

**As Passed by the House**

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**Am. S. B. No. 202**

**Senators Obhof, Kearney**

**Cosponsors: Senators Seitz, Coley, Bacon, Eklund, Hughes, Oelslager,  
Schiavoni**

**Representatives Anielski, Blessing, Burkley, Butler, Carney, Green,  
Grossman, Hall, Huffman, Letson, Mallory, Milkovich, Patmon, Perales,  
Stinziano, Terhar Speaker Batchelder**

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**A B I L L**

To amend sections 1701.01, 1701.11, 1701.71, 1704.01, 1  
and 1704.05 of the Revised Code to provide 2  
exceptions to the applicability of the Control 3  
Share Acquisition Act, to require board approval 4  
for Act opt-out amendments of a corporation's 5  
regulations or articles of incorporation, and to 6  
apply a three-year look-back period to ownership 7  
of shares for purposes of determining 8  
applicability of certain shareholder transaction 9  
laws. 10

**BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:**

**Section 1.** That sections 1701.01, 1701.11, 1701.71, 1704.01, 11  
and 1704.05 of the Revised Code be amended to read as follows: 12

**Sec. 1701.01.** As used in sections 1701.01 to 1701.98 of the 13  
Revised Code, unless the context otherwise requires: 14

(A) "Corporation" or "domestic corporation" means a 15

corporation for profit formed under the laws of this state. 16

(B) "Foreign corporation" means a corporation for profit 17  
formed under the laws of another state, and "foreign entity" means 18  
an entity formed under the laws of another state. 19

(C) "State" means the United States; any state, territory, 20  
insular possession, or other political subdivision of the United 21  
States, including the District of Columbia; any foreign country or 22  
nation; and any province, territory, or other political 23  
subdivision of such foreign country or nation. 24

(D) "Articles" includes original articles of incorporation, 25  
certificates of reorganization, amended articles, and amendments 26  
to any of these, and, in the case of a corporation created before 27  
September 1, 1851, the special charter and any amendments to it 28  
made by special act of the general assembly or pursuant to general 29  
law. 30

(E) "Incorporator" means a person who signed the original 31  
articles of incorporation. 32

(F) "Shareholder" means a person whose name appears on the 33  
books of the corporation as the owner of shares of the 34  
corporation. Unless the articles, the regulations adopted by the 35  
shareholders, the regulations adopted by the directors pursuant to 36  
division (A)(1) of section 1701.10 of the Revised Code, or the 37  
contract of subscription otherwise provides, "shareholder" 38  
includes a subscriber to shares, whether the subscription is 39  
received by the incorporators or pursuant to authorization by the 40  
directors, and such shares shall be deemed to be outstanding 41  
shares. 42

(G) "Person" includes, without limitation, a natural person, 43  
a corporation, whether nonprofit or for profit, a partnership, a 44  
limited liability company, an unincorporated society or 45  
association, and two or more persons having a joint or common 46

interest.	47
(H) The location of the "principal office" of a corporation is the place named as the principal office in its articles.	48 49
(I) The "express terms" of shares of a class are the statements expressed in the articles with respect to such shares.	50 51
(J) Shares of a class are "junior" to shares of another class when any of their dividend or distribution rights are subordinate to, or dependent or contingent upon, any right of, or dividend on, or distribution to, shares of such other class.	52 53 54 55
(K) "Treasury shares" means shares belonging to the corporation and not retired that have been either issued and thereafter acquired by the corporation or paid as a dividend or distribution in shares of the corporation on treasury shares of the same class; such shares shall be deemed to be issued, but they shall not be considered as an asset or a liability of the corporation, or as outstanding for dividend or distribution, quorum, voting, or other purposes, except, when authorized by the directors, for dividends or distributions in authorized but unissued shares of the corporation of the same class.	56 57 58 59 60 61 62 63 64 65
(L) To "retire" a share means to restore it to the status of an authorized but unissued share.	66 67
(M) "Redemption price of shares" means the amount required by the articles to be paid on redemption of shares.	68 69
(N) "Liquidation price" means the amount or portion of assets required by the articles to be distributed to the holders of shares of any class upon dissolution, liquidation, merger, or consolidation of the corporation, or upon sale of all or substantially all of its assets.	70 71 72 73 74
(O) "Insolvent" means that the corporation is unable to pay its obligations as they become due in the usual course of its	75 76

affairs. 77

(P) "Parent corporation" or "parent" means a domestic or 78  
foreign corporation that owns and holds of record shares of 79  
another corporation, domestic or foreign, entitling the holder of 80  
the shares at the time to exercise a majority of the voting power 81  
in the election of the directors of the other corporation without 82  
regard to voting power that may thereafter exist upon a default, 83  
failure, or other contingency; "subsidiary corporation" or 84  
"subsidiary" means a domestic or foreign corporation of which 85  
another corporation, domestic or foreign, is the parent. 86

(Q) "Combination" means a transaction, other than a merger or 87  
consolidation, wherein either of the following applies: 88

(1) Voting shares of a domestic corporation are issued or 89  
transferred in consideration in whole or in part for the transfer 90  
to itself or to one or more of its subsidiaries, domestic or 91  
foreign, of all or substantially all the assets of one or more 92  
corporations, domestic or foreign, with or without good will or 93  
the assumption of liabilities; 94

(2) Voting shares of a foreign parent corporation are issued 95  
or transferred in consideration in whole or in part for the 96  
transfer of such assets to one or more of its domestic 97  
subsidiaries. 98

"Transferee corporation" in a combination means the 99  
corporation, domestic or foreign, to which the assets are 100  
transferred, and "transferor corporation" in a combination means 101  
the corporation, domestic or foreign, transferring such assets and 102  
to which, or to the shareholders of which, the voting shares of 103  
the domestic or foreign corporation are issued or transferred. 104

(R) "Majority share acquisition" means the acquisition of 105  
shares of a corporation, domestic or foreign, entitling the holder 106  
of the shares to exercise a majority of the voting power in the 107

election of directors of such corporation without regard to voting 108  
power that may thereafter exist upon a default, failure, or other 109  
contingency, by either of the following: 110

(1) A domestic corporation in consideration in whole or in 111  
part, for the issuance or transfer of its voting shares; 112

(2) A domestic or foreign subsidiary in consideration in 113  
whole or in part for the issuance or transfer of voting shares of 114  
its domestic parent. 115

