

BILL ANALYSIS

C.S.H.B. 2827
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Business & Industry
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties assert the importance of updating the Business Organizations Code biennially to keep Texas competitive with other leading business-law states and synchronized with the Model Business Corporation Act. C.S.H.B. 2827 seeks to provide for this biennial update.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2827 amends the Business Organizations Code to make certain revisions to statutory provisions governing the proceedings involved in the ratification of defective corporate acts or shares, including the process by which the board of directors of a for-profit corporation ratifies one or more defective corporate acts by resolution, the quorum and voting requirements for the adoption of such a resolution, the exception to the requirement that shareholders approve a ratified defective act following such adoption, the notice requirements for the shareholder meeting at which shareholder approval for a ratified defective corporate act will be decided and the quorum and voting requirements for such a meeting, the required filing of a certificate of validation for certain ratified defective corporate acts, the retroactive effect the ratification of a defective corporate act has on the act, the effect the ratification of such an act has on putative shares issued or purportedly issued, the required notice to shareholders following the ratification of a defective corporate act, the non-exclusivity of statutory ratification or judicial validation of a defective corporate act as a means of adopting or endorsing any act or transaction taken by or in the name of a corporation before the corporation exists, and the statute of limitations for actions relating to the ratification of defective corporate acts.

C.S.H.B. 2827 requires the secretary of state to impose a fee of \$15 for a filing by or for a for-profit corporation of a certificate of validation for a ratification of a defective corporate act plus the filing fee imposed for filing each new filing instrument that is attached as an exhibit to the certificate of validation. The bill requires the secretary of state to impose a fee of \$50 for a filing by or for a nonprofit association of a certificate of merger or conversion, regardless of whether the surviving or new nonprofit organization is a domestic or foreign entity, and to impose a fee of \$5 for a filing by or for a nonprofit association of any instrument of such an association for which a statutory fee is not expressly provided.

C.S.H.B. 2827 authorizes an ownership interest that is held of record in the names of two or

more persons to be voted by any one of the record owners. The bill authorizes an ownership interest for which two or more persons have the right to vote the interest under statutory provisions relating to the voting of interests in estates or trusts to be voted by any one of the persons having the right to vote the interest. The bill establishes, if either such jointly held ownership interest is so voted by more than one person, that the act of a majority of the persons voting binds all of the record owners or persons having the right to vote the interest unless the votes of the persons are evenly split on any particular matter, in which case the bill authorizes each faction to vote the interest proportionately. The bill establishes that such provisions do not apply if the secretary or other person tabulating votes on the entity's behalf has a good faith belief, based on written information the person received regarding rights or obligations with respect to voting such a jointly held ownership interest, that reliance on such provisions, as applicable, is unwarranted.

C.S.H.B. 2827 provides that the authorization by the board of directors of a for-profit corporation for the issuance of shares may provide that any shares to be issued under the authorization may be issued in one or more transactions in the numbers and at the times as stated in or determined by the authorization or issued in the manner stated in the authorization if certain specified conditions apply.

C.S.H.B. 2827 authorizes, for purposes of a determination of consideration for shares and in addition to such a determination made by an approved formula, the amount of the consideration to be received for shares to be determined by a for-profit corporation's board of directors under a plan of conversion or merger, as applicable, by the approval of a minimum amount of consideration. The bill authorizes such a formula to include or be made dependent on facts ascertainable outside the formula if the manner in which those facts operate on the formula is clearly or expressly set forth in the formula or in the authorization approving the formula. The bill authorizes a formula by which the consideration for stock rights, options, and convertible indebtedness for a for-profit corporation may be determined to include or be made dependent on such outside facts provided such manner is so set forth.

C.S.H.B. 2827 authorizes the board of directors of a for-profit corporation to authorize a distribution by determining the maximum amount that may be distributed and the period during which the maximum amount may be distributed, including by setting a formula to determine the amount to be distributed. The bill provides that such an authorization may provide that the distribution be paid either in the amounts and at the times stated in the authorization or in the manner stated in the authorization if certain conditions apply.

C.S.H.B. 2827 requires separate voting by a class or series of shares of a for-profit corporation for approval of a plan of merger or conversion if that class or series of shares is, under the plan of merger or conversion, to be converted into or exchanged for other securities, interests, obligations, rights to acquire shares, interests, or other securities, cash, property, or any combination of such items.

