corporation.**

28 1. A dissolved corporation may publish notice of its
29 dissolution and request that persons with claims against the
30 dissolved corporation present them in accordance with the
31 notice.

32 2. The notice must meet all of the following requirements:

33 a. Be published in compliance with any of the following:

34 (1) One time in a newspaper of general circulation in the
35 county where the dissolved corporation's principal office, or,

1 if none in this state, its registered office, is or was last
2 located.

3 (2) Be posted conspicuously for at least thirty days on the
4 dissolved corporation's internet site.

5 b. Describe the information that must be included in a claim
6 and provide a mailing address where the claim may be sent.

7 c. State that a claim against the dissolved corporation will
8 be barred unless a proceeding to enforce the claim is commenced
9 within three years after the publication of the notice.

10 3. If the dissolved corporation publishes a notice in
11 accordance with subsection 2, the claim of each of the
12 following claimants is barred unless the claimant commences
13 a proceeding to enforce the claim against the dissolved
14 corporation within three years after the publication date of
15 the notice:

16 a. A claimant who was not given written notice under section
17 490.1406.

18 b. A claimant whose claim was timely sent to the dissolved
19 corporation but not acted on by the corporation.

20 c. A claimant whose claim is contingent or based on an event
21 occurring after the effective date of dissolution.

22 4. A claim that is not barred by section 490.1406,
23 subsection 2, or subsection 3 of this section, may be enforced
24 in any of the following ways:

25 a. Against the dissolved corporation, to the extent of its
26 undistributed assets.

27 b. Except as provided in section 490.1408, subsection 4,
28 if the assets have been distributed in liquidation, against
29 a shareholder of the dissolved corporation to the extent of
30 the shareholder's pro rata share of the claim or the corporate
31 assets distributed to the shareholder in liquidation, whichever
32 is less, but a shareholder's total liability for all claims
33 under this section shall not exceed the total amount of assets
34 distributed to the shareholder in liquidation.

35 Sec. 177. Section 490.1409, Code 2020, is amended by

1 striking the section and inserting in lieu thereof the
2 following:

3 **490.1409 Director duties.**

4 1. Directors shall cause the dissolved corporation to
5 discharge or make reasonable provision for the payment of
6 claims and make distributions in liquidation of assets to
7 shareholders after payment or provision for claims.

8 2. Directors of a dissolved corporation which has disposed
9 of claims under section 490.1406, 490.1407, or 490.1408 shall
10 not be liable for breach of subsection 1 with respect to claims
11 against the dissolved corporation that are barred or satisfied
12 under section 490.1406, 490.1407, or 490.1408.

13 Sec. 178. Section 490.1420, Code 2020, is amended by
14 striking the section and inserting in lieu thereof the
15 following:

16 **490.1420 Grounds for administrative dissolution.**

17 The secretary of state may commence a proceeding under
18 section 490.1421 to dissolve a corporation administratively,
19 if any of the following apply:

20 1. The corporation does not pay within sixty days after they
21 are due any fees, taxes, interest, or penalties imposed by this
22 chapter or other laws of this state.

23 2. The corporation does not deliver its biennial report
24 required by section 490.1622 to the secretary of state within
25 sixty days after it is due.

26 3. The corporation is without a registered agent or
27 registered office in this state for sixty days or more.

28 4. The secretary of state has not been notified within sixty
29 days that the corporation's registered agent or registered
30 office has been changed, that its registered agent has
31 resigned, or that its registered office has been discontinued.

32 5. The corporation's period of duration stated in its
33 articles of incorporation expires.

34 Sec. 179. Section 490.1421, Code 2020, is amended by
35 striking the section and inserting in lieu thereof the

1 following:

2 **490.1421 Procedure for and effect of administrative**
3 **dissolution.**

4 1. If the secretary of state determines that one or
5 more grounds exist under section 490.1420 for dissolving a
6 corporation, the secretary of state shall serve the corporation
7 with written notice of such determination under section
8 490.504.

9 2. If the corporation does not correct each ground for
10 dissolution or demonstrate to the reasonable satisfaction of
11 the secretary of state that each ground determined by the
12 secretary of state does not exist within sixty days after
13 service of the notice under section 490.504, the secretary
14 of state shall administratively dissolve the corporation by
15 signing a certificate of dissolution that recites the ground or
16 grounds for dissolution and its effective date. The secretary
17 of state shall file the original of the certificate and serve a
18 copy on the corporation under section 490.504.

19 3. A corporation administratively dissolved continues
20 its corporate existence but shall not carry on any business
21 except that necessary to wind up and liquidate its business
22 and affairs under section 490.1405 and notify claimants under
23 sections 490.1406 and 490.1407.

24 4. The administrative dissolution of a corporation does not
25 terminate the authority of its registered agent.

26 Sec. 180. Section 490.1422, Code 2020, is amended by
27 striking the section and inserting in lieu thereof the
28 following:

29 **490.1422 Reinstatement following administrative dissolution.**

30 1. A corporation administratively dissolved under section
31 490.1421 may apply to the secretary of state for reinstatement
32 at any time after the effective date of dissolution. The
33 application must meet all of the following requirements:

34 a. State the name of the corporation at its date of
35 dissolution and the effective date of its administrative

1 dissolution.

2 b. State that the ground or grounds for dissolution either
3 did not exist or have been eliminated.

4 c. If the application is received more than five years after
5 the effective date of dissolution, state a corporate name that
6 satisfies the requirements of section 490.401.

7 d. State the federal tax identification number of the
8 corporation.

9 2. a. The secretary of state shall refer the federal
10 tax identification number contained in the application for
11 reinstatement to the departments of revenue and workforce
12 development. The departments of revenue and workforce
13 development shall report to the secretary of state the tax
14 status of the corporation. If either department reports to
15 the secretary of state that a filing delinquency or liability
16 exists against the corporation, the secretary of state shall
17 not cancel the certificate of dissolution until the filing
18 delinquency or liability is satisfied.

19 b. (1) If the secretary of state determines that the
20 application contains the information required by subsection
21 1, and that a delinquency or liability reported pursuant to
22 paragraph "a" has been satisfied, and that the information is
23 correct, the secretary of state shall cancel the certificate
24 of dissolution and prepare a certificate of reinstatement
25 that recites the secretary of state's determination and the
26 effective date of reinstatement, file the certificate of
27 reinstatement, and deliver a copy to the corporation under
28 section 490.504.

29 (2) If the corporate name in subsection 1, paragraph "c", is
30 different from the corporate name in subsection 1, paragraph
31 "a", the certificate of reinstatement shall constitute an
32 amendment to the articles of incorporation insofar as it
33 pertains to the corporate name. A corporation shall not
34 relinquish the right to retain its corporate name if the
35 reinstatement is effective within five years of the effective

1 date of the corporation's dissolution.

2 3. When the reinstatement is effective, it relates back to
3 and takes effect as of the effective date of the administrative
4 dissolution as if the administrative dissolution had never
5 occurred.

6 Sec. 181. Section 490.1423, Code 2020, is amended by
7 striking the section and inserting in lieu thereof the
8 following:

9 **490.1423 Appeal from denial of reinstatement.**

10 1. If the secretary of state denies a corporation's
11 application for reinstatement following administrative
12 dissolution, the secretary of state shall serve the corporation
13 under section 490.504 with a written notice that explains the
14 reason or reasons for denial.

15 2. The corporation may appeal the denial of reinstatement
16 to the district court of the county where the corporation's
17 principal office or, if none in this state, its registered
18 office, is located within thirty days after service of
19 the notice of denial is effected. The corporation appeals
20 by petitioning the court to set aside the dissolution and
21 attaching to the petition copies of the secretary of state's
22 certificate of dissolution, the corporation's application for
23 reinstatement, and the secretary of state's notice of denial.

24 3. The court may summarily order the secretary of state to
25 reinstate the dissolved corporation or may take other action
26 the court considers appropriate.

27 4. The court's final decision may be appealed as in other
28 civil proceedings.

29 Sec. 182. Section 490.1430, Code 2020, is amended by
30 striking the section and inserting in lieu thereof the
31 following:

32 **490.1430 Grounds for judicial dissolution.**

33 1. The district court may dissolve a corporation in any of
34 the following ways:

35 a. A proceeding by the attorney general if it is established

1 that any of the following apply:

2 (1) The corporation obtained its articles of incorporation
3 through fraud.

4 (2) The corporation has continued to exceed or abuse the
5 authority conferred upon it by law.

6 b. A proceeding by a shareholder if it is established that
7 any of the following conditions exist:

8 (1) The directors are deadlocked in the management of
9 the corporate affairs, the shareholders are unable to break
10 the deadlock, and irreparable injury to the corporation is
11 threatened or being suffered, or the business and affairs of
12 the corporation can no longer be conducted to the advantage of
13 the shareholders generally, because of the deadlock.

14 (2) The directors or those in control of the corporation
15 have acted, are acting, or will act in a manner that is
16 illegal, oppressive, or fraudulent.

17 (3) The shareholders are deadlocked in voting power and have
18 failed, for a period that includes at least two consecutive
19 annual meeting dates, to elect successors to directors whose
20 terms have expired.

21 (4) The corporate assets are being misapplied or wasted.

22 c. A proceeding by a creditor if it is established that any
23 of the following applies:

24 (1) The creditor's claim has been reduced to judgment,
25 the execution on the judgment returned unsatisfied, and the
26 corporation is insolvent.

27 (2) The corporation has admitted in writing that the
28 creditor's claim is due and owing and the corporation is
29 insolvent.

30 d. A proceeding by the corporation to have its voluntary
31 dissolution continued under court supervision.