(S) "Acquiring corporation" in a combination means the 116  
domestic corporation whose voting shares are issued or transferred 117  
by it or its subsidiary or subsidiaries to the transferor 118  
corporation or corporations or the shareholders of the transferor 119  
corporation or corporations; and "acquiring corporation" in a 120  
majority share acquisition means the domestic corporation whose 121  
voting shares are issued or transferred by it or its subsidiary in 122  
consideration for shares of a domestic or foreign corporation 123  
entitling the holder of the shares to exercise a majority of the 124  
voting power in the election of directors of such corporation. 125

(T) When used in connection with a combination or a majority 126  
share acquisition, "voting shares" means shares of a corporation, 127  
domestic or foreign, entitling the holder of the shares to vote at 128  
the time in the election of directors of such corporation without 129  
regard to voting power which may thereafter exist upon a default, 130  
failure, or other contingency. 131

(U) "An emergency" exists when the governor, or any other 132  
person lawfully exercising the power and discharging the duties of 133  
the office of governor, proclaims that an attack on the United 134  
States or any nuclear, atomic, or other disaster has caused an 135  
emergency for corporations, and such an emergency shall continue 136  
until terminated by proclamation of the governor or any other 137  
person lawfully exercising the powers and discharging the duties 138

of the office of governor. 139

(V) "Constituent corporation" means an existing corporation 140  
merging into or into which is being merged one or more other 141  
entities in a merger or an existing corporation being consolidated 142  
with one or more other entities into a new entity in a 143  
consolidation, whether any of the entities is domestic or foreign, 144  
and "constituent entity" means any entity merging into or into 145  
which is being merged one or more other entities in a merger, or 146  
an existing entity being consolidated with one or more other 147  
entities into a new entity in a consolidation, whether any of the 148  
entities is domestic or foreign. 149

(W) "Surviving corporation" means the constituent domestic or 150  
foreign corporation that is specified as the corporation into 151  
which one or more other constituent entities are to be or have 152  
been merged, and "surviving entity" means the constituent domestic 153  
or foreign entity that is specified as the entity into which one 154  
or more other constituent entities are to be or have been merged. 155

(X) "Close corporation agreement" means an agreement that 156  
satisfies the three requirements of division (A) of section 157  
1701.591 of the Revised Code. 158

(Y) "Issuing public corporation" means a domestic corporation 159  
with fifty or more shareholders that has its principal place of 160  
business, its principal executive offices, assets having 161  
substantial value, or a substantial percentage of its assets 162  
within this state, and as to which no valid close corporation 163  
agreement exists under division (H) of section 1701.591 of the 164  
Revised Code. 165

(Z)(1) "Control share acquisition" means the acquisition, 166  
directly or indirectly, by any person of shares of an issuing 167  
public corporation that, when added to all other shares of the 168  
issuing public corporation in respect of which the person may 169

exercise or direct the exercise of voting power as provided in 170  
this division, would entitle the person, immediately after the 171  
acquisition, directly or indirectly, alone or with others, to 172  
exercise or direct the exercise of the voting power of the issuing 173  
public corporation in the election of directors within any of the 174  
following ranges of such voting power: 175

(a) One-fifth or more but less than one-third of such voting 176  
power; 177

(b) One-third or more but less than a majority of such voting 178  
power; 179

(c) A majority or more of such voting power. 180

A bank, broker, nominee, trustee, or other person that 181  
acquires shares in the ordinary course of business for the benefit 182  
of others in good faith and not for the purpose of circumventing 183  
section 1701.831 of the Revised Code shall, however, be deemed to 184  
have voting power only of shares in respect of which such person 185  
would be able, without further instructions from others, to 186  
exercise or direct the exercise of votes on a proposed control 187  
share acquisition at a meeting of shareholders called under 188  
section 1701.831 of the Revised Code. 189

(2) The acquisition by any person of any shares of an issuing 190  
public corporation does not constitute a control share acquisition 191  
for the purpose of section 1701.831 of the Revised Code if the 192  
acquisition was or is consummated in, results from, or is the 193  
consequence of any of the following circumstances: 194

(a) Prior to November 19, 1982; 195

(b) Pursuant to a contract existing prior to November 19, 196  
1982; 197

(c) By bequest or inheritance, by operation of law upon the 198  
death of an individual, or by any other transfer without valuable 199

consideration, including a gift, that is made in good faith and 200  
not for the purpose of circumventing section 1701.831 of the 201  
Revised Code; 202

(d) Pursuant to the satisfaction of a pledge or other 203  
security interest created in good faith and not for the purpose of 204  
circumventing section 1701.831 of the Revised Code; 205

(e) Pursuant to a merger or consolidation adopted, or a 206  
combination or majority share acquisition authorized, by vote of 207  
the shareholders of the issuing public corporation in compliance 208  
with section 1701.78, 1701.781, 1701.79, 1701.791, or 1701.83 of 209  
the Revised Code, or pursuant to a merger adopted in compliance 210  
with section 1701.802 of the Revised Code; 211

(f) The person's being entitled, immediately thereafter, to 212  
exercise or direct the exercise of voting power of the issuing 213  
public corporation in the election of directors within the same 214  
range theretofore attained by that person either in compliance 215  
with the provisions of section 1701.831 of the Revised Code or as 216  
a result solely of the issuing public corporation's purchase of 217  
shares issued by it; 218

(g) The person's being engaged in business as an underwriter 219  
of securities who acquires the shares directly from the issuing 220  
public corporation or an affiliate or associate of the issuing 221  
public corporation through its participation in good faith in a 222  
firm commitment underwriting registered under the "Securities Act 223  
of 1933," 15 U.S.C. 77a et seq., and not for the purpose of 224  
circumventing section 1701.831 of the Revised Code. 225

The acquisition by any person of shares of an issuing public 226  
corporation in a manner described under division (Z)(2) of this 227  
section shall be deemed a control share acquisition authorized 228  
pursuant to section 1701.831 of the Revised Code within the range 229  
of voting power under division (Z)(1)(a), (b), or (c) of this 230

section that such person is entitled to exercise after the 231  
acquisition, provided, in the case of an acquisition in a manner 232  
described under division (Z)(2)(c) or (d) of this section, the 233  
transferor of shares to such person had previously obtained any 234  
authorization of shareholders required under section 1701.831 of 235  
the Revised Code in connection with the transferor's acquisition 236  
of shares of the issuing public corporation. 237