C.S.H.B. 2827 establishes, for purposes of the presumption that a director of a for-profit or nonprofit corporation who is present at a meeting of the board of directors at which action has been taken is presumed to have assented unless the director takes certain actions in regard to the director's dissent, that, in the case of such a director's abstention, the abstention has been entered in the minutes of the meeting, such a director has filed a written abstention with respect to the action with the person acting as the secretary of the meeting before the meeting is adjourned, or such a director has sent a written abstention to the secretary of the corporation within a reasonable time after the meeting has been adjourned. The bill revises the methods for delivery of a shareholder's dissent to the secretary of a close corporation for purposes of proving such dissent in order to limit such shareholder's liability, of a written demand sent by a member of a nonprofit corporation or a real estate investment trust that an annual meeting be held within a reasonable time if such meeting is not called as required, of a written dissent or abstention by a director of a for-profit or nonprofit corporation, and of written notice sent to a cooperative

association by the secretary of state regarding the association's failure to file a certain report.

C.S.H.B. 2827 makes statutory provisions governing mergers, interest exchanges, conversions, and sales of assets applicable to a nonprofit association and authorizes a nonprofit association to effect a merger or conversion by complying with such provisions as applicable and with the nonprofit association's governing documents.

C.S.H.B. 2827 sets out provisions relating to the perpetual duration of a domestic for-profit corporation formed before September 6, 1955, and a domestic nonprofit corporation formed before August 10, 1959.

EFFECTIVE DATE

September 1, 2017.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2827 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED	HOUSE COMMITTEE SUBSTITUTE
SECTION 1. Section 4.152, Business Organizations Code, is amended.	SECTION 1. Same as introduced version.
SECTION 2. Section 4.159, Business Organizations Code, is amended.	SECTION 2. Same as introduced version.
SECTION 3. Subchapter D, Chapter 6, Business Organizations Code, is amended.	SECTION 3. Same as introduced version.
SECTION 4. Section 10.010, Business Organizations Code, is amended.	SECTION 4. Same as introduced version.
SECTION 5. Section 10.108, Business Organizations Code, is amended.	SECTION 5. Same as introduced version.
SECTION 6. Section 21.157, Business Organizations Code, is amended.	SECTION 6. Same as introduced version.
SECTION 7. Section 21.160(d), Business Organizations Code, is amended.	SECTION 7. Same as introduced version.
SECTION 8. Section 21.168(c), Business Organizations Code, is amended.	SECTION 8. Same as introduced version.
SECTION 9. Section 21.218(b), Business Organizations Code, is amended.	SECTION 9. Same as introduced version.
SECTION 10. Section 21.302, Business Organizations Code, is amended.	SECTION 10. Same as introduced version.
SECTION 11. Section 21.414, Business Organizations Code, is amended.	SECTION 11. Same as introduced version.

SECTION 12. Section 21.458(a), Business Organizations Code, is amended to read as follows:

(a) Separate voting by a class or series of shares of a corporation is required for approval of a plan of merger or conversion if:

(1) that class or series of shares is, under the plan of merger or conversion, to be converted into or exchanged for other securities, interests, obligations, rights to acquire shares, cash, property, or any combination of the items described by this subdivision;

(2) the plan of merger or conversion contains a provision that would require approval by that class or series of shares under Section 21.364 if the provision was contained in a proposed amendment to the corporation's certificate of formation; or

(3) [~~2~~] that class or series of shares is entitled under the certificate of formation to vote as a class or series on the plan of merger or conversion.

SECTION 13. Section 21.607, Business Organizations Code, is amended.

SECTION 14. Section 21.729(c), Business Organizations Code, is amended.

SECTION 15. Sections 21.901(4), (5), and (8), Business Organizations Code, are amended.

SECTION 16. Section 21.903, Business Organizations Code, is amended.

SECTION 17. Section 21.904, Business Organizations Code, is amended.

SECTION 18. Section 21.905, Business Organizations Code, is amended.

SECTION 19. Section 21.906, Business Organizations Code, is amended.

SECTION 20. Section 21.907, Business Organizations Code, is amended.

SECTION 21. Section 21.908, Business Organizations Code, is amended to read as follows:

Sec. 21.908. CERTIFICATE OF VALIDATION. (a) If a [~~the~~] defective

SECTION 12. Section 21.458(a), Business Organizations Code, is amended to read as follows:

(a) Separate voting by a class or series of shares of a corporation is required for approval of a plan of merger or conversion if:

(1) that class or series of shares is, under the plan of merger or conversion, to be converted into or exchanged for other securities, interests, obligations, rights to acquire shares, interests, or other securities, cash, property, or any combination of the items described by this subdivision;

(2) the plan of merger or conversion contains a provision that would require approval by that class or series of shares under Section 21.364 if the provision was contained in a proposed amendment to the corporation's certificate of formation; or

(3) [~~2~~] that class or series of shares is entitled under the certificate of formation to vote as a class or series on the plan of merger or conversion.