32 e. A proceeding by a shareholder if the corporation has
33 abandoned its business and has failed within a reasonable time
34 to liquidate and distribute its assets and dissolve.

35 2. Subsection 1, paragraph "b", shall not apply in the

1 case of a corporation that, on the date of the filing of the
2 proceeding, has a class or series of shares which is any of the
3 following:

4 a. A covered security under section 18(b)(1)(A) or (B) of
5 the federal Securities Act of 1933.

6 b. Not a covered security, but is held by at least three
7 hundred shareholders and the shares outstanding have a market
8 value of at least twenty million dollars, exclusive of the
9 value of such shares held by the corporation's subsidiaries,
10 senior executives, directors, and if they own more than ten
11 percent of such shares, beneficial shareholders, and voting
12 trust beneficial owners.

13 3. a. As used in subsection 1, "*shareholder*" means a record
14 shareholder, a beneficial shareholder, and an unrestricted
15 voting trust beneficial owner.

16 b. As used in subsection 2, "*shareholder*" means a record
17 shareholder, a beneficial shareholder, and a voting trust
18 beneficial owner.

19 Sec. 183. Section 490.1431, Code 2020, is amended by
20 striking the section and inserting in lieu thereof the
21 following:

22 **490.1431 Procedure for judicial dissolution.**

23 1. Venue for a proceeding by the attorney general
24 to dissolve a corporation lies in Polk county. Venue
25 for a proceeding brought by any other party named in
26 section 490.1430, subsection 1, lies in the county where a
27 corporation's principal office or, if none in this state, its
28 registered office is or was last located.

29 2. It is not necessary to make shareholders parties to a
30 proceeding to dissolve a corporation unless relief is sought
31 against them individually.

32 3. A court in a proceeding brought to dissolve a corporation
33 may issue injunctions, appoint a receiver or custodian during
34 the proceeding with all powers and duties the court directs,
35 take other action required to preserve the corporate assets

1 wherever located, and carry on the business of the corporation
2 until a full hearing can be held.

3 4. Within ten days of the commencement of a proceeding
4 to dissolve a corporation under section 490.1430, subsection
5 1, paragraph "b", the corporation shall deliver to all
6 shareholders, other than the petitioner, a notice stating that
7 the shareholders are entitled to avoid the dissolution of the
8 corporation by electing to purchase the petitioner's shares
9 under section 490.1434, and accompanied by a copy of section
10 490.1434.

11 Sec. 184. Section 490.1432, Code 2020, is amended by
12 striking the section and inserting in lieu thereof the
13 following:

14 **490.1432 Receivership or custodianship.**

15 1. Unless an election to purchase has been filed under
16 section 490.1434, a court in a judicial proceeding brought to
17 dissolve a corporation may appoint one or more receivers to
18 wind up and liquidate, or one or more custodians to manage,
19 the business and affairs of the corporation. The court shall
20 hold a hearing, after notifying all parties to the proceeding
21 and any interested persons designated by the court, before
22 appointing a receiver or custodian. The court appointing a
23 receiver or custodian has jurisdiction over the corporation and
24 all of its property wherever located.

25 2. The court may appoint an individual or a domestic
26 or foreign corporation or eligible entity as a receiver or
27 custodian, which, if a foreign corporation or foreign eligible
28 entity, must be registered to do business in this state. The
29 court may require the receiver or custodian to post bond, with
30 or without sureties, in an amount the court directs.

31 3. The court shall describe the powers and duties of the
32 receiver or custodian in its appointing order, which may be
33 amended from time to time. Among other powers all of the
34 following apply:

35 a. The receiver may do any or all of the following:

1 (1) Dispose of all or any part of the assets of the
2 corporation wherever located, at a public or private sale.

3 (2) Sue and defend in the receiver's own name as receiver of
4 the corporation in all courts of this state.

5 b. The custodian may exercise all of the powers of the
6 corporation, through or in place of its board of directors, to
7 the extent necessary to manage the affairs of the corporation
8 in the best interests of its shareholders and creditors.

9 c. The receiver or custodian shall have such other powers
10 and duties as the court may provide in the appointing order,
11 which may be amended from time to time.

12 4. The court during a receivership may redesignate the
13 receiver a custodian and during a custodianship may redesignate
14 the custodian a receiver.

15 5. The court from time to time during the receivership or
16 custodianship may order compensation paid and expenses paid or
17 reimbursed to the receiver or custodian from the assets of the
18 corporation or proceeds from the sale of the assets.

19 Sec. 185. Section 490.1434, Code 2020, is amended by
20 striking the section and inserting in lieu thereof the
21 following:

22 **490.1434 Election to purchase in lieu of dissolution.**

23 1. In a proceeding under section 490.1430, subsection 1,
24 paragraph "b", to dissolve a corporation, the corporation
25 may elect or, if it fails to elect, one or more shareholders
26 may elect to purchase all shares owned by the petitioning
27 shareholder at the fair value of the shares. An election
28 pursuant to this section shall be irrevocable unless the court
29 determines that it is equitable to set aside or modify the
30 election.

31 2. An election to purchase pursuant to this section may
32 be filed with the court at any time within ninety days after
33 the filing of the petition under section 490.1430, subsection
34 1, paragraph "b", or at such later time as the court in its
35 discretion may allow. If the election to purchase is filed

1 by one or more shareholders, the corporation shall, within
2 ten days thereafter, give written notice to all shareholders,
3 other than the petitioner. The notice must state the name
4 and number of shares owned by the petitioner and the name and
5 number of shares owned by each electing shareholder and must
6 advise the recipients of their right to join in the election to
7 purchase shares in accordance with this section. Shareholders
8 who wish to participate shall file notice of their intention
9 to join in the purchase no later than thirty days after
10 the effectiveness of the notice to them. All shareholders
11 who have filed an election or notice of their intention to
12 participate in the election to purchase thereby become parties
13 to the proceeding and shall participate in the purchase in
14 proportion to their ownership of shares as of the date the
15 first election was filed, unless they otherwise agree or the
16 court otherwise directs. After an election has been filed by
17 the corporation or one or more shareholders, the proceeding
18 under section 490.1430, subsection 1, paragraph "b", shall
19 not be discontinued or settled, nor shall the petitioning
20 shareholder sell or otherwise dispose of the shareholder's
21 shares, unless the court determines that it would be equitable
22 to the corporation and the shareholders, other than the
23 petitioner, to permit such discontinuance, settlement, sale, or
24 other disposition.

25 3. If, within sixty days of the filing of the first
26 election, the parties reach agreement as to the fair value
27 and terms of purchase of the petitioner's shares, the court
28 shall enter an order directing the purchase of the petitioner's
29 shares upon the terms and conditions agreed to by the parties.

30 4. If the parties are unable to reach an agreement as
31 provided for in subsection 3, the court, upon application of
32 any party, shall stay the proceedings under section 490.1430,
33 subsection 1, paragraph "b", and determine the fair value of
34 the petitioner's shares as of the day before the date on which
35 the petition under section 490.1430, subsection 1, paragraph

1 "b", was filed or as of such other date as the court deems
2 appropriate under the circumstances.

3 5. Upon determining the fair value of the shares, the
4 court shall enter an order directing the purchase upon such
5 terms and conditions as the court deems appropriate, which may
6 include payment of the purchase price in installments, where
7 necessary in the interests of equity, provision for security
8 to assure payment of the purchase price and any additional
9 expenses as may have been awarded, and, if the shares are to
10 be purchased by shareholders, the allocation of shares among
11 them. In allocating the petitioner's shares among holders of
12 different classes or series of shares, the court should attempt
13 to preserve the existing distribution of voting rights among
14 holders of different classes or series insofar as practicable
15 and may direct that holders of a specific class or classes or
16 series shall not participate in the purchase. Interest may be
17 allowed at the rate and from the date determined by the court
18 to be equitable, but if the court finds that the refusal of
19 the petitioning shareholder to accept an offer of payment was
20 arbitrary or otherwise not in good faith, no interest shall be
21 allowed. If the court finds that the petitioning shareholder
22 had probable grounds for relief under section 490.1430,
23 subsection 1, paragraph "b", subparagraph (2) or (4), it may
24 award expenses to the petitioning shareholder.

25 6. Upon entry of an order under subsection 3 or 5, the
26 court shall dismiss the petition to dissolve the corporation
27 under section 490.1430, subsection 1, paragraph "b", and the
28 petitioning shareholder shall no longer have any rights or
29 status as a shareholder of the corporation, except the right
30 to receive the amounts awarded by the order of the court which
31 shall be enforceable in the same manner as any other judgment.

32 7. The purchase ordered pursuant to subsection 5 shall be
33 made within ten days after the date the order becomes final.

34 8. Any payment by the corporation pursuant to an order under
35 subsection 3 or 5, other than an award of expenses pursuant to

1 subsection 5, is subject to the provisions of section 490.640.

2 Sec. 186. Section 490.1440, Code 2020, is amended by
3 striking the section and inserting in lieu thereof the
4 following:

5 **490.1440 Deposit with state treasurer.**

6 Assets of a dissolved corporation that should be transferred
7 to a creditor, claimant, or shareholder of the corporation who
8 cannot be found or who is not competent to receive them shall
9 be reduced to cash and deposited with the treasurer of state
10 or other appropriate state official for safekeeping. When the
11 creditor, claimant, or shareholder furnishes satisfactory proof
12 of entitlement to the amount deposited, the treasurer of state
13 or other appropriate state official shall pay such person, or
14 the representative of such person, that amount.