(3) The acquisition of shares of an issuing public 238  
corporation in good faith and not for the purpose of circumventing 239  
section 1701.831 of the Revised Code from any person whose control 240  
share acquisition previously had been authorized by shareholders 241  
in compliance with section 1701.831 of the Revised Code, or from 242  
any person whose previous acquisition of shares of an issuing 243  
public corporation would have constituted a control share 244  
acquisition but for division (Z)(2) or (3) of this section, does 245  
not constitute a control share acquisition for the purpose of 246  
section 1701.831 of the Revised Code unless such acquisition 247  
entitles the person making the acquisition, directly or 248  
indirectly, alone or with others, to exercise or direct the 249  
exercise of voting power of the corporation in the election of 250  
directors in excess of the range of voting power authorized 251  
pursuant to section 1701.831 of the Revised Code, or deemed to be 252  
so authorized under division (Z)(2) of this section. 253

(AA) "Acquiring person" means any person who has delivered an 254  
acquiring person statement to an issuing public corporation 255  
pursuant to section 1701.831 of the Revised Code. 256

(BB) "Acquiring person statement" means a written statement 257  
that complies with division (B) of section 1701.831 of the Revised 258  
Code. 259

(CC)(1) "Interested shares" means the shares of an issuing 260  
public corporation in respect of which any of the following 261  
persons may exercise or direct the exercise of the voting power of 262

the corporation in the election of directors:	263
(a) An acquiring person;	264
(b) Any officer of the issuing public corporation elected or appointed by the directors of the issuing public corporation;	265 266
(c) Any employee of the issuing public corporation who is also a director of such corporation;	267 268
(d) Any person that acquires such shares for valuable consideration during the period beginning with the date of the first public disclosure of a proposal for, or expression of interest in, a control share acquisition of the issuing public corporation; a transaction pursuant to section 1701.76, 1701.78, 1701.781, 1701.79, 1701.791, 1701.83, or 1701.86 of the Revised Code that involves the issuing public corporation or its assets; or any action that would directly or indirectly result in a change in control of the issuing public corporation or its assets, and ending on the record date established by the directors pursuant to section 1701.45 and division (D) of section 1701.831 of the Revised Code, if either of the following applies:	269 270 271 272 273 274 275 276 277 278 279 280
(i) The aggregate consideration paid or given by the person who acquired the shares, and any other persons acting in concert with the person, for all such shares exceeds two hundred fifty thousand dollars;	281 282 283 284
(ii) The number of shares acquired by the person who acquired the shares, and any other persons acting in concert with the person, exceeds one-half of one per cent of the outstanding shares of the corporation entitled to vote in the election of directors.	285 286 287 288
(e) Any person that transfers such shares for valuable consideration after the record date described in division (CC)(1)(d) of this section as to shares so transferred, if accompanied by the voting power in the form of a blank proxy, an agreement to vote as instructed by the transferee, or otherwise.	289 290 291 292 293

(2) If any part of this division is held to be illegal or 294  
invalid in application, the illegality or invalidity does not 295  
affect any legal and valid application thereof or any other 296  
provision or application of this division or section 1701.831 of 297  
the Revised Code that can be given effect without the invalid or 298  
illegal provision, and the parts and applications of this division 299  
are severable. 300

(DD) "Certificated security" and "uncertificated security" 301  
have the same meanings as in section 1308.01 of the Revised Code. 302

(EE) "Entity" means any of the following: 303

(1) A for profit corporation existing under the laws of this 304  
state or any other state; 305

(2) Any of the following organizations existing under the 306  
laws of this state, the United States, or any other state: 307

(a) A business trust or association; 308

(b) A real estate investment trust; 309

(c) A common law trust; 310

(d) An unincorporated business or for profit organization, 311  
including a general or limited partnership; 312

(e) A limited liability company; 313

(f) A nonprofit corporation. 314

**Sec. 1701.11.** (A)(1) Regulations for the government of a 315  
corporation, the conduct of its affairs, and the management of its 316  
property, consistent with law and the articles, may be adopted, 317  
amended, or repealed in any of the following ways: 318

(a) Within ninety days after the corporation is formed, by 319  
the directors in accordance with division (A)(1) of section 320  
1701.10 of the Revised Code; 321

(b) By the shareholders at a meeting held for that purpose, 322  
by the affirmative vote of the holders of shares entitling them to 323  
exercise a majority of the voting power of the corporation on the 324  
proposal, or if the articles or regulations that have been adopted 325  
so provide, by the affirmative vote of the holders entitling them 326  
to exercise a greater proportion than a majority of the voting 327  
power of the corporation on the proposal; 328

(c) Without a meeting, by the written consent of the holders 329  
of shares entitling them to exercise two-thirds of the voting 330  
power of the corporation on the proposal, or if the articles or 331  
regulations that have been adopted so provide or permit, by the 332  
written consent of the holders of shares entitling them to 333  
exercise a greater or lesser proportion but not less than a 334  
majority of the voting power of the corporation on the proposal; 335

(d) If and to the extent that the articles or regulations so 336  
provide or permit and unless a provision of the Revised Code 337  
reserves such authority to shareholders, by the directors, 338  
provided that no provision or permission in the articles or 339  
regulations may divest shareholders of the power, or limit the 340  
shareholders' power, to adopt, amend, or repeal regulations. 341

(2) Any amendment of regulations and any amended or new 342  
regulations adopted by shareholders of an issuing public 343  
corporation whose directors are classified pursuant to section 344  
1701.57 of the Revised Code that would change or eliminate the 345  
classification of directors shall be adopted only by the 346  
shareholders at a meeting held for that purpose, by the 347  
affirmative vote of holders of shares entitling them to exercise 348  
the voting power of the corporation that is required for 349  
shareholders at a meeting under division (A)(1)(b) of this 350  
section, and also by the affirmative vote of the holders of a 351  
majority of disinterested shares voted on the proposal determined 352  
as specified in division (C)(9) of section 1704.01 of the Revised 353

Code.	354
<u>(3) Any amendment of regulations and any amended or new</u>	355
<u>regulations adopted by shareholders of an issuing public</u>	356
<u>corporation that would provide that section 1701.831 of the</u>	357
<u>Revised Code does not apply to control share acquisitions of</u>	358
<u>shares of the issuing public corporation shall be adopted:</u>	359
<u>(a) Upon the recommendation by the affirmative vote of a</u>	360
<u>majority of the authorized number of directors of the issuing</u>	361
<u>public corporation in favor of such amendment or new regulation;</u>	362
<u>and</u>	363
<u>(b) By the shareholders at a meeting held for that purpose,</u>	364
<u>by the affirmative vote of holders of shares entitling them to</u>	365
<u>exercise the voting power of the corporation that is required for</u>	366
<u>shareholders at a meeting under division (A)(1)(b) of this</u>	367
<u>section.</u>	368
(B) Without limiting the generality of the authority	369
described in division (A) of this section, the regulations may	370
include provisions with respect to all of the following:	371
(1) The place, if any, and time for holding, the manner of	372
and authority for calling, giving notice of, and conducting, and	373
the requirements of a quorum for, meetings of shareholders;	374
(2) The taking of a record of shareholders or the temporary	375
closing of books against transfers of shares;	376
(3) The number, classification, manner of fixing or changing	377
the number, qualifications, term of office, and compensation or	378
manner of fixing compensation, of directors;	379
(4) The place, if any, and time for holding, the manner of	380
and authority for calling, giving notice of, and conducting, and	381
the requirements of a quorum for, meetings of the directors;	382
(5) The appointment of an executive and other committees of	383

