

490.1706 Rights of action.

1. Except in a proceeding authorized under [section 490.1705, subsection 3](#), or [this section](#), no person other than the corporation, or a shareholder in the right of the corporation pursuant to [subsection 2](#), may bring an action or assert a claim with respect to the violation of any duty applicable to a benefit corporation or any of its directors under [this subchapter](#).

2. Except for a proceeding brought under [section 490.1705, subsection 3](#), a proceeding by a shareholder of a benefit corporation claiming violation of any duty applicable to a benefit corporation or any of its directors under [this subchapter](#) is subject to all of the following:

a. The proceeding must be brought in a derivative proceeding pursuant to [subchapter VII, part 4](#).

b. The proceeding may be brought only by a shareholder of the benefit corporation that at the time of the act or omission complained of either individually, or together with other shareholders bringing such action collectively, owned directly or indirectly at least five percent of a class of the corporation's outstanding shares or, in the case of a corporation with shares traded on an organized market as described in [section 490.1302, subsection 2, paragraph "a"](#), subparagraph (2), either that percentage of shares or shares with a market value of at least five million dollars at the time the proceeding is commenced.

3. A suit under [subsection 2](#) shall not be maintained if, during the pendency of the suit, the shareholder individually fails, or the shareholders collectively fail, to continue to own directly or indirectly the lesser of the number of shares owned at the time the proceeding is commenced or five percent of a class of the corporation's shares.

[2021 Acts, ch 165, §211, 230](#)

Section effective January 1, 2022; 2021 Acts, ch 165, §230

NEW section