15 Sec. 187. Section 490.1501, Code 2020, is amended by
16 striking the section and inserting in lieu thereof the
17 following:

18 **490.1501 Governing law.**

19 1. The law of the jurisdiction of formation of a foreign
20 corporation governs all of the following:

21 a. The internal affairs of the foreign corporation.

22 b. The interest holder liability of its shareholders.

23 2. A foreign corporation is not precluded from registering
24 to do business in this state because of any difference between
25 the law of the foreign corporation's jurisdiction of formation
26 and the law of this state.

27 3. Registration of a foreign corporation to do business in
28 this state does not permit the foreign corporation to engage in
29 any business or affairs or exercise any power that a domestic
30 corporation cannot lawfully engage in or exercise in this
31 state.

32 Sec. 188. Section 490.1502, Code 2020, is amended by
33 striking the section and inserting in lieu thereof the
34 following:

35 **490.1502 Registration to do business in this state.**

1 1. A foreign corporation shall not do business in this
2 state until it registers with the secretary of state under this
3 chapter.

4 2. A foreign corporation doing business in this state shall
5 not maintain a proceeding in any court of this state until it
6 is registered to do business in this state.

7 3. The failure of a foreign corporation to register to
8 do business in this state does not impair the validity of a
9 contract or act of the foreign corporation or preclude it from
10 defending a proceeding in this state.

11 4. A limitation on the liability of a shareholder or
12 director of a foreign corporation is not waived solely because
13 the foreign corporation does business in this state without
14 registering.

15 5. Section 490.1501, subsection 1, applies even if a foreign
16 corporation fails to register under this chapter.

17 Sec. 189. Section 490.1503, Code 2020, is amended by
18 striking the section and inserting in lieu thereof the
19 following:

20 **490.1503 Foreign registration statement.**

21 1. To register to do business in this state, a foreign
22 corporation shall deliver a foreign registration statement to
23 the secretary of state for filing. The registration statement
24 must be signed by the foreign corporation and state all of the
25 following:

26 a. The corporate name of the foreign corporation and, if the
27 name does not comply with section 490.401, an alternate name as
28 required by section 490.1506.

29 b. The foreign corporation's jurisdiction of formation.

30 c. The street and mailing addresses of the foreign
31 corporation's principal office and, if the law of the foreign
32 corporation's jurisdiction of formation requires the foreign
33 corporation to maintain an office in that jurisdiction, the
34 street and mailing addresses of that office.

35 d. The street and mailing addresses of the foreign

1 corporation's registered office in this state and the name of
2 its registered agent at that office.

3 e. The names and business addresses of its directors and
4 principal officers.

5 2. The foreign corporation shall deliver the completed
6 foreign registration statement to the secretary of state,
7 and also deliver to the secretary of state a certificate of
8 existence or a document of similar import duly authenticated
9 by the secretary of state or other official having custody of
10 corporate records in the state or country under whose law it is
11 incorporated which is dated no earlier than ninety days prior
12 to the date the application is filed by the secretary of state.

13 Sec. 190. Section 490.1504, Code 2020, is amended by
14 striking the section and inserting in lieu thereof the
15 following:

16 **490.1504 Amendment of foreign registration statement.**

17 A registered foreign corporation shall sign and deliver to
18 the secretary of state for filing an amendment to its foreign
19 registration statement if there is a change in any of the
20 following:

21 1. Its name or alternate name.

22 2. Its jurisdiction of formation, unless its registration
23 is deemed to have been withdrawn under section 490.1508 or
24 transferred under section 490.1510.

25 3. An address required by section 490.1503, subsection 1,
26 paragraph "c".

27 Sec. 191. Section 490.1505, Code 2020, is amended by
28 striking the section and inserting in lieu thereof the
29 following:

30 **490.1505 Activities not constituting doing business.**

31 1. Activities of a foreign corporation that do not
32 constitute doing business in this state for purposes of this
33 subchapter include all of the following:

34 a. Maintaining, defending, mediating, arbitrating, or
35 settling a proceeding.

1 b. Carrying on any activity concerning the internal affairs
2 of the foreign corporation, including holding meetings of its
3 shareholders or board of directors.

4 c. Maintaining accounts in financial institutions.

5 d. Maintaining offices or agencies for the transfer,
6 exchange, and registration of securities of the foreign
7 corporation or maintaining trustees or depositories with
8 respect to those securities.

9 e. Selling through independent contractors.

10 f. Soliciting or obtaining orders by any means if the
11 orders require acceptance outside this state before they become
12 contracts.

13 g. Creating or acquiring indebtedness, mortgages, or
14 security interests in property.

15 h. Securing or collecting debts or enforcing mortgages or
16 security interests in property securing the debts, and holding,
17 protecting, or maintaining property so acquired.

18 i. Conducting an isolated transaction that is not in the
19 course of similar transactions.

20 j. Owning, protecting, and maintaining property.

21 k. Doing business in interstate commerce.

22 2. This section does not apply in determining the contacts
23 or activities that may subject a foreign corporation to service
24 of process, taxation, or regulation under the laws of this
25 state other than this chapter.

26 Sec. 192. Section 490.1506, Code 2020, is amended by
27 striking the section and inserting in lieu thereof the
28 following:

29 **490.1506 Noncomplying name of foreign corporation.**

30 1. A foreign corporation whose name does not comply with
31 section 490.401 shall not register to do business in this state
32 until it adopts, for the purpose of doing business in this
33 state, an alternate name that complies with section 490.401 by
34 filing a foreign registration statement under section 490.1503,
35 or if applicable, a transfer of registration statement under

1 section 490.1510, setting forth that alternate name. After
2 registering to do business in this state with an alternate
3 name, a foreign corporation shall do business in this state
4 under any of the following:

5 a. The alternate name.

6 b. The foreign corporation's name, with the addition of its
7 jurisdiction of formation.

8 2. If a registered foreign corporation changes its name
9 after registration to a name that does not comply with section
10 490.401, it shall not do business in this state until it
11 complies with subsection 1 by amending its registration
12 statement to adopt an alternate name that complies with section
13 490.401.

14 Sec. 193. Section 490.1507, Code 2020, is amended by
15 striking the section and inserting in lieu thereof the
16 following:

17 **490.1507 Withdrawal of registration of registered foreign
18 corporation.**

19 1. A registered foreign corporation may withdraw its
20 registration by delivering a statement of withdrawal to the
21 secretary of state for filing. The statement of withdrawal
22 must be signed by the foreign corporation and state all of the
23 following:

24 a. The name of the foreign corporation and its jurisdiction
25 of formation.

26 b. That the foreign corporation is not doing business
27 in this state and that it withdraws its registration to do
28 business in this state.

29 c. That the foreign corporation revokes the authority of its
30 registered agent in this state.

31 d. An address to which process on the foreign corporation
32 may be sent by the secretary of state under section 490.504,
33 subsection 3.

34 2. After the withdrawal of the registration of a foreign
35 corporation, service of process in any proceeding based on

1 a cause of action arising during the time the entity was
2 registered to do business in this state may be made as provided
3 in section 490.504.

4 Sec. 194. Section 490.1508, Code 2020, is amended by
5 striking the section and inserting in lieu thereof the
6 following:

7 **490.1508 Deemed withdrawal upon domestication or conversion
8 to certain domestic entities.**

9 A registered foreign corporation that domesticates to
10 a domestic business corporation or converts to a domestic
11 nonprofit corporation or any type of domestic filing entity or
12 to a domestic limited liability partnership is deemed to have
13 withdrawn its registration on the effectiveness of such event.

14 Sec. 195. Section 490.1509, Code 2020, is amended by
15 striking the section and inserting in lieu thereof the
16 following:

17 **490.1509 Withdrawal upon dissolution or conversion to certain
18 nonfiling entities.**

19 1. A registered foreign corporation that has dissolved and
20 completed winding up or has converted to a domestic or foreign
21 nonfiling entity other than a limited liability partnership
22 shall deliver to the secretary of state for filing a statement
23 of withdrawal. The statement must be signed by the dissolved
24 corporation or the converted domestic or foreign nonfiling
25 entity and state:

26 a. In the case of a foreign corporation that has completed
27 winding up all of the following:

28 (1) Its name and jurisdiction of formation.

29 (2) That the foreign corporation withdraws its registration
30 to do business in this state and revokes the authority of its
31 registered agent to accept service on its behalf.

32 (3) An address to which process on the foreign corporation
33 may be sent by the secretary of state under section 490.504,
34 subsection 3.

35 b. In the case of a foreign corporation that has converted

1 to a domestic or foreign nonfiling entity other than a limited
2 liability partnership all of the following:

3 (1) The name of the converting foreign corporation and its
4 jurisdiction of formation.

5 (2) The type of the nonfiling entity to which it has
6 converted and its name and jurisdiction of formation.

7 (3) That it withdraws its registration to do business in
8 this state and revokes the authority of its registered agent to
9 accept service on its behalf.

10 (4) An address to which process on the foreign corporation
11 may be sent by the secretary of state under section 490.504,
12 subsection 3.

13 2. After the withdrawal of the registration of a foreign
14 corporation, service of process in any proceeding based on
15 a cause of action arising during the time the entity was
16 registered to do business in this state may be made as provided
17 in section 490.504.

18 Sec. 196. Section 490.1510, Code 2020, is amended by
19 striking the section and inserting in lieu thereof the
20 following:

21 **490.1510 Transfer of registration.**

22 1. If a registered foreign corporation merges into a
23 nonregistered foreign corporation or converts to a foreign
24 corporation required to register with the secretary of state
25 to do business in this state, the foreign corporation shall
26 deliver to the secretary of state for filing a transfer
27 of registration statement. The transfer of registration
28 statement must be signed by the surviving or converted foreign
29 corporation and state all of the following:

30 a. The name of the registered foreign corporation and its
31 jurisdiction of formation before the merger or conversion.