the directors, and their authority;	384
(6) The titles, qualifications, duties, term of office,	385
compensation or manner of fixing compensation, and the removal, of	386
officers;	387
(7) The terms on which new certificates for shares may be	388
issued in the place of lost, stolen, or destroyed certificates;	389
(8) The manner in which and conditions upon which a	390
certificated security, and the conditions upon which an	391
uncertificated security, and the shares represented by a	392
certificated or uncertificated security, may be transferred,	393
restrictions on the right to transfer the shares, and reservations	394
of liens on the shares;	395
(9)(a) Restrictions on the transfer and the right to transfer	396
shares of either of the following:	397
(i) An issuing public corporation to any person in a control	398
share acquisition;	399
(ii) A corporation with fifty or more shareholders to any	400
person in an acquisition that would be a control share acquisition	401
if the corporation were an issuing public corporation.	402
(b) The restrictions on the transfer and the right to	403
transfer shares described in division (B)(9)(a)(i) and (ii) of	404
this section may include requirements and procedures for consent	405
to an acquisition of the shares by directors based on a	406
determination by the directors of the best interests of the	407
corporation and its shareholders, consent to an acquisition of the	408
shares by shareholders, and reasonable sanctions for a violation	409
of those requirements, including the right of the corporation to	410
refuse to transfer, to redeem, or to deny voting or other	411
shareholder rights appurtenant to shares acquired in an	412
acquisition of the shares.	413

(10) Defining, limiting, or regulating the exercise of the 414  
authority of the corporation, the directors, or the officers; 415

(11) Defining, limiting, or regulating the exercise of the 416  
authority of the shareholders; provided, that any amendment of the 417  
regulations that would change or eliminate any such provision 418  
shall be adopted only by the shareholders. 419

(C) The shareholders of a corporation may adopt and may 420  
authorize the directors to adopt, either before or during an 421  
emergency, as that term is defined in division (U) of section 422  
1701.01 of the Revised Code, emergency regulations that shall be 423  
operative only during an emergency. The emergency regulations may 424  
include any provisions that are authorized to be included in 425  
regulations by divisions (A) and (B) of this section. In addition, 426  
unless expressly prohibited by the articles or the regulations, 427  
the emergency regulations may make any provision, notwithstanding 428  
any different provisions in this chapter and notwithstanding any 429  
different provisions in the articles or the regulations that are 430  
not expressly stated to be operative during an emergency, that may 431  
be practical or necessary with respect to the following: 432

(1) The place, if any, and time for holding, the manner of 433  
and authority for calling, giving notice of, and conducting, and 434  
the requirements of a quorum for, meetings of the directors; 435

(2) The creation and appointment of an executive and other 436  
committees of the directors and the delegation of authority to the 437  
committees by the board; 438

(3) The creation, existence, and filling of vacancies, 439  
including temporary vacancies, in the office of director; 440

(4) The selection, by appointment, election, or otherwise, of 441  
officers and other persons to serve as directors for a meeting of 442  
the board in the absence from the meeting of one or more of the 443  
directors; 444

(5) The creation, existence, and filling of vacancies, 445  
including temporary vacancies, in any office; 446

(6) The order of rank and the succession to the duties and 447  
authority of officers. 448

(D)(1) Unless the corporation complies with division (D)(2) 449  
of this section, if the regulations are amended or new regulations 450  
are adopted other than by the shareholders at a meeting held for 451  
that purpose, the secretary of the corporation shall send a copy 452  
of the amendment or the new regulations by mail, overnight 453  
delivery service, or any other means of communication authorized 454  
by the shareholder to whom a copy of the amendment or new 455  
regulations is sent, to each shareholder of record as of the date 456  
of the adoption of the amendment or the new regulations. 457

(2) Any corporation that files periodic reports with the 458  
United States securities and exchange commission pursuant to 459  
section 13 of the "Securities Exchange Act of 1934," 48 Stat. 881, 460  
15 U.S.C. 78m, as amended, or section 15(d) of the "Securities 461  
Exchange Act of 1934," 48 Stat. 881, 15 U.S.C. 78o(d), as amended, 462  
may satisfy the notice to shareholders of record requirement of 463  
division (D)(1) of this section by including a copy of the 464  
amendment or the new regulations in a report filed in accordance 465  
with those sections within twenty days after the adoption of the 466  
amendment or the new regulations. 467

(E) No person dealing with the corporation shall be charged 468  
with constructive notice of the regulations. 469

(F) Unless expressly prohibited by the articles or the 470  
regulations or unless otherwise provided by the emergency 471  
regulations, the following special rules shall be applicable 472  
during an emergency notwithstanding any different provision 473  
elsewhere in this chapter: 474

(1) Meetings of the directors may be called by any officer or 475

director. 476

(2) Notice of the time and place of each meeting of the 477  
directors shall be given to such of the directors as it may be 478  
feasible to reach at the time and by the means of communication, 479  
written or oral, personal or mass, as may be practicable at the 480  
time. 481

(3) The director or directors present at any meeting of the 482  
directors that has been duly called and notice of which has been 483  
duly given shall constitute a quorum for the meeting, and, in the 484  
absence of one or more of the directors, the director or directors 485  
present may appoint one or more of the officers of the corporation 486  
directors for the meeting. 487

(4) If none of the directors attends a meeting of the 488  
directors that has been duly called and notice of which has been 489  
duly given, the officers of the corporation who are present, not 490  
exceeding three, in order of rank, shall be directors for the 491  
meeting, shall constitute a quorum for the meeting, and may 492  
appoint one or more of the other officers of the corporation 493  
directors for the meeting. 494

(5) If the chief executive officer dies, is missing, or for 495  
any other reason is temporarily or permanently incapable of 496  
discharging the duties of the office, the next ranking officer who 497  
is available shall assume the duties and authority of the office 498  
of the deceased, missing, or incapacitated chief executive officer 499  
until such time as the directors otherwise order. 500