SECTION 13. Same as introduced version.

SECTION 14. Same as introduced version.

SECTION 15. Same as introduced version.

SECTION 16. Same as introduced version.

SECTION 17. Same as introduced version.

SECTION 18. Same as introduced version.

SECTION 19. Substantially same as introduced version.

SECTION 20. Same as introduced version.

SECTION 21. Section 21.908, Business Organizations Code, is amended to read as follows:

Sec. 21.908. CERTIFICATE OF VALIDATION. (a) If a [~~the~~] defective

corporate act ratified under this subchapter would have required under any other provision of the corporate statute the filing of a filing instrument or other document with the filing officer, the corporation[; ~~instead of filing the filing instrument or other document otherwise required by this code;~~] shall file a certificate of validation with respect to the defective corporate act in accordance with Chapter 4, regardless of whether a filing instrument or other document was previously filed with respect to the defective corporate act. The filing of another filing instrument or document is not required.

(a-1) A separate certificate of validation is required for each defective corporate act for which a certificate of validation is required under this section, except that:

(1) two or more defective corporate acts may be included in a single certificate of validation if the corporation filed, or to comply with the applicable provisions of this code could have filed, a single filing instrument or other document under another provision of this code to effect the acts;

(2) a single certificate of validation may be filed to amend the certificate of formation of the corporation to establish a new class or series of shares or to increase the number of authorized shares of any class or series of shares, in order to cure multiple previous overissues of the shares of the class or series; and

(3) a single certificate of validation may be filed to amend the corporation's certificate of formation to establish two or more new classes or series of shares, to increase the number of authorized shares of two or more classes or series of shares, or to establish one or more new classes or series of shares and increase the number of authorized shares of one or more classes or series of shares, in order to cure multiple previous overissues of the shares of all the classes and series that are the subjects of the certificate of validation.

(a-2) A certificate of validation described by Subsection (a-1)(2) is effective as of the first overissue of the shares of the class or series that is the subject of the certificate of validation.

(a-3) A certificate of validation described by Subsection (a-1)(3) is effective as to each class or series that is a subject of the

corporate act ratified under this subchapter would have required under any other provision of the corporate statute the filing of a filing instrument or other document with the filing officer, the corporation[; ~~instead of filing the filing instrument or other document otherwise required by this code;~~] shall file a certificate of validation with respect to the defective corporate act in accordance with Chapter 4, regardless of whether a filing instrument or other document was previously filed with respect to the defective corporate act. The filing of another filing instrument or document is not required.

(a-1) A separate certificate of validation is required for each defective corporate act for which a certificate of validation is required under this section, except that:

(1) two or more defective corporate acts may be included in a single certificate of validation if the corporation filed, or to comply with the applicable provisions of this code could have filed, a single filing instrument or other document under another provision of this code to effect the acts;

(2) a single certificate of validation may be filed to amend the certificate of formation of the corporation to establish a new class or series of shares or to increase the number of authorized shares of any class or series of shares, in order to cure multiple previous overissues of the shares of the class or series; and

(3) a single certificate of validation may be filed to amend the corporation's certificate of formation to establish two or more new classes or series of shares, to increase the number of authorized shares of two or more classes or series of shares, or to establish one or more new classes or series of shares and increase the number of authorized shares of one or more classes or series of shares, in order to cure multiple previous overissues of the shares of all the classes and series that are the subjects of the certificate of validation.

(a-2) An amendment effected by a certificate of validation described by Subsection (a-1)(2) or (3) is effective as to

certificate of validation as of the first overissue of the shares of the class or series.

(b) The certificate of validation must include [set forth]:

(1) each defective corporate act that is a subject of the certificate of validation, including:

(A) for a defective corporate act involving the issuance of putative shares, the number and type of putative shares issued and the date or dates on which the putative shares were purported to have been issued;

(B) the date of the defective corporate act; and

(C) the nature of the failure of authorization with respect to the defective corporate act [a copy of the resolution adopted in accordance with Sections 21.903 and 21.904, the date of adoption of the resolution by the board of directors and, if applicable, the date of adoption by the shareholders, and a statement that the resolution was adopted in accordance with this subchapter];

(2) a statement that each defective corporate act was ratified in accordance with this subchapter, including:

(A) the date on which the board of directors ratified each defective corporate act; and

(B) the date, if any, on which the shareholders approved the ratification of each defective corporate act; and

(3) as appropriate:

(A) if a filing instrument [~~or document~~] was previously filed with a filing officer under the corporate statute with [in] respect to [of] the defective corporate act and no change to the filing instrument is required to give effect to the defective corporate act as ratified in accordance with this subchapter:

(i) the name, [~~the~~] title, and filing date [of filing] of the previously filed [~~prior~~] filing instrument and of any certificate of correction to the filing instrument; and

(ii) a statement that a copy of the previously filed filing instrument, together with [~~or document and~~] any [~~articles or~~] certificate of correction to the filing instrument, is attached as an exhibit to the certificate of validation [filing instrument]; [and]

(B) if a filing instrument was previously filed with a filing officer under the corporate statute with respect to the defective corporate act and the filing instrument requires any change to give effect to the

each class or series that is a subject of the certificate of validation as of the first overissue of the shares of the class or series.

(b) The certificate of validation must include [set forth]:

(1) each defective corporate act that is a subject of the certificate of validation, including:

(A) for a defective corporate act involving the issuance of putative shares, the number and type of putative shares issued and the date or dates on which the putative shares were purported to have been issued;

(B) the date of the defective corporate act; and

(C) the nature of the failure of authorization with respect to the defective corporate act [a copy of the resolution adopted in accordance with Sections 21.903 and 21.904, the date of adoption of the resolution by the board of directors and, if applicable, the date of adoption by the shareholders, and a statement that the resolution was adopted in accordance with this subchapter];

(2) a statement that each defective corporate act was ratified in accordance with this subchapter, including:

(A) the date on which the board of directors ratified each defective corporate act; and

(B) the date, if any, on which the shareholders approved the ratification of each defective corporate act; and

(3) as appropriate:

(A) if a filing instrument [~~or document~~] was previously filed with a filing officer under the corporate statute with [in] respect to [of] the defective corporate act and no change to the filing instrument is required to give effect to the defective corporate act as ratified in accordance with this subchapter:

(i) the name, [~~the~~] title, and filing date [of filing] of the previously filed [~~prior~~] filing instrument and of any certificate of correction to the filing instrument; and

(ii) a statement that a copy of the previously filed filing instrument, together with [~~or document and~~] any [~~articles or~~] certificate of correction to the filing instrument, is attached as an exhibit to the certificate of validation [filing instrument]; [and]

(B) if a filing instrument was previously filed with a filing officer under the corporate statute with respect to the defective corporate act and the filing instrument requires any change to give effect to the

defective corporate act as ratified in accordance with this subchapter, including a change to the date and time of the effectiveness of the filing instrument:

(i) the name, title, and filing date of the previously filed filing instrument and of any certificate of correction to the filing instrument;

(ii) a statement that a filing instrument containing all the information required to be included under the applicable provisions of this code to give effect to the ratified defective corporate act is attached as an exhibit to the certificate of validation; and

(iii) the date and time that the attached filing instrument is considered to have become effective under this subchapter; or

(C) if a filing instrument was not previously filed with a filing officer under the corporate statute with respect to the defective corporate act and the defective corporate act as ratified under this subchapter would have required under the other applicable provisions of this code the filing of a filing instrument in accordance with Chapter 4, if the defective corporate act had occurred when this code was in effect:

(i) a statement that a filing instrument containing all the information required to be included under the applicable provisions of this code to give effect to the defective corporate act, as if the defective corporate act had occurred when this code was in effect, is attached as an exhibit to the certificate of validation; and

(ii) the date and time that the attached filing instrument is considered to have become effective under this subchapter

~~[(3) the provisions that would be required under any other section of this code to be included in the filing instrument that otherwise would have been required to be filed with respect to the defective corporate act under this code].~~

(c) A filing instrument attached to a certificate of validation under Subsection (b)(3)(B) or (b)(3)(C) does not need to be executed separately and does not need to include any statement required by any other provision of this code that the instrument has been approved and adopted in accordance with that provision.

SECTION 22. Section 21.909, Business Organizations Code, is amended.

defective corporate act as ratified in accordance with this subchapter, including a change to the date and time of the effectiveness of the filing instrument:

(i) the name, title, and filing date of the previously filed filing instrument and of any certificate of correction to the filing instrument;

(ii) a statement that a filing instrument containing all the information required to be included under the applicable provisions of this code to give effect to the ratified defective corporate act is attached as an exhibit to the certificate of validation; and

(iii) the date and time that the attached filing instrument is considered to have become effective under this subchapter; or

(C) if a filing instrument was not previously filed with a filing officer under the corporate statute with respect to the defective corporate act and the defective corporate act as ratified under this subchapter would have required under the other applicable provisions of this code the filing of a filing instrument in accordance with Chapter 4, if the defective corporate act had occurred when this code was in effect:

(i) a statement that a filing instrument containing all the information required to be included under the applicable provisions of this code to give effect to the defective corporate act, as if the defective corporate act had occurred when this code was in effect, is attached as an exhibit to the certificate of validation; and

(ii) the date and time that the attached filing instrument is considered to have become effective under this subchapter

~~[(3) the provisions that would be required under any other section of this code to be included in the filing instrument that otherwise would have been required to be filed with respect to the defective corporate act under this code].~~

(c) A filing instrument attached to a certificate of validation under Subsection (b)(3)(B) or (C) does not need to be executed separately and does not need to include any statement required by any other provision of this code that the instrument has been approved and adopted in accordance with that provision.