32 b. The name of the surviving or converted foreign
33 corporation and its jurisdiction of formation after the
34 merger or conversion and, if the name does not comply with
35 section 490.401, an alternate name adopted pursuant to section

1 490.1506.

2 c. All of the following information regarding the
3 surviving or converted foreign corporation after the merger or
4 conversion:

5 (1) The street and mailing addresses of the principal
6 office of the foreign corporation and, if the law of the
7 foreign corporation's jurisdiction of formation requires it to
8 maintain an office in that jurisdiction, the street and mailing
9 addresses of that office.

10 (2) The street and mailing addresses of the foreign
11 corporation's registered office in this state and the name of
12 its registered agent at that office.

13 2. On the effective date of a transfer of registration
14 statement as determined in accordance with section 490.123,
15 the registration of the registered foreign corporation to do
16 business in this state is transferred without interruption to
17 the foreign corporation into which it has merged or to which
18 it has been converted.

19 Sec. 197. NEW SECTION. 490.1511 Administrative termination
20 of registration.

21 1. The secretary of state may terminate the registration
22 of a registered foreign corporation in the manner provided in
23 subsections 2 and 3, if any of the following applies:

24 a. The foreign corporation does not pay within sixty days
25 after they are due any fees, taxes, interest, or penalties
26 imposed by this chapter or other laws of this state.

27 b. The foreign corporation does not deliver its biennial
28 report to the secretary of state within sixty days after it is
29 due.

30 c. The foreign corporation is without a registered agent or
31 registered office in this state for sixty days or more.

32 d. The secretary of state has not been notified within
33 sixty days that the foreign corporation's registered agent
34 or registered office has been changed, that its registered
35 agent has resigned, or that its registered office has been

1 discontinued.

2 2. The secretary of state may terminate the registration of
3 a registered foreign corporation by doing all of the following:

4 a. Filing a certificate of termination.

5 b. Delivering a copy of the certificate of termination to
6 the foreign corporation's registered agent or, if the foreign
7 corporation does not have a registered agent, to the foreign
8 corporation's principal office.

9 3. The certificate of termination must state all of the
10 following:

11 a. The effective date of the termination, which must be
12 not less than sixty days after the secretary of state delivers
13 the copy of the certificate of termination as prescribed in
14 subsection 2, paragraph "b".

15 b. The grounds for termination under subsection 1.

16 4. The registration of a registered foreign corporation
17 to do business in this state ceases on the effective date
18 of the termination as set forth in the certificate of
19 termination, unless before that date the foreign corporation
20 cures each ground for termination stated in the certificate of
21 termination. If the foreign corporation cures each ground, the
22 secretary of state shall file a statement that the certificate
23 of termination is withdrawn.

24 5. After the effective date of the termination as set forth
25 in the certificate of termination, service of process in any
26 proceeding based on a cause of action arising during the time
27 the entity was registered to do business in this state may be
28 made as provided in section 490.504.

29 Sec. 198. NEW SECTION. 490.1512 Action by attorney general.

30 The attorney general may maintain an action to enjoin a
31 foreign corporation from doing business in this state in
32 violation of this chapter.

33 Sec. 199. Section 490.1601, Code 2020, is amended by
34 striking the section and inserting in lieu thereof the
35 following:

1 **490.1601 Corporate records.**

2 1. A corporation shall maintain all of the following
3 records:

4 a. Its articles of incorporation as currently in effect.

5 b. Any notices to shareholders referred to in section
6 490.120, subsection 11, paragraph "e", specifying facts
7 on which a filed document is dependent if those facts are
8 not included in the articles of incorporation or otherwise
9 available as specified in section 490.120, subsection 11,
10 paragraph "e".

11 c. Its bylaws as currently in effect.

12 d. All written communications within the past three years to
13 shareholders generally.

14 e. Minutes of all meetings of, and records of all actions
15 taken without a meeting by, its shareholders, its board of
16 directors, and board committees established under section
17 490.825.

18 f. A list of the names and business addresses of its current
19 directors and officers.

20 g. Its most recent biennial report delivered to the
21 secretary of state under section 490.1622.

22 2. A corporation shall maintain all annual financial
23 statements prepared for the corporation for its last three
24 fiscal years, or such shorter period of existence, and
25 any audit or other reports with respect to such financial
26 statements.

27 3. A corporation shall maintain accounting records in a form
28 that permits preparation of its financial statements.

29 4. A corporation shall maintain a record of its current
30 shareholders in alphabetical order by class or series of shares
31 showing the address of, and the number and class or series of
32 shares held by, each shareholder. Nothing contained in this
33 subsection shall require the corporation to include in such
34 record the electronic mail address or other electronic contact
35 information of a shareholder.

1 5. A corporation shall maintain the records specified in
2 this section in a manner so that they may be made available for
3 inspection within a reasonable time.

4 Sec. 200. Section 490.1602, Code 2020, is amended by
5 striking the section and inserting in lieu thereof the
6 following:

7 **490.1602 Inspection rights of shareholders.**

8 1. A shareholder of a corporation is entitled to inspect
9 and copy, during regular business hours at the corporation's
10 principal office, any of the records of the corporation
11 described in section 490.1601, subsection 1, excluding minutes
12 of meetings of, and records of actions taken without a meeting
13 by, the corporation's board of directors and board committees
14 established under section 490.825, if the shareholder gives
15 the corporation a signed written notice of the shareholder's
16 demand at least five business days before the date on which the
17 shareholder wishes to inspect and copy.

18 2. A shareholder of a corporation is entitled to inspect and
19 copy, during regular business hours at a reasonable location
20 specified by the corporation, any of the following records of
21 the corporation if the shareholder meets the requirements of
22 subsection 3 and gives the corporation a signed written notice
23 of the shareholder's demand at least five business days before
24 the date on which the shareholder wishes to inspect and copy
25 any of the following:

26 a. The financial statements of the corporation maintained in
27 accordance with section 490.1601, subsection 2.

28 b. Accounting records of the corporation.

29 c. Excerpts from minutes of any meeting of, or records of
30 any actions taken without a meeting by, the corporation's board
31 of directors and board committees maintained in accordance with
32 section 490.1601, subsection 1.

33 d. The record of shareholders maintained in accordance with
34 section 490.1601, subsection 4.

35 3. A shareholder may inspect and copy the records described

1 in subsection 2 only if all of the following apply:

2 a. The shareholder's demand is made in good faith and for
3 a proper purpose.

4 b. The shareholder's demand describes with reasonable
5 particularity the shareholder's purpose and the records the
6 shareholder desires to inspect.

7 c. The records are directly connected with the shareholder's
8 purpose.

9 4. The corporation may impose reasonable restrictions on
10 the confidentiality, use, or distribution of records described
11 in subsection 2.

12 5. For any meeting of shareholders for which the record date
13 for determining shareholders entitled to vote at the meeting
14 is different from the record date for notice of the meeting,
15 any person who becomes a shareholder subsequent to the record
16 date for notice of the meeting and is entitled to vote at
17 the meeting is entitled to obtain from the corporation upon
18 request the notice and any other information provided by the
19 corporation to shareholders in connection with the meeting,
20 unless the corporation has made such information generally
21 available to shareholders by posting it on its internet site or
22 by other generally recognized means. Failure of a corporation
23 to provide such information does not affect the validity of
24 action taken at the meeting.

25 6. The right of inspection granted by this section shall
26 not be abolished or limited by a corporation's articles of
27 incorporation or bylaws.

28 7. This section does not affect any of the following:

29 a. The right of a shareholder to inspect records under
30 section 490.720 or, if the shareholder is in litigation with
31 the corporation, to the same extent as any other litigant.

32 b. The power of a court, independently of this chapter,
33 to compel the production of corporate records for examination
34 and to impose reasonable restrictions as provided in section
35 490.1604, subsection 3, provided that, in the case of

1 production of records described in subsection 2, at the request
2 of a shareholder, the shareholder has met the requirements of
3 subsection 3.

4 8. As used in this section, "*shareholder*" means a record
5 shareholder, a beneficial shareholder, and an unrestricted
6 voting trust beneficial owner.

7 Sec. 201. Section 490.1603, Code 2020, is amended by
8 striking the section and inserting in lieu thereof the
9 following:

10 **490.1603 Scope of inspection right.**

11 1. A shareholder may appoint an agent or attorney to
12 exercise the shareholder's inspection and copying rights under
13 section 490.1602.

14 2. The corporation may, if reasonable, satisfy the right
15 of a shareholder to copy records under section 490.1602 by
16 furnishing to the shareholder copies by photocopy or other
17 means chosen by the corporation, including furnishing copies
18 through an electronic transmission.

19 3. The corporation may comply at its expense with a
20 shareholder's demand to inspect the record of shareholders
21 under section 490.1602, subsection 2, paragraph "d", by
22 providing the shareholder with a list of shareholders that was
23 compiled no earlier than the date of the shareholder's demand.

24 4. The corporation may impose a reasonable charge to cover
25 the costs of providing copies of documents to the shareholder,
26 which may be based on an estimate of such costs.

27 Sec. 202. Section 490.1604, Code 2020, is amended by
28 striking the section and inserting in lieu thereof the
29 following:

30 **490.1604 Court-ordered inspection.**

31 1. If a corporation does not allow a shareholder who
32 complies with section 490.1602, subsection 1, to inspect and
33 copy any records required by that section to be available
34 for inspection, the district court of the county where the
35 corporation's principal office or, if none in this state, its

1 registered office, is located, may summarily order inspection
2 and copying of the records demanded at the corporation's
3 expense upon application of the shareholder.