(6) The offices of secretary and treasurer shall be deemed to 501  
be of equal rank, and, within the same office and as between the 502  
offices of secretary and treasurer, rank shall be determined by 503  
priority in time of the first election to the office or, if two or 504  
more persons have been first elected to the office at the same 505  
time, by seniority in age. 506

**Sec. 1701.71.** (A)(1)(a) Except as otherwise provided in ~~this~~ 507  
~~division~~ divisions (A)(1)(b), (c), and (d) of this section or 508  
division (A)(2) of this section, the shareholders, at a meeting 509  
held for that purpose, may adopt an amendment, including any 510  
amendment that could be adopted by the directors, by the 511  
affirmative vote of the holders of shares entitling them to 512  
exercise two-thirds of the voting power of the corporation on the 513  
proposal or, if the articles provide or permit, by the affirmative 514  
vote of a greater or lesser proportion, but not less than a 515  
majority, of such voting power, and by the affirmative vote of the 516  
holders of shares of any particular class that is required by the 517  
articles. ~~Any~~ 518

(b) Any amendment that would change or eliminate the 519  
classification of directors of an issuing public corporation whose 520  
directors are classified pursuant to section 1701.57 of the 521  
Revised Code shall be adopted by the shareholders only at a 522  
meeting expressly held for that purpose, by the affirmative votes 523  
required under ~~this~~ division (A)(1)(a) of this section, and also 524  
by the affirmative vote of the holders of at least a majority of 525  
disinterested shares voted on the proposal determined as specified 526  
in division (C)(9) of section 1704.01 of the Revised Code. ~~If~~ 527

(c) Any amendment that would provide that section 1701.831 of 528  
the Revised Code does not apply to control share acquisitions of 529  
shares of an issuing public corporation shall be adopted: 530

(i) Upon the recommendation by the affirmative vote of a 531  
majority of the authorized number of directors of the issuing 532  
public corporation in favor of such amendment; and 533

(ii) By the shareholders only at a meeting expressly held for 534  
the purpose, by the affirmative votes required under division 535  
(A)(1)(a) of this section. 536

(d) If, at the time an amendment to eliminate cumulative 537

voting rights permitted by division (B)(10) of section 1701.69 of 538  
the Revised Code is acted upon by the shareholders, a corporation 539  
does not have issued and outstanding shares that are listed on a 540  
national securities exchange or are regularly quoted in an 541  
over-the-counter market by one or more members of a national or 542  
affiliated securities association, that amendment shall not be 543  
adopted if the votes of a sufficient number of shares are cast 544  
against the amendment that, if cumulatively voted at an election 545  
of all the directors, or all the directors of a particular class, 546  
as the case may be, would at the time the amendment is acted upon 547  
by the shareholders be sufficient to elect at least one director. 548

(2) Whenever under division (B) of this section the holders 549  
of shares of any particular class are entitled to vote as a class 550  
on the adoption of an amendment, the amendment, in order to be 551  
adopted, must receive the affirmative vote of the holders of at 552  
least two-thirds of the shares of that class or, if the articles 553  
provide or permit, a greater or lesser proportion, but not less 554  
than a majority, of the shares of that class. If the proposed 555  
amendment would authorize any particular corporate action that, 556  
under any applicable provision of law or under the existing 557  
articles, could be authorized only by or pursuant to a specified 558  
vote of shareholders, the amendment, in order to be adopted, must 559  
receive the affirmative vote so specified. 560

(B) Regardless of limitations or restrictions in the articles 561  
on the voting rights of the shares of any class, the holders of 562  
shares of a particular class, and in the cases specified in 563  
divisions (B)(6), (7), and (8) of this section the holders of 564  
shares of every class, shall be entitled to vote as a class on the 565  
adoption of an amendment that does any of the following: 566

(1) Increases or decreases the par value of the issued shares 567  
of the particular class, except in the case of an amendment to the 568  
articles adopted by the directors pursuant to division (B)(10) of 569

section 1701.70 of the Revised Code; 570

(2) Changes issued shares of the particular class, whether 571  
with or without par value, into a lesser number of shares of the 572  
same class or into the same or a different number of shares of any 573  
other class, with or without par value, previously or then 574  
authorized; 575

(3) Changes the express terms, or adds express terms, of the 576  
shares of the particular class in any manner substantially 577  
prejudicial to the holders of the shares; 578

(4) Changes the express terms of issued shares of any class 579  
senior to the particular class in any manner substantially 580  
prejudicial to the holders of shares of the particular class; 581

(5) Authorizes shares of another class that are convertible 582  
into, or authorizes the conversion of shares of another class 583  
into, shares of the particular class, or authorizes the directors 584  
to fix or alter conversion rights of shares of another class that 585  
are convertible into shares of the particular class; provided, 586  
however, both of the following apply: 587

(a) The failure to obtain the shareholders' approval only 588  
prevents the conversion of the shares until the shareholders' 589  
approval is obtained and does not otherwise affect the 590  
authorization or any other express terms of the shares; 591

(b) The articles may provide that no vote of the holders of 592  
common shares, as a class, is required in connection with the 593  
authorization of shares of any class that are convertible into 594  
common shares. 595

(6) Provides, in the case of an amendment described in 596  
division (B)(1) or (2) of this section, that the stated capital of 597  
the corporation shall be reduced or eliminated as a result of the 598  
amendment, or provides, in the case of an amendment described in 599  
division (B)(5) of this section, that the stated capital of the 600

corporation shall be reduced or eliminated upon the exercise of 601  
such conversion rights, provided that any reduction or elimination 602  
is consistent with section 1701.30 of the Revised Code; 603

(7) Changes substantially the purposes of the corporation, or 604  
provides that a subsequent amendment to the articles may be 605  
adopted that changes substantially the purposes of the 606  
corporation; 607

(8) Changes a corporation into a nonprofit corporation. 608

(C) An amendment that changes a corporation into a nonprofit 609  
corporation shall contain a statement of purposes proper in the 610  
case of a nonprofit corporation and a statement that, after the 611  
effective date of the amendment, the corporation shall be subject 612  
to the provisions of the Revised Code relating to nonprofit 613  
corporations. In the case of a corporation formed on or after June 614  
9, 1927, the amendment also shall provide for the cancellation of 615  
all outstanding shares and the terms and considerations, if any, 616  
for the cancellation. In the case of a corporation formed prior to 617  
June 9, 1927, the amendment may provide for the cancellation of 618  
outstanding shares, but if it does not so provide, the amendment 619  
shall contain a provision forbidding the payment of dividends or 620  
distributions on any shares after the effective date of the 621  
amendment. 622

**Sec. 1704.01.** As used in this chapter, unless the context 623  
otherwise requires: 624

(A) "Corporation," "domestic corporation," "foreign 625  
corporation," "state," "articles," "shareholder," "person," 626  
"principal office," "express terms," "treasury shares," "parent 627  
corporation," "parent," "subsidiary corporation," "subsidiary," 628  
"combination," "transferee corporation," "majority share 629  
acquisition," "acquiring corporation," "voting shares" when used 630  
in connection with a combination or majority share acquisition, 631

"constituent corporation," "surviving corporation," "close corporation agreement," and "issuing public corporation" have the same meanings as in section 1701.01 of the Revised Code.

