

As Introduced

136th General Assembly

Regular Session

2025-2026

S. B. No. 353

Senator Lang

To enact sections 1701.031, 1701.592, 1701.593, 1
1701.594, 1701.595, 1701.596, and 1701.597 of 2
the Revised Code regarding the regulation of the 3
internal affairs of domestic corporations and 4
corporate use of committees of independent and 5
disinterested directors. 6

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

Section 1. That sections 1701.031, 1701.592, 1701.593, 7
1701.594, 1701.595, 1701.596, and 1701.597 of the Revised Code 8
be enacted to read as follows: 9

Sec. 1701.031. The internal affairs and activities of any 10
corporation incorporated in Ohio are governed under the law of 11
this state. 12

Sec. 1701.592. The board of directors may adopt a 13
resolution to authorize the formation of a committee of 14
independent and disinterested directors to review and approve 15
transactions, whether or not contemplated at the time of the 16
committee's formation. Such directors need not be incumbent 17
directors to serve on the committee of independent and 18
disinterested directors authorized under this section. Such 19
transactions may involve the corporation or any of its 20

subsidiaries and a controlling shareholder, director, or 21
officer. 22

Sec. 1701.593. (A) If, upon the appointment of directors 23
to a committee under section 1701.592 of the Revised Code, a 24
shareholder, a subsidiary, or the corporation has a genuine 25
belief that one or more of the directors appointed is not 26
independent or disinterested with respect to any transactions 27
involving the corporation or any of its subsidiaries and a 28
controlling shareholder, director, or officer, the shareholder, 29
subsidiary, or corporation may, in good faith, petition a court 30
in accordance with division (B) of this section to hold an 31
evidentiary hearing to determine whether the directors appointed 32
to the committee are independent and disinterested. 33

(B) A petition filed under this section shall be filed in 34
the court of common pleas in the county where the corporation's 35
principal place of business in this state is located. 36

(C) In the petition, the corporation shall designate legal 37
counsel to act on behalf of the corporation and its 38
shareholders, other than the controlling shareholder, director, 39
or officer involved in the transaction. 40

(D) Notice that the petition has been filed under this 41
section shall be provided to shareholders. The notice shall 42
inform the corporation's shareholders of all of the following: 43

(1) That a petition has been filed under this section; 44

(2) The court in which the petition has been filed; 45

(3) The case number for the proceeding; 46

(4) The identity of the legal counsel designated to act on 47
behalf of the corporation and its shareholders, other than the 48

controlling shareholder, director, or officer involved in the 49
transaction. 50

(E) Notice required under this section may occur 51
electronically via the corporation's web site or be otherwise 52
delivered via electronic mail. If the corporation has a class or 53
series of voting shares listed on a national securities 54
exchange, such notice may also be provided through filing of a 55
current report with the United States securities and exchange 56
commission in accordance with the requirements of the 57
"Securities Exchange Act of 1934," 15 U.S.C. 78a, et seq., and 58
any rules promulgated under that act. 59

Sec. 1701.594. (A) The shareholders, other than the 60
controlling shareholder, director, or officer involved in the 61
transaction, have the right to participate in the evidentiary 62
proceeding under sections 1701.593 to 1701.595 of the Revised 63
Code in person or through counsel. 64

(B) Not earlier than the tenth day after the date the 65
notice required under division (D) of section 1701.593 of the 66
Revised Code is given, the court shall hold a preliminary 67
hearing to determine the appropriate legal counsel to represent 68
the corporation and its shareholders, other than the controlling 69
shareholder, director, or officer involved in the transaction, 70
in accordance with division (C) of this section, whether or not 71
the same as the legal counsel identified in the petition. 72

(C) Any other legal counsel representing a shareholder, 73
other than the controlling shareholder, director, or officer 74
involved in the transaction, may participate in the hearing to 75
do either of the following: 76

(1) Object to counsel designated by the corporation in the 77

petition on the ground that the designated counsel is 78
insufficiently independent and disinterested; 79

(2) Request designation by the court as the appropriate 80
legal counsel. 81

Sec. 1701.595. (A) After the court determines the 82
appropriate legal counsel under section 1701.594 of the Revised 83
Code, the court shall promptly hold an evidentiary hearing as to 84
whether the directors on the committee are independent and 85
disinterested with respect to transactions involving the 86
corporation or any of its subsidiaries and a controlling 87
shareholder, director, or officer. 88

(B) The appropriate legal counsel determined under section 89
1701.594 of the Revised Code and legal counsel for the 90
corporation and its board of directors may participate in the 91
hearing. 92

(C) After hearing and reviewing the evidence presented, 93
the court shall make its determination as to whether the 94
directors on the committee are independent and disinterested. 95

Sec. 1701.596. (A) The court's determination that the 96
directors are independent and disinterested under section 97
1701.595 of the Revised Code shall be dispositive in the absence 98
of facts, not presented to the court, constituting evidence 99
sufficient to prove that one or more of those directors is not 100
independent and disinterested with respect to a particular 101
transaction involving the corporation or any of its subsidiaries 102
and a controlling shareholder, director, or officer. 103

(B) If a court of common pleas determines that the 104
directors on the committee are independent and disinterested 105
with respect to transactions involving the corporation or any of 106

its subsidiaries and a controlling shareholder, director, or 107
officer, the decisions made or recommendations issued by the 108
committee are entitled to all presumptions of independence and 109
disinterestedness, including the application of the business 110
judgment rule and all entitlements under section 1701.59 of the 111
Revised Code. 112

Sec. 1701.597. The court of common pleas shall make all 113
due effort to reach determinations as promptly as possible to 114
promote the use of committees comprised of independent and 115
disinterested directors. 116