4 2. If a corporation does not within a reasonable time allow
5 a shareholder who complies with section 490.1602, subsection
6 2, to inspect and copy the records required by that section,
7 the shareholder who complies with section 490.1602, subsection
8 3, may apply to the district court in the county where the
9 corporation's principal office or, if none in this state, its
10 registered office, is located for an order to permit inspection
11 and copying of the records demanded. The court shall dispose
12 of an application under this subsection on an expedited basis.

13 3. If the court orders inspection and copying of the
14 records demanded under section 490.1602, subsection 2, it
15 may impose reasonable restrictions on their confidentiality,
16 use, or distribution by the demanding shareholder and it
17 shall also order the corporation to pay the shareholder's
18 expenses incurred to obtain the order, unless the corporation
19 establishes that it refused inspection in good faith because
20 of any of the following:

21 a. The corporation had a reasonable basis for doubt about
22 the right of the shareholder to inspect the records demanded.

23 b. The corporation required reasonable restrictions on the
24 confidentiality, use, or distribution of the records demanded
25 to which the demanding shareholder had been unwilling to agree.

26 Sec. 203. Section 490.1605, Code 2020, is amended by
27 striking the section and inserting in lieu thereof the
28 following:

29 **490.1605 Inspection of records by directors.**

30 1. A director of a corporation is entitled to inspect and
31 copy the books, records, and documents of the corporation at
32 any reasonable time to the extent reasonably related to the
33 performance of the director's duties as a director, including
34 duties as a member of a board committee, but not for any other
35 purpose or in any manner that would violate any duty to the

1 corporation.

2 2. The district court of the county where the corporation's
3 principal office, or if none in this state, its registered
4 office, is located may order inspection and copying of the
5 books, records, and documents at the corporation's expense,
6 upon application of a director who has been refused such
7 inspection rights, unless the corporation establishes that the
8 director is not entitled to such inspection rights. The court
9 shall dispose of an application under this subsection on an
10 expedited basis.

11 3. If an order is issued, the court may include provisions
12 protecting the corporation from undue burden or expense, and
13 prohibiting the director from using information obtained upon
14 exercise of the inspection rights in a manner that would
15 violate a duty to the corporation, and may also order the
16 corporation to reimburse the director for the director's
17 expenses incurred in connection with the application.

18 Sec. 204. Section 490.1620, Code 2020, is amended by
19 striking the section and inserting in lieu thereof the
20 following:

21 **490.1620 Financial statements for shareholders.**

22 1. Upon the written request of a shareholder, a corporation
23 shall deliver or make available to such requesting shareholder
24 by posting on its internet site or by other generally
25 recognized means annual financial statements for the most
26 recent fiscal year of the corporation for which annual
27 financial statements have been prepared for the corporation.
28 If financial statements have been prepared for the corporation
29 on the basis of generally accepted accounting principles
30 for such specified period, the corporation shall deliver or
31 make available such financial statements to the requesting
32 shareholder. If the annual financial statements to be
33 delivered or made available to the requesting shareholder are
34 audited or otherwise reported upon by a public accountant,
35 the report shall also be delivered or made available to the

1 requesting shareholder.

2 2. A corporation shall deliver, or make available and
3 provide written notice of availability of, the financial
4 statements required under subsection 1 to the requesting
5 shareholder within five business days of delivery of such
6 written request to the corporation.

7 3. A corporation may fulfill its responsibilities under
8 this section by delivering the specified financial statements,
9 or otherwise making them available, in any manner permitted by
10 the applicable rules and regulations of the federal securities
11 and exchange commission.

12 4. Notwithstanding the provisions of subsections 1, 2, and
13 3, all of the following apply:

14 a. As a condition to delivering or making available
15 financial statements to a requesting shareholder, the
16 corporation may require the requesting shareholder to agree
17 to reasonable restrictions on the confidentiality, use, and
18 distribution of such financial statements.

19 b. The corporation may, if it reasonably determines that the
20 shareholder's request is not made in good faith or for a proper
21 purpose, decline to deliver or make available such financial
22 statements to that shareholder.

23 5. If a corporation does not respond to a shareholder's
24 request for annual financial statements pursuant to this
25 section in accordance with subsection 2 within five business
26 days of delivery of such request to the corporation all of the
27 following shall apply:

28 a. The requesting shareholder may apply to the district
29 court of the county where the corporation's principal
30 office, or if none in this state, its registered office, is
31 located for an order requiring delivery of or access to the
32 requested financial statements. The court shall dispose of an
33 application under this subsection on an expedited basis.

34 b. If the court orders delivery or access to the requested
35 financial statements, it may impose reasonable restrictions on

1 their confidentiality, use, or distribution.

2 c. In such proceeding, if the corporation has declined to
3 deliver or make available such financial statements because
4 the shareholder had been unwilling to agree to restrictions
5 proposed by the corporation on the confidentiality, use, and
6 distribution of such financial statements, the corporation
7 shall have the burden of demonstrating that the restrictions
8 proposed by the corporation were reasonable.

9 d. In such proceeding, if the corporation has declined to
10 deliver or make available such financial statements pursuant
11 to subsection 4, paragraph "b", the corporation shall have the
12 burden of demonstrating that it had reasonably determined that
13 the shareholder's request was not made in good faith or for a
14 proper purpose.

15 e. If the court orders delivery or access to the requested
16 financial statements it shall order the corporation to pay the
17 shareholder's expenses incurred to obtain such order unless
18 the corporation establishes that it had refused delivery or
19 access to the requested financial statements because the
20 shareholder had refused to agree to reasonable restrictions
21 on the confidentiality, use, or distribution of the financial
22 statements or that the corporation had reasonably determined
23 that the shareholder's request was not made in good faith or
24 for a proper purpose.

25 Sec. 205. Section 490.1622, Code 2020, is amended by
26 striking the section and inserting in lieu thereof the
27 following:

28 **490.1622 Biennial report for secretary of state.**

29 1. Each domestic corporation shall deliver to the secretary
30 of state for filing a biennial report that sets forth all of
31 the following:

32 a. The name of the corporation.

33 b. The street and mailing addresses of its registered office
34 and the name of its registered agent at that office in this
35 state.

1 c. The street and mailing addresses of its principal office.

2 d. The names and business addresses of the president,
3 secretary, treasurer, and one of the board of directors.

4 2. Each foreign corporation registered to do business in
5 this state shall deliver to the secretary of state for filing a
6 biennial report that sets forth all of the following:

7 a. The name of the foreign corporation and, if the name does
8 not comply with section 490.401, an alternate name as required
9 by section 490.1506.

10 b. The foreign corporation's jurisdiction of formation.

11 c. The street and mailing addresses of the foreign
12 corporation's principal office and, if the law of the foreign
13 corporation's jurisdiction of formation requires the foreign
14 corporation to maintain an office in that jurisdiction, the
15 street and mailing addresses of that office.

16 d. The street and mailing addresses of the foreign
17 corporation's registered office in this state and the name of
18 its registered agent at that office.

19 e. The names and business addresses of the president,
20 secretary, treasurer, and one of the board of directors.

21 3. Information in the biennial report must be current as
22 of the date the biennial report is signed on behalf of the
23 corporation. The report shall be executed on behalf of the
24 corporation and signed as provided in section 490.120 or by
25 any other person authorized by the board of directors of the
26 corporation.

27 4. The first biennial report shall be delivered to the
28 secretary of state between January 1 and April 1 of the first
29 even-numbered year following the calendar year in which a
30 domestic corporation was incorporated or a foreign corporation
31 was authorized to transact business. Subsequent biennial
32 reports must be delivered to the secretary of state between
33 January 1 and April 1 of the following even-numbered calendar
34 years. For purposes of this section, each biennial report
35 shall contain information related to the two-year period

1 immediately preceding the calendar year in which the report is
2 filed.

3 5. If a biennial report does not contain the information
4 required by this section, the secretary of state shall promptly
5 notify the reporting domestic or foreign corporation in writing
6 and return the report to it for correction. If the report is
7 corrected to contain the information required by this section
8 and delivered to the secretary of state within thirty days
9 after the notice from the secretary of state becomes effective
10 as determined in accordance with section 490.141, it is deemed
11 to be timely filed.

12 6. The secretary of state may provide for the change of
13 registered office or registered agent on the form prescribed by
14 the secretary of state for the biennial report, provided that
15 the form contains the information required in section 490.502.
16 If the secretary of state determines that a biennial report
17 does not contain the information required by this section but
18 otherwise meets the requirements of section 490.502 for the
19 purpose of changing the registered office or registered agent,
20 the secretary of state shall file the statement of change of
21 registered office or registered agent, effective as provided in
22 section 490.123, before returning the biennial report to the
23 corporation as provided in this section. A statement of change
24 of registered office or agent pursuant to this subsection shall
25 be executed by a person authorized to execute the biennial
26 report.

27 Sec. 206. Section 490.1701, Code 2020, is amended by
28 striking the section and inserting in lieu thereof the
29 following:

30 **490.1701 Application of subchapter — definitions.**

31 1. If a corporation elects to become a benefit corporation
32 under this subchapter in the manner prescribed in this
33 subchapter, it is subject in all respects to the provisions
34 of this chapter, except to the extent this subchapter imposes
35 additional or different requirements, in which case such

1 requirements apply. The inclusion of a provision in this
2 subchapter does not imply that a contrary or different rule of
3 law applies to a corporation that is not a benefit corporation.
4 This subchapter does not affect a statute or rule of law that
5 applies to a corporation that is not a benefit corporation.