(B) "Chapter 1704. transaction" means any of the following:

(1) A merger, consolidation, combination, or majority share acquisition between or involving an issuing public corporation or any subsidiary of an issuing public corporation and any of the following:

(a) An interested shareholder;

(b) A person, partnership, corporation, or other entity, however organized, whether or not it is an interested shareholder, that is, or after the merger, consolidation, combination, or majority share acquisition would be, an affiliate or associate of an interested shareholder.

(2)(a) Subject to the exception in division (B)(2)(b) of this section, a purchase, lease, sale, distribution, dividend, exchange, mortgage, pledge, transfer, or other disposition of assets, directly or indirectly owned or controlled by the issuing public corporation, by, to, with, or for the benefit of an interested shareholder or an affiliate or associate of an interested shareholder in one or more transactions, if, in any of those transactions, the assets meet any of the following conditions:

(i) The assets have an aggregate fair market value equal to at least five per cent of the aggregate fair market value of all the assets, determined on a consolidated basis, of the issuing public corporation;

(ii) The assets have an aggregate fair market value equal to at least five per cent of the aggregate fair market value of all the outstanding shares of the issuing public corporation;

(iii) The assets represent at least ten per cent of the 662  
earning power or income of the issuing public corporation, 663  
determined on a consolidated after-tax basis and after excluding 664  
any transaction other than in the ordinary course of business. 665

(b) One or more transactions in the ordinary course of 666  
business of an issuing public corporation on terms no more 667  
favorable to the interested shareholder than those acceptable to 668  
third parties, as shown by contemporaneous transactions, is not a 669  
Chapter 1704. transaction under division (B)(2)(a) of this 670  
section. 671

(3)(a) Subject to the exception in division (B)(3)(b) of this 672  
section, a purchase, lease, sale, exchange, transfer, or other 673  
disposition of assets directly or indirectly owned or controlled 674  
by the interested shareholder or an affiliate or associate of the 675  
interested shareholder, by, to, with, or for the benefit of the 676  
issuing public corporation in one or more transactions, if, in any 677  
of those transactions, the assets meet any of the conditions set 678  
forth in division (B)(2)(a)(i), (ii), or (iii) of this section. 679

(b) One or more transactions in the ordinary course of 680  
business of an issuing public corporation on terms no more 681  
favorable to the interested shareholder than those acceptable to 682  
third parties, as shown by contemporaneous transactions, is not a 683  
Chapter 1704. transaction under division (B)(3)(a) of this 684  
section. 685

(4) The issuance or transfer to an interested shareholder or 686  
an associate or affiliate of an interested shareholder of any 687  
shares, or of any rights to acquire shares, of the issuing public 688  
corporation or a subsidiary of the issuing public corporation by 689  
the issuing public corporation or a subsidiary of the issuing 690  
public corporation, in one or more transactions, if the shares, or 691  
the rights, have an aggregate fair market value equal to at least 692  
five per cent of the aggregate fair market value of all the 693

outstanding shares of the issuing public corporation and if the 694  
shares, or the rights, are not issued or transferred pursuant to 695  
the exercise of warrants, rights, or options to purchase that have 696  
been issued, or pursuant to a dividend paid or a distribution 697  
made, proportionately to all shareholders of the issuing public 698  
corporation. 699

(5) The adoption of a plan or proposal for the dissolution, 700  
winding up of the affairs, or liquidation of the issuing public 701  
corporation that is proposed by, on behalf of, or pursuant to a 702  
written or unwritten agreement, arrangement, or understanding with 703  
an interested shareholder or an affiliate or associate of an 704  
interested shareholder. 705

(6) Any of the following, if the direct or indirect effect is 706  
to increase the proportionate share of the outstanding shares of 707  
the issuing public corporation or a subsidiary of the issuing 708  
public corporation beneficially owned by an interested shareholder 709  
or an affiliate or associate of an interested shareholder, unless 710  
the increase is the result of immaterial changes due to fractional 711  
share adjustments: 712

(a) A reclassification of securities, including a share 713  
split, a share dividend or other distribution of shares, or a 714  
reverse share split; 715

(b) A recapitalization of the issuing public corporation; 716

(c) A merger, consolidation, combination, or majority share 717  
acquisition between or involving the issuing public corporation 718  
and a subsidiary of the issuing public corporation; 719

(d) Any other transaction, whether or not with, into, or 720  
involving the interested shareholder, that is proposed by, on 721  
behalf of, or pursuant to a written or unwritten agreement, 722  
arrangement, or understanding with the interested shareholder or 723  
an affiliate or associate of the interested shareholder. 724

(7) Receipt by an interested shareholder or an affiliate or  
associate of an interested shareholder of the direct or indirect  
benefit of a loan, advance, pension or any other employee benefit  
plan termination, guarantee, pledge, mortgage, security agreement,  
financing statement, deed of trust, or other financial assistance,  
or a tax credit or other tax advantage, provided by or through the  
issuing public corporation or any subsidiary of the issuing public  
corporation unless the interested shareholder receives the benefit  
proportionately as a holder of shares of the issuing public  
corporation.

(C) When used in connection with a Chapter 1704. transaction: 735

(1) "Affiliate" means a person that directly, or indirectly  
through one or more intermediaries, controls, is controlled by, is  
under common control with, or acts in concert with, a specified  
person.

(2) "Announcement date" means the date of the first public  
announcement of a definitive proposal for a Chapter 1704.  
transaction.

