

## As Introduced

136th General Assembly

Regular Session

2025-2026

S. B. No. 353

Senator Lang

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

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

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

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

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

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<u>subsidiaries and a controlling shareholder, director, or</u>	21
<u>officer.</u>	22
<u><b>Sec. 1701.593. (A) If, upon the appointment of directors</b></u>	23
<u>to a committee under section 1701.592 of the Revised Code, a</u>	24
<u>shareholder, a subsidiary, or the corporation has a genuine</u>	25
<u>belief that one or more of the directors appointed is not</u>	26
<u>independent or disinterested with respect to any transactions</u>	27
<u>involving the corporation or any of its subsidiaries and a</u>	28
<u>controlling shareholder, director, or officer, the shareholder,</u>	29
<u>subsidiary, or corporation may, in good faith, petition a court</u>	30
<u>in accordance with division (B) of this section to hold an</u>	31
<u>evidentiary hearing to determine whether the directors appointed</u>	32
<u>to the committee are independent and disinterested.</u>	33
<u>(B) A petition filed under this section shall be filed in</u>	34
<u>the court of common pleas in the county where the corporation's</u>	35
<u>principal place of business in this state is located.</u>	36
<u>(C) In the petition, the corporation shall designate legal</u>	37
<u>counsel to act on behalf of the corporation and its</u>	38
<u>shareholders, other than the controlling shareholder, director,</u>	39
<u>or officer involved in the transaction.</u>	40
<u>(D) Notice that the petition has been filed under this</u>	41
<u>section shall be provided to shareholders. The notice shall</u>	42
<u>inform the corporation's shareholders of all of the following:</u>	43
<u>(1) That a petition has been filed under this section;</u>	44
<u>(2) The court in which the petition has been filed;</u>	45
<u>(3) The case number for the proceeding;</u>	46
<u>(4) The identity of the legal counsel designated to act on</u>	47
<u>behalf of the corporation and its shareholders, other than the</u>	48

<u>controlling shareholder, director, or officer involved in the transaction.</u>	49
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<u>(E) Notice required under this section may occur electronically via the corporation's web site or be otherwise delivered via electronic mail. If the corporation has a class or series of voting shares listed on a national securities exchange, such notice may also be provided through filing of a current report with the United States securities and exchange commission in accordance with the requirements of the "Securities Exchange Act of 1934," 15 U.S.C. 78a, et seq., and any rules promulgated under that act.</u>	51
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<u><b>Sec. 1701.594. (A) The shareholders, other than the controlling shareholder, director, or officer involved in the transaction, have the right to participate in the evidentiary proceeding under sections 1701.593 to 1701.595 of the Revised Code in person or through counsel.</b></u>	60
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<u>(B) Not earlier than the tenth day after the date the notice required under division (D) of section 1701.593 of the Revised Code is given, the court shall hold a preliminary hearing to determine the appropriate legal counsel to represent the corporation and its shareholders, other than the controlling shareholder, director, or officer involved in the transaction, in accordance with division (C) of this section, whether or not the same as the legal counsel identified in the petition.</u>	65
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<u>(C) Any other legal counsel representing a shareholder, other than the controlling shareholder, director, or officer involved in the transaction, may participate in the hearing to do either of the following:</u>	73
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<u>(1) Object to counsel designated by the corporation in the</u>	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