6 2. As used in this subchapter:

7 a. "*Benefit corporation*" means a corporation that includes
8 in its articles of incorporation a statement that the
9 corporation is subject to this subchapter.

10 b. "*Public benefit*" means a positive effect, or reduction of
11 negative effects, on one or more communities or categories of
12 persons or entities, other than shareholders solely in their
13 capacity as shareholders, or on the environment, including
14 effects of an artistic, charitable, economic, educational,
15 cultural, literary, medical, religious, social, ecological, or
16 scientific nature.

17 c. "*Public benefit provision*" means a provision in the
18 articles of incorporation which states that the corporation
19 shall pursue one or more identified public benefits.

20 d. "*Responsible and sustainable manner*" means a manner that
21 does all of the following:

22 (1) Pursues through the business of the corporation the
23 creation of a positive effect on society and the environment,
24 taken as a whole, that is material taking into consideration
25 the corporation's size and the nature of its business.

26 (2) Considers, in addition to the interests of
27 shareholders, the interests of stakeholders known to be
28 affected by the conduct of the business of the corporation.

29 Sec. 207. Section 490.1702, Code 2020, is amended by
30 striking the section and inserting in lieu thereof the
31 following:

32 **490.1702 Name — share certificates.**

33 1. The name of a benefit corporation may contain the
34 words "benefit corporation", the abbreviation "B.C.", or the
35 designation "BC", any of which shall be deemed to satisfy the

1 requirements of section 490.401, subsection 1, paragraph "a".

2 2. Any share certificate issued by a benefit corporation,
3 and any information statement delivered by a benefit
4 corporation pursuant to section 490.626, subsection 2,
5 must note conspicuously that the corporation is a benefit
6 corporation subject to this subchapter.

7 Sec. 208. Section 490.1703, Code 2020, is amended by
8 striking the section and inserting in lieu thereof the
9 following:

10 **490.1703 Certain amendments and transactions — votes
11 required.**

12 1. Unless the articles of incorporation or bylaws require
13 a greater vote, the approval of at least two-thirds of the
14 voting power of the outstanding shares of the corporation
15 entitled to vote thereon, and, if any class or series of shares
16 is entitled to vote as a separate group on any such amendment
17 or transaction, the approval of at least two-thirds of the
18 outstanding shares of each such separate voting group entitled
19 to vote thereon, shall be required for a corporation that is
20 not a benefit corporation to do any of the following:

21 a. Amend its articles of incorporation to include a
22 statement that it is subject to this subchapter.

23 b. Merge with or into, or enter into a share exchange with,
24 another entity, or effect a domestication or conversion, if,
25 as a result of the merger, share exchange, domestication, or
26 conversion, the shares of any voting group would become, or be
27 converted into or exchanged for the right to receive, shares
28 of a benefit corporation or shares or interests in an entity
29 subject to provisions of organic law analogous to those in
30 this subchapter; provided, however, that in the case of this
31 paragraph "b", if the shares of one or more, but not all,
32 voting groups are so affected, then only the shares in the
33 voting groups so affected shall be entitled to vote under this
34 subsection.

35 2. Unless the articles of incorporation or bylaws require a

1 greater vote, the approval of at least two-thirds of the voting
2 power of the outstanding shares of the corporation entitled
3 to vote thereon and, if any class or series of shares is
4 entitled to vote as a separate group on any such amendment or
5 transaction, the approval of at least two-thirds of the voting
6 power of the outstanding shares of each such separate voting
7 group, shall be required for a benefit corporation to do any
8 of the following:

9 a. Amend its articles of incorporation to eliminate a
10 statement that the corporation is subject to this subchapter.

11 b. Merge with or into, or enter into a share exchange with,
12 another entity, or effect a domestication or conversion if,
13 as a result of the merger, share exchange, domestication, or
14 conversion, the shares of any voting group would become, or be
15 converted into or exchanged for the right to receive, shares or
16 interests in an entity that is neither a benefit corporation
17 nor an entity subject to provisions of organic law analogous to
18 those in this subchapter; provided, however, that in the case
19 of this paragraph "b", if the shares of one or more, but not
20 all, voting groups are so affected, then only the shares in the
21 voting groups so affected shall be entitled to vote under this
22 subsection.

23 3. The vote required under subsections 1 and 2 is in
24 addition to any vote otherwise required under this chapter.

25 Sec. 209. NEW SECTION. 490.1704 Duties of directors.

26 1. Each member of the board of directors of a benefit
27 corporation, when discharging the duties of a director, shall
28 act according to all of the following:

29 a. In a responsible and sustainable manner.

30 b. In a manner that pursues the public benefit or benefits
31 identified in any public benefit provision.

32 2. In fulfilling the duties under subsection 1, a director
33 shall consider, to the extent affected, in addition to the
34 interests of shareholders generally, the separate interests
35 of stakeholders known to be affected by the business of the

1 corporation including all of the following:

2 a. The employees and workforces of the corporation, its
3 subsidiaries, and its suppliers.

4 b. Customers.

5 c. Communities or society, including those of each community
6 in which offices or facilities of the corporation, its
7 subsidiaries, or its suppliers are located.

8 d. The local and global environment.

9 3. A director of a benefit corporation shall not, by virtue
10 of the duties imposed by subsections 1 and 2, owe any duty to a
11 person other than the benefit corporation due to any interest
12 of the person in the status of the corporation as a benefit
13 corporation or in any public benefit provision.

14 4. Unless otherwise provided in the articles of
15 incorporation, the violation by a director of the duties
16 imposed by subsections 1 and 2 shall not constitute an
17 intentional infliction of harm on the corporation or the
18 shareholders for the purposes of sections 490.202, subsection
19 2, paragraphs "d" and "e".

20 Sec. 210. NEW SECTION. 490.1705 Annual benefit report.

21 1. No less than annually, a benefit corporation shall
22 prepare a benefit report addressing the efforts of the
23 corporation during the preceding year to operate in a
24 responsible and sustainable manner, to pursue any public
25 benefit or benefits identified in any public benefit provision,
26 and to consider the interests described in section 490.1704,
27 subsection 2. The annual benefit report must include all of
28 the following:

29 a. The objectives that the board of directors has
30 established for the corporation to operate in a responsible and
31 sustainable manner, to pursue any public benefit or benefits
32 identified in any public benefit provision, and to consider the
33 interests described in section 490.1704, subsection 2.

34 b. The standards the board of directors has adopted
35 to measure the corporation's progress in operating in a

1 responsible and sustainable manner, in pursuing the public
2 benefit or benefits identified in any public benefit provision,
3 and in considering the interests described in section 490.1704,
4 subsection 2.

5 c. If the articles of incorporation or bylaws require
6 that the corporation use an independent third-party standard
7 in reporting on the corporation's progress in operating in a
8 responsible and sustainable manner, in pursuing any public
9 benefit or benefits identified in any public benefit provision,
10 or in considering the interests described in section 490.1704,
11 subsection 2, or if the board of directors has chosen to use
12 such a standard, the applicable standard so required or chosen.

13 d. An assessment of the corporation's success in meeting
14 the objectives and standards identified in paragraphs "a" and
15 "b", and, if applicable, paragraph "c", and the basis for that
16 assessment.

17 2. The benefit corporation shall deliver to each
18 shareholder, or make available and provide written notice to
19 each shareholder of the availability of, the annual benefit
20 report required by subsection 1 on or before the earlier of the
21 following:

22 a. One hundred twenty days following the end of the fiscal
23 year of the benefit corporation.

24 b. The time that the benefit corporation delivers any
25 other annual reports or annual financial statements to its
26 shareholders.

27 3. Any shareholder that has not received or been given
28 access to an annual benefit report within the time required by
29 subsection 2 may make a written request that the corporation
30 deliver or make available the annual benefit report to the
31 shareholder. If a benefit corporation does not deliver or make
32 available an annual benefit report to the shareholder within
33 five business days of receiving such request, the requesting
34 shareholder may apply to the district court of the county
35 where the corporation's principal office or, if none in this

1 state, its registered office, is located for an order requiring
2 delivery of or access to the annual benefit report. The court
3 shall dispose of an action under this subsection 3 on an
4 expedited basis.

5 4. A benefit corporation shall post all of its annual
6 benefit reports on the public portion of its internet site,
7 if any. If a benefit corporation does not have an internet
8 site, the benefit corporation shall provide a copy of its most
9 recent annual benefit report, without charge, to any person
10 that requests a copy in writing.

11 Sec. 211. NEW SECTION. 490.1706 Rights of action.

12 1. Except in a proceeding authorized under section
13 490.1705, subsection 3, or this section, no person other
14 than the corporation, or a shareholder in the right of the
15 corporation pursuant to subsection 2, may bring an action
16 or assert a claim with respect to the violation of any duty
17 applicable to a benefit corporation or any of its directors
18 under this subchapter.

19 2. Except for a proceeding brought under section 490.1705,
20 subsection 3, a proceeding by a shareholder of a benefit
21 corporation claiming violation of any duty applicable to
22 a benefit corporation or any of its directors under this
23 subchapter is subject to all of the following:

24 a. The proceeding must be brought in a derivative proceeding
25 pursuant to subchapter VII, part 4.

26 b. The proceeding may be brought only by a shareholder
27 of the benefit corporation that at the time of the act or
28 omission complained of either individually, or together with
29 other shareholders bringing such action collectively, owned
30 directly or indirectly at least five percent of a class of
31 the corporation's outstanding shares or, in the case of a
32 corporation with shares traded on an organized market as
33 described in section 490.1302, subsection 2, paragraph "a",
34 subparagraph (2), either that percentage of shares or shares
35 with a market value of at least five million dollars at the

1 time the proceeding is commenced.