(3) "Associate" of a person means any of the following: 743

(a) A corporation, partnership, or other entity, however  
organized, of which the person is an officer, director, or partner  
or is the beneficial owner of shares entitling that person to  
exercise at least ten per cent of the voting power in the election  
of the directors or other governing body of that corporation,  
partnership, or other entity;

(b) A trust or other estate, including any employee stock  
ownership or benefit plan, however designated, in which the person  
has a substantial beneficial interest or as to which the person  
serves as trustee or in a similar fiduciary capacity;

(c) A relative or spouse of the person, or a relative of the  
spouse of the person, who has the same principal residence as the

person. 756

(4) "Beneficial owner" of shares means a person who, with 757  
respect to particular shares, meets any of the following 758  
conditions: 759

(a) The person directly or indirectly, alone or with others, 760  
including affiliates or associates of that person, beneficially 761  
owns the shares; 762

(b) The person directly or indirectly, alone or with others, 763  
including affiliates or associates of that person, has the right, 764  
whether exercisable immediately or only after the passage of time, 765  
conditionally, unconditionally, or otherwise, to acquire the 766  
shares pursuant to a written or unwritten agreement, arrangement, 767  
or understanding or upon the exercise of conversion rights, 768  
exchange rights, warrants, calls, options, or otherwise; 769

(c) The person directly or indirectly, alone or with others, 770  
including affiliates or associates of that person, has the right 771  
to vote or direct the voting of the shares pursuant to a written 772  
or unwritten agreement, arrangement, or understanding; 773

(d) The person has a written or unwritten agreement, 774  
arrangement, or understanding with another person who is directly 775  
or indirectly a beneficial owner, or whose affiliates or 776  
associates are direct or indirect beneficial owners, of the 777  
shares, if the agreement, arrangement, or understanding is for the 778  
purpose of the first person's or the other person's acquiring, 779  
holding, disposing of, voting, or directing the voting of the 780  
shares to or for the benefit of the first person. A bank, broker, 781  
nominee, trustee, or other person who acquires shares for the 782  
benefit of others in the ordinary course of business in good faith 783  
and not for the purpose of circumventing the provisions of this 784  
chapter shall, however, be deemed to be the beneficial owner only 785  
of shares in respect of which that person, without further 786

instruction from others, holds voting power. 787

(5) "Consummation date" means the date on which consummation 788  
of a Chapter 1704. transaction occurs. 789

(6) "Control," "controlled by," or "under common control 790  
with" refers to the possession, directly or indirectly, of the 791  
power to direct or cause the direction of the management and 792  
policies of a person, whether through the exercise of or the 793  
ability to exercise voting power, by contract, or otherwise, 794  
except that "control" of a corporation is not established for 795  
purposes of this division if a person, in good faith and not for 796  
the purpose of circumventing the provisions of this chapter, holds 797  
voting power as an agent, custodian, bank, broker, nominee, or 798  
trustee for one or more beneficial owners who do not individually 799  
or as a group have control of the corporation. 800

(7) "Exchange Act" means the "Securities Exchange Act of 801  
1934," 48 Stat. 881, 15 U.S.C.A. 78a-78jj, as amended, and any 802  
successor or replacement legislation and amendments to the 803  
successor or replacement legislation. 804

(8) "Interested shareholder," with respect to an issuing 805  
public corporation, means a person other than the issuing public 806  
corporation, a subsidiary of that issuing public corporation, any 807  
employee stock ownership or benefit plan of the issuing public 808  
corporation or a subsidiary of that issuing public corporation, or 809  
any trustee or fiduciary with respect to any such plan acting in 810  
such capacity who ~~is~~ meets either of the following criteria: 811

(a) Is the beneficial owner of a sufficient number of shares 812  
of the issuing public corporation that, when added to all other 813  
shares of the issuing public corporation in respect of which that 814  
person may exercise or direct the exercise of voting power, would 815  
entitle that person, directly or indirectly, alone or with others, 816  
including affiliates and associates of that person, to exercise or 817

direct the exercise of ten per cent of the voting power of the 818  
issuing public corporation in the election of directors after 819  
taking into account all of that person's beneficially owned shares 820  
that are not currently outstanding; 821

(b) At any time within the three-year period immediately 822  
prior to the date on which it is sought to be determined whether 823  
the person is an interested shareholder, was the beneficial owner 824  
of a sufficient number of shares of the issuing public corporation 825  
that, when added to all other shares of the issuing public 826  
corporation in respect of which that person may have exercised or 827  
directed the exercise of voting power at the time it beneficially 828  
owned such shares, entitled that person, directly or indirectly, 829  
alone or with others, including affiliates and associates of that 830  
person, to exercise or direct the exercise of ten per cent of the 831  
voting power of the issuing public corporation in election of 832  
directors after taking into account all of the person's 833  
beneficially owned shares that were not, at the time it 834  
beneficially owned such shares, currently outstanding. 835

(9) "Disinterested shares" means voting shares beneficially 836  
owned by any person not an interested shareholder or an affiliate 837  
or associate of an interested shareholder. 838

(10) "Share acquisition date," with respect to any person, 839  
means the date on which that person first becomes an interested 840  
shareholder of an issuing public corporation. 841

(11) "Voting shares" means shares of a domestic or foreign 842  
corporation, entitling the holder of the shares to vote at the 843  
time in the election of directors of the corporation without 844  
regard to the voting power represented by shares that thereafter 845  
may exist upon a default, failure, or other contingency. 846

**Sec. 1704.05.** This chapter does not apply to any of the 847  
following: 848

(A) A Chapter 1704. transaction if on the interested 849  
shareholder's share acquisition date, the issuing public 850  
corporation, other than a bank as defined in section 1101.01 of 851  
the Revised Code, did not have a class of voting shares registered 852  
or traded on a national securities exchange or registered under 853  
section 12(g) of the Exchange Act or was not required to file 854  
periodic reports and information pursuant to section 15(d) of the 855  
Exchange Act. 856

(B)(1) A Chapter 1704. transaction if the interested 857  
shareholder was an interested shareholder on the date immediately 858  
preceding the effective date of this section; except that this 859  
chapter shall apply, and the share acquisition date shall be the 860  
date, when the interested shareholder increases its beneficial 861  
ownership of voting power of the issuing public corporation to a 862  
proportion in excess of the proportion of voting power that the 863  
interested shareholder beneficially owned on the date immediately 864  
preceding the effective date of this section unless the interested 865  
shareholder's subsequent increase in beneficial ownership results 866  
from or is the consequence of any of the following circumstances: 867

(a) The increase is by bequest or inheritance, by operation 868  
of law upon the death of any individual, or by any other transfer 869  
without valuable consideration, including a gift, that is made in 870  
good faith and not for the purpose of circumventing the provisions 871  
of this chapter; 872

(b) The increase is pursuant to the satisfaction of a pledge 873  
or other security interest created in good faith and not for the 874  
purpose of circumventing the provisions of this chapter; 875

(c) The increase is the result solely of the purchase by the 876  
issuing public corporation of shares issued by it; 877