2 3. A suit under subsection 2 shall not be maintained if,
3 during the pendency of the suit, the shareholder individually
4 fails, or the shareholders collectively fail, to continue to
5 own directly or indirectly the lesser of the number of shares
6 owned at the time the proceeding is commenced or five percent
7 of a class of the corporation's shares.

8 Sec. 212. NEW SECTION. 490.1801 Application to existing
9 domestic corporations.

10 1. This chapter applies to all domestic corporations in
11 existence on July 1, 2021, that were incorporated under any
12 general statute of this state providing for incorporation of
13 corporations for profit if power to amend or repeal the statute
14 under which the corporation was incorporated was reserved.

15 2. *a.* Unless otherwise provided, this chapter does not
16 apply to an entity subject to chapter 174, 497, 498, 499, 499A,
17 501, 501A, 524, or 533, or a corporation organized on the
18 mutual plan under chapter 491, or a telephone company organized
19 as a corporation under chapter 491 qualifying pursuant to
20 an internal revenue service letter ruling under Internal
21 Revenue Code §501(c)(12) as a nonprofit corporation entitled
22 to distribute profits in a manner similar to a chapter 499
23 corporation, unless such entity voluntarily elects to adopt
24 the provisions of this chapter and complies with the procedure
25 prescribed by subsection 3.

26 *b.* A corporation organized under chapter 496C may
27 voluntarily elect to adopt the provisions of this chapter by
28 complying with the provisions prescribed by subsection 3.

29 3. The procedure for the voluntary election referred to in
30 subsection 2 is as follows:

31 *a.* The corporation shall amend or restate its articles of
32 incorporation to indicate that the corporation adopts this
33 chapter and to designate the address of its initial registered
34 office and the name of its registered agent at that office
35 and, if the name of the corporation is not in compliance with

1 the requirements of this chapter, to change the name of the
2 corporation to one complying with the requirements of this
3 chapter.

4 b. (1) The instrument shall be delivered to the secretary
5 of state for filing and recording in the secretary of state's
6 office. If the corporation was organized under chapter 524
7 or 533, the instrument shall also be filed and recorded in
8 the office of the county recorder. The corporation shall at
9 the time it files the instrument with the secretary of state
10 deliver also to the secretary of state for filing in the
11 secretary of state's office any biennial report required by
12 section 490.1622 which is then due.

13 (2) If the county of the initial registered office as stated
14 in the instrument for a corporation organized under chapter
15 524 or 533 is one which is other than the county where the
16 principal place of business of the corporation, as designated
17 in its articles of incorporation, was located, the corporation
18 shall forward to the county recorder of the county in which the
19 principal place of business of the corporation was located a
20 copy of the instrument and the corporation shall forward to the
21 recorder of the county in which the initial registered office
22 of the corporation is located, in addition to a copy of the
23 original instrument, a copy of the articles of incorporation of
24 the corporation together with all amendments to them as then
25 on file in the secretary of state's office. The corporation
26 shall, through an officer or director, certify to the secretary
27 of state that a copy has been sent to each applicable county
28 recorder, including the date each copy was sent.

29 c. Upon the filing of the instrument by a corporation all
30 of the following apply:

31 (1) All of the provisions of this chapter apply to the
32 corporation.

33 (2) The secretary of state shall issue a certificate as to
34 the filing of the instrument and deliver the certificate to the
35 corporation or its representative.

1 (3) The secretary of state shall not file the instrument
2 with respect to a corporation unless at the time of filing
3 the corporation is validly existing and in good standing in
4 that office under the chapter under which it is incorporated.
5 The corporation shall be considered validly existing and in
6 good standing for the purpose of this chapter for a period of
7 three months following the expiration date of the corporation,
8 provided all biennial reports due have been filed and all fees
9 due in connection with the biennial reports have been paid.

10 d. The provisions of this chapter becoming applicable to
11 a corporation voluntarily electing to be governed by this
12 chapter do not affect any right accrued or established, or any
13 liability or penalty incurred, under the chapter under which
14 it is incorporated prior to the filing by the secretary of
15 state in the secretary of state's office of the instrument
16 manifesting the election by the corporation to adopt the
17 provisions of this chapter as provided in this subsection.

18 4. A corporation subject to this chapter is not subject to
19 chapter 491, 492, 493, or 495.

20 Sec. 213. NEW SECTION. 490.1802 Application to existing
21 foreign corporation.

22 A foreign corporation registered or authorized to do
23 business in this state on the effective date of this division
24 of this Act is subject to this chapter, is deemed to be
25 registered to do business in this state, and is not required to
26 file a foreign registration statement under this chapter.

27 Sec. 214. NEW SECTION. 490.1803 Savings provisions.

28 1. Except as to procedural provisions, this division of this
29 Act does not affect a pending action or proceeding or a right
30 accrued before the effective date of this division of this Act,
31 and a pending civil action or proceeding may be completed, and
32 a right accrued may be enforced, as if this division of this
33 Act had not become effective.

34 2. If a penalty or punishment for violation of a statute or
35 rule is reduced by this division of this Act, the penalty, if

1 not already imposed, shall be imposed in accordance with this
2 division of this Act.

3 3. In the event that any provision of this chapter is
4 deemed to modify, limit, or supersede the federal Electronic
5 Signatures in Global and National Commerce Act, 15 U.S.C. §7001
6 et seq., the provisions of this chapter shall control to the
7 maximum extent permitted by section 102(a)(2) of that federal
8 Act.

9 Sec. 215. NEW SECTION. 490.1804 Severability.

10 If any provision of this chapter or its application to any
11 person or circumstance is held invalid by a court of competent
12 jurisdiction, the invalidity does not affect other provisions
13 or applications of this chapter that can be given effect
14 without the invalid provision or application.

15 Sec. 216. REPEAL. 2018 Iowa Acts, chapter 1015, section 8,
16 is repealed.

17 Sec. 217. CONTINUATION OF THE ARTICLES OF
18 INCORPORATION. Notwithstanding the amendments to sections
19 490.803, 490.805, 490.806, and 490.810, as provided in this
20 division of this Act, and the repeal of sections 490.806A,
21 490.806B, and 490.1005A, as provided by those sections,
22 any amendment to the articles of incorporation of a public
23 corporation adopted in compliance with sections 490.806A,
24 490.806B, and 490.1005A as those sections existed immediately
25 prior to the effective date of this division of this Act shall
26 remain in effect until amended or repealed as provided in the
27 relevant sections of chapter 490 as those sections exist on or
28 after the effective date of this division of this Act.

29 Sec. 218. CODE EDITOR DIRECTIVE.

30 1. The Code editor is directed to make the following
31 transfers:

32 a. Section 490.135, as amended by this division of this Act,
33 to section 490.130.

34 b. Section 490.833, as amended by this division of this Act,
35 to section 490.832.

1 c. Section 490.629 to section 490.628.

2 d. Section 490.1622, as amended by this division of this
3 Act, to section 490.1621.

4 2. The Code editor shall correct internal references in the
5 Code and in any enacted legislation as necessary due to the
6 enactment of this section.

7 Sec. 219. REPEAL. Sections 490.624A, 490.628, 490.1111,
8 490.1112, 490.1113, 490.1114, 490.1520, 490.1523, 490.1530,
9 490.1531, 490.1532, and 490.1606, Code 2020, are repealed.

10 Sec. 220. DIRECTIONS TO THE CODE EDITOR. The Code editor
11 is directed to divide Code chapter 490 into subchapters and
12 subdivide certain subchapters into parts, including sections in
13 that chapter not amended in this division of this Act, sections
14 amended or enacted in this division of this Act, and sections
15 transferred in this division of this Act as follows:

16 1. Subchapter I, subdivided into part A, including sections
17 490.101 and 490.102; part B, including sections 490.120 through
18 490.129; part C, including section 490.130; part D, including
19 sections 490.140 through 490.144; and part E, including
20 sections 490.145 through 490.152.

21 2. Subchapter II, including sections 490.201 through
22 490.209.

23 3. Subchapter III, including sections 490.301 through
24 490.304.

25 4. Subchapter IV, including sections 490.401 through
26 490.403.

27 5. Subchapter V, including sections 490.501 through
28 490.504.

29 6. Subchapter VI, subdivided into part A, including
30 sections 490.601 through 490.604; part B, including sections
31 490.620 through 490.628; part C, including sections 490.630 and
32 490.631; and part D, including section 490.640.

33 7. Subchapter VII, subdivided into part A, including
34 sections 490.701 through 490.709; part B, including sections
35 490.720 through 490.729; part C, including sections 490.730

1 through 490.732; part D, including sections 490.740 through
2 490.747; and part E, including sections 490.748 and 490.749.

3 8. Subchapter VIII, subdivided into part A, including
4 sections 490.800 through 490.811; part B, including sections
5 490.820 through 490.826; part C, including sections 490.830
6 through 490.832; part D, including sections 490.840 through
7 490.844; part E, including sections 490.850 through 490.859;
8 part F, including sections 490.860 through 490.863; and part
9 G, including section 490.870.

10 9. Subchapter IX, subdivided into part A, including
11 sections 490.901 through 490.905; part B, including sections
12 490.920 through 490.924; and part C, including sections 490.930
13 through 490.935.

14 10. Subchapter X, subdivided into part A, including
15 sections 490.1001 through 490.1009; and part B, including
16 sections 490.1020 through 490.1022.

17 11. Subchapter XI, including sections 490.1101 through
18 490.1110.

19 12. Subchapter XII, including sections 490.1201 and
20 490.1202.

21 13. Subchapter XIII, subdivided into part A, including
22 sections 490.1301 through 490.1303; part B, including sections
23 490.1320 through 490.1326; subchapter C, including sections
24 490.1330 and 490.1331; and part D, including section 490.1340.

25 14. Subchapter XIV, subdivided into part A, including
26 sections 490.1401 through 490.1409; part B, including sections
27 490.1420 through 490.1423; part C, including sections 490.1430
28 through 490.1434; and part D, including section 490.1440.

29 15. Subchapter XV, including sections 490.1501 through
30 490.1512.

31 16. Subchapter XVI, subdivided into part A, including
32 sections 490.1601 through 490.1605; and part B, including
33 sections 490.1620 and 490.1621.

34 17. Subchapter XVII, including sections 490.1701 through
35 490.1706.

1 18. Subchapter XVIII, including sections 490.1801 through
2 490.1804.

3 Sec. 221. EFFECTIVE DATE. This division of this Act takes
4 effect July 1, 2021.

DIVISION II

CORRESPONDING AMENDMENTS

7 Sec. 222. Section 249A.40, Code 2020, is amended to read as
8 follows:

9 249A.40 Involuntarily dissolved providers — overpayments or
10 incorrect payments.

11 Medical assistance paid to a provider following involuntary
12 administrative dissolution of the provider pursuant to chapter
13 490, subchapter XIV, part B, shall be considered incorrectly
14 paid for the purposes of section 249A.53 and the provider
15 shall be considered to have received an overpayment for the
16 purposes of this subchapter. For the purposes of this section,
17 the overpayment shall not accrue until after a grace period
18 of ninety days following receipt of notice by the provider
19 of the dissolution from the department. Notwithstanding
20 section 490.1422, or any other similar retroactive provision
21 for reinstatement, the director shall recoup any medical
22 assistance paid to a provider while the provider was dissolved
23 if the provider is not retroactively reinstated within the
24 ninety-day grace period. The principals of the provider shall
25 be personally liable for the incorrect payment or overpayment.

26 Sec. 223. Section 455B.397, Code 2020, is amended to read
27 as follows:

28 455B.397 Financial disclosure.

29 Immediately upon the incurrence of any liability to
30 the state under this part, the debtor shall submit to the
31 director a report consisting of documentation of the debtor's
32 liabilities and assets, including if filed, a copy of the
33 annual biennial report submitted to the secretary of state
34 pursuant to chapter 490 section 490.1622. A subsequent report
35 pursuant to this section shall be submitted annually on April

1 15 for the life of the debt. These reports shall be kept
2 confidential and shall not be available to the public.

3 Sec. 224. Section 455B.430, subsection 5, Code 2020, is
4 amended to read as follows:

5 5. Immediately upon the listing of real property in the
6 registry of hazardous waste or hazardous substance disposal
7 sites, a person liable for cleanup costs shall submit to
8 the director a report consisting of documentation of the
9 responsible person's liabilities and assets, including if
10 filed, a copy of the annual biennial report submitted to the
11 secretary of state pursuant to chapter 490 section 490.1622. A
12 subsequent report pursuant to this section shall be submitted
13 annually on April 15 for the period the site remains on the
14 registry.

15 Sec. 225. Section 496C.14, subsection 5, Code 2020, is
16 amended to read as follows:

17 5. Notwithstanding subsections 1 through 4, purchase by
18 the corporation is not required upon the occurrence of any
19 event other than death of a shareholder if the corporation
20 is dissolved or voluntarily elects to adopt the provisions
21 of the Iowa business corporation Act, as provided in section
22 490.1701 490.1801, subsection 2, within sixty days after the
23 occurrence of the event. The articles of incorporation or
24 bylaws may provide that purchase is not required upon the death
25 of a shareholder if the corporation is dissolved within sixty
26 days after the death. Notwithstanding subsections 1 through 4,
27 purchase by the corporation is not required upon the death of a
28 shareholder if the corporation voluntarily elects to adopt the
29 provisions of the Iowa business corporation Act, as provided
30 in section 490.1701 490.1801, subsection 2, within sixty days
31 after death.

32 Sec. 226. Section 496C.19, Code 2020, is amended to read as
33 follows:

34 **496C.19 Dissolution or liquidation.**

35 Violation of any provision of this chapter by a professional

1 corporation or any of its shareholders, directors, or officers
2 shall be cause for its involuntary dissolution, or liquidation
3 of its assets and business by the district court, as provided
4 in the Iowa business corporation Act, **chapter 490**. Upon the
5 death of the last remaining shareholder of a professional
6 corporation, or whenever the last remaining shareholder is not
7 licensed or ceases to be licensed to practice in this state a
8 profession which the corporation is authorized to practice,
9 or whenever any person other than the shareholder of record
10 becomes entitled to have all shares of the last remaining
11 shareholder of the corporation transferred into that person's
12 name or to exercise voting rights, except as a proxy, with
13 respect to such shares, the corporation shall not practice
14 any profession and it shall either be promptly dissolved or
15 shall promptly elect to adopt the provisions of the Iowa
16 business corporation Act, as provided in section **490.1701**
17 **490.1801**, subsection 2. However, if prior to such dissolution
18 all outstanding shares of the corporation are acquired by
19 one or more persons licensed to practice in this state a
20 profession which the corporation is authorized to practice,
21 the corporation need not be dissolved and may practice the
22 profession as provided in **this chapter**.

23 Sec. 227. Section 499.69A, subsection 2, paragraph b,
24 subparagraph (2), Code 2020, is amended to read as follows:

25 (2) For a qualified corporation which is a party to the
26 proposed qualified merger, the qualified corporation shall
27 approve the plan as provided in **chapter 490, subchapter XI**.

28 Sec. 228. Section 499.69A, subsections 5 and 6, Code 2020,
29 are amended to read as follows:

30 5. The effect of a qualified merger for a qualified survivor
31 which is a cooperative association shall be as provided for in
32 this chapter. The effect of a qualified merger for a qualified
33 survivor which is a qualified corporation shall be as provided
34 for corporations under **chapter 490, subchapter XI**.

35 6. The provisions governing the right of a shareholder or

1 member of a cooperative association to object to a merger or
2 the right of a member to dissent and obtain payment of the
3 fair value of an interest in the cooperative association in
4 the case of a merger as provided in **this chapter** shall apply
5 to a qualified merger. The provisions governing the right
6 of a shareholder of a corporation to ~~dissent from exercise~~
7 appraisal rights and obtain payment of the fair value of the
8 shareholder's shares in the case of a merger as provided in
9 ~~subchapter XIII of chapter 490, subchapter XIII,~~ shall apply
10 to a qualified merger.

11 Sec. 229. Section 508.12, subsection 1, Code 2020, is
12 amended to read as follows:

13 1. An insurer which is organized under the laws of any
14 state and has created or will create jobs in this state or
15 which is an affiliate or subsidiary of a domestic insurer,
16 and is admitted to do business in this state for the purpose
17 of writing insurance authorized by **this chapter** may become a
18 domestic insurer by complying with section ~~490.902~~ 490.905 or
19 491.33 and with all of the requirements of law relative to the
20 organization and licensing of a domestic insurer of the same
21 type and by designating its principal place of business in this
22 state may become a domestic corporation and be entitled to like
23 certificates of its corporate existence and license to transact
24 business in this state, and be subject in all respects to the
25 authority and jurisdiction thereof.

26 Sec. 230. Section 515.78, subsection 1, Code 2020, is
27 amended to read as follows:

28 1. An insurer which is organized under the laws of any
29 state and has created or will create jobs in this state or
30 which is an affiliate or subsidiary of a domestic insurer,
31 and is admitted to do business in this state for the purpose
32 of writing insurance authorized by **this chapter** may become a
33 domestic insurer by complying with section ~~490.902~~ 490.905 or
34 491.33 and with all of the requirements of law relative to the
35 organization and licensing of a domestic insurer of the same

1 type and by designating its principal place of business in this
2 state may become a domestic corporation and be entitled to like
3 certificates of its corporate existence and license to transact
4 business in this state, and be subject in all respects to the
5 authority and jurisdiction thereof.

6 Sec. 231. Section 515E.3A, subsection 1, paragraph a, Code
7 2020, is amended to read as follows:

8 a. Complying with ~~section 490.902~~ section 490.905.

9 Sec. 232. Section 515G.3, subsection 2, Code 2020, is
10 amended to read as follows:

11 2. A plan of conversion for an insurer organized on
12 the mutual plan under **chapter 491**, shall also provide for
13 conversion to a stock company as follows: the insurer
14 organized on the mutual plan under **chapter 491** shall amend
15 its articles pursuant to **chapter 491** as necessary to become
16 a stock company, and shall immediately convert to a chapter
17 490 corporation as provided in section ~~490.1701~~ 490.1801 upon
18 becoming a stock company.

19 Sec. 233. EFFECTIVE DATE. This division of this Act takes
20 effect July 1, 2021.

21 DIVISION III

22 NONPROFIT CORPORATIONS

23 Sec. 234. Section 504.205, Code 2020, is amended by adding
24 the following new subsection:

25 NEW SUBSECTION. 4. A state agency or state official shall
26 not impose any requirement on a corporation that is more
27 stringent, restrictive, or expansive than a requirement imposed
28 by state or federal law.

29 Sec. 235. EFFECTIVE DATE. This division of this Act, being
30 deemed of immediate importance, takes effect upon enactment.