(d) The increase is in accordance with approval by the 878  
directors of the issuing public corporation before the increase 879

occurred. 880

(2) If this chapter would have applied to the increase of 881  
beneficial ownership described in division (B)(1) of this section 882  
but for the application of an exception described in division 883  
(B)(1)(a), (b), (c), or (d) of this section, this chapter shall 884  
apply if the interested shareholder's subsequent increase in its 885  
proportion of beneficial ownership is not the result or a 886  
consequence of any of the circumstances described in division 887  
(B)(1)(a), (b), (c), or (d) of this section. 888

(C) A Chapter 1704. transaction if the interested shareholder 889  
was an interested shareholder on the date immediately preceding 890  
the effective date of this section and inadvertently increases its 891  
beneficial ownership of voting power of the issuing public 892  
corporation to a proportion in excess of the proportion of voting 893  
power that the interested shareholder beneficially owned on the 894  
date immediately preceding the effective date of this section, 895  
provided that, as soon as practicable, the interested shareholder 896  
divests itself of beneficial ownership of a sufficient number of 897  
voting shares of the issuing public corporation that the 898  
interested shareholder is no longer the beneficial owner of a 899  
proportion of voting power in excess of the proportion of voting 900  
power that the interested shareholder beneficially owned on the 901  
date immediately preceding the effective date of this section. 902

(D)(1) A Chapter 1704. transaction if a person becomes an 903  
interested shareholder through an acquisition of voting shares 904  
that resulted from or was the consequence of any of the 905  
circumstances described in division (B)(1)(a), (b), (c), or (d) of 906  
this section, except that this chapter shall apply, and the share 907  
acquisition date shall be the date, when the interested 908  
shareholder increases its beneficial ownership of voting power of 909  
the issuing public corporation to a proportion in excess of the 910  
proportion of voting power that the interested shareholder 911

beneficially owned on the date on which it became an interested 912  
shareholder unless the interested shareholder's subsequent 913  
increase in beneficial ownership results from or is a consequence 914  
of any of the circumstances described in division (B)(1)(a), (b), 915  
(c), or (d) of this section. 916

(2) If this chapter would have applied to the acquisition of 917  
voting shares described in division (D)(1) of this section but for 918  
the application of an exception described in division (B)(1)(a), 919  
(b), (c), or (d) of this section, this chapter shall apply if the 920  
interested shareholder's subsequent increase in its proportion of 921  
beneficial ownership is not the result or a consequence of any of 922  
the circumstances described in division (B)(1)(a), (b), (c), or 923  
(d) of this section. 924

(E) A Chapter 1704. transaction if a person became an 925  
interested shareholder inadvertently, provided that, as soon as 926  
practicable, the person divests itself of beneficial ownership of 927  
a sufficient number of voting shares of the issuing public 928  
corporation that the person no longer is an interested 929  
shareholder. 930

(F)(1) Subject to division (F)(2) of this section, a Chapter 931  
1704. transaction if the original articles of the issuing public 932  
corporation state, or if the articles of the issuing public 933  
corporation have been amended in compliance with the provisions of 934  
section 1701.70, 1701.71, or 1701.72 of the Revised Code to state, 935  
by specific reference to this chapter, that this chapter does not 936  
apply to the corporation and if any of the following applies: 937

(a) The corporation had fewer than fifty shareholders or was 938  
not an issuing public corporation when the statement initially was 939  
set forth in the articles. 940

(b) No shareholder of the corporation qualified as an 941  
interested shareholder when the statement was initially set forth 942

in the articles. 943

(c) The statement was contained in an amendment to the 944  
articles and the amendment was approved, upon the recommendation 945  
by the affirmative vote of a majority of the authorized number of 946  
directors of the corporation in favor of such amendment, by the 947  
holders of two-thirds of all outstanding shares of the corporation 948  
entitled to vote in the election of directors and by the holders 949  
of two-thirds of all outstanding disinterested shares of the 950  
acquiring public corporation entitled to vote in the election of 951  
directors. 952

(2) If, however, a Chapter 1704. transaction would have been 953  
prohibited but for the adoption of an amendment to the articles in 954  
compliance with division (F)(1)(b) or (c) of this section, the 955  
issuing public corporation shall not engage in a Chapter 1704. 956  
transaction for twelve months following the adoption of the 957  
amendment; in addition, if this chapter would have applied to a 958  
person who became an interested shareholder prior to the adoption 959  
of such an amendment, this chapter shall continue to apply to a 960  
Chapter 1704. transaction between the issuing public corporation 961  
and the interested shareholder as if the amendment had not been 962  
adopted. 963

(G) A Chapter 1704. transaction between an acquiring public 964  
corporation and any employee benefit plan, or any trust under any 965  
employee benefit plan, established by the issuing public 966  
corporation, and any distribution or payment made by the employee 967  
benefit plan or trust to any beneficiary. 968

(H) A Chapter 1704. transaction that involves any acquisition 969  
of securities of an issuing public corporation pursuant to an 970  
employee stock option plan, an employee stock purchase plan, an 971  
employee stock bonus plan, an employee stock ownership plan, or 972  
any similar plan designed to benefit one or more employees 973  
established by the issuing public corporation, provided the 974

acquisition of the securities and the establishment of, any 975  
amendment to, and the administration of the plan are in good faith 976  
and not for the purpose of circumventing the provisions of this 977  
chapter. 978

(I) A Chapter 1704. transaction that involves compensation 979  
directly or indirectly received by a director, officer, employee, 980  
agent, or independent contractor of an issuing public corporation 981  
in return for services rendered or to be rendered to the issuing 982  
public corporation, provided the payment of the compensation and 983  
the services rendered, or to be rendered, are in good faith and 984  
not for the purpose of circumventing the provisions of this 985  
chapter. 986

(J) A Chapter 1704. transaction that involves any loan of 987  
money or property of an issuing public corporation to a director, 988  
officer, employee, agent, or independent contractor of the issuing 989  
public corporation, provided the loan is designed to encourage the 990  
rendering of needed, valuable, and efficient services to the 991  
issuing public corporation and provided the loan is made and the 992  
services are rendered, or are to be rendered, in good faith and 993  
not for the purpose of circumventing the provisions of this 994  
chapter. 995

(K) A Chapter 1704. transaction in which an issuing public 996  
corporation makes a loan of money or other property to, guarantees 997  
any loan of money or other property to, or guarantees any 998  
obligation of, an employee stock ownership plan, as defined in 999  
Section 4975(e)(7) of the "Internal Revenue Code of 1986," 68A 1000  
Stat. 3, 26 U.S.C.A. 1, as amended, of the issuing public 1001  
corporation. 1002

**Section 2.** That existing sections 1701.01, 1701.11, 1701.71, 1003  
1704.01, and 1704.05 of the Revised Code are hereby repealed. 1004