SECTION 22. Same as introduced version.

SECTION 23. Section 21.910, Business Organizations Code, is amended.

SECTION 24. The heading to Section 21.911, Business Organizations Code, is amended.

SECTION 25. Section 21.911, Business Organizations Code, is amended by amending Subsections (a), (d), (e), and (f) and adding Subsection (g) to read as follows:

(a) For each defective corporate act ratified by the board of directors under Sections 21.903 and 21.904, notice [Notice] of the ratification [adoption of a resolution under this subchapter] shall be given promptly to:

- (1) each holder of valid shares and putative shares, regardless of whether the shares are voting or nonvoting, as of the date the board of directors adopted the resolutions ratifying the defective corporate act [resolution]; or
- (2) each holder of valid shares and putative shares, regardless of whether the shares are voting or nonvoting, as of a date not later than the 60th day after the date of adoption [on which the resolution is adopted], as established by the board of directors.

(d) The notice must contain:

(1) copies [a copy] of the resolutions adopted by the board of directors under Section 21.903 or the information contained in those resolutions [resolution]; and

(2) a statement that, on ratification of the defective corporate act or putative shares made in accordance with this subchapter, the holder's rights to challenge the defective corporate act or putative shares are limited to an action claiming [the following must be brought not later than the 120th day of the validation effective time:

~~[(A) any claim that the defective corporate act or putative shares ratified under this subchapter are void or voidable due to the identified failure of authorization; or~~

~~[(B) any claim] that a [the district] court of appropriate jurisdiction, in its discretion, should declare:~~

~~(A) that the [a] ratification [made in accordance with this subchapter] not take effect or that it take effect only on certain conditions, if the action is filed not later than the 120th day after the later of the applicable validation effective time or the~~

SECTION 23. Same as introduced version.

SECTION 24. Same as introduced version.

SECTION 25. Section 21.911, Business Organizations Code, is amended by amending Subsections (a), (d), (e), and (f) and adding Subsection (g) to read as follows:

(a) For each defective corporate act ratified by the board of directors under Sections 21.903 and 21.904, notice [Notice] of the ratification [adoption of a resolution under this subchapter] shall be given promptly to:

- (1) each holder of valid shares and putative shares, regardless of whether the shares are voting or nonvoting, as of the date the board of directors adopted the resolutions ratifying the defective corporate act [resolution]; or
- (2) each holder of valid shares and putative shares, regardless of whether the shares are voting or nonvoting, as of a date not later than the 60th day after the date of adoption [on which the resolution is adopted], as established by the board of directors.

(d) The notice must contain:

(1) copies [a copy] of the resolutions adopted by the board of directors under Section 21.903 or the information required by Sections 21.903(a)(1)-(5) [resolution]; and

(2) a statement that, on ratification of the defective corporate act or putative shares made in accordance with this subchapter, the holder's rights to challenge the defective corporate act or putative shares are limited to an action claiming [the following must be brought not later than the 120th day of the validation effective time:

~~[(A) any claim that the defective corporate act or putative shares ratified under this subchapter are void or voidable due to the identified failure of authorization; or~~

~~[(B) any claim] that a [the district] court of appropriate jurisdiction, in its discretion, should declare:~~

~~(A) that the [a] ratification [made in accordance with this subchapter] not take effect or that it take effect only on certain conditions, if the action is filed not later than the 120th day after the later of the applicable validation effective time or the~~

time at which the notice required by this section is given; or

(B) that the ratification was not accomplished in accordance with this subchapter.

(e) Notwithstanding Subsections (a)-(d):

(1) [·] notice is not required to be given under this section to a person if notice of the ratification of the defective corporate act [resolution] is given to that person in accordance with Section 21.906; and

(2) for a corporation that has a class of stock listed on a national securities exchange, the notice required by this section may be considered given if the information contained in the notice is disclosed in a document publicly filed by the corporation with the Securities and Exchange Commission under Section 13, 14, or 15(d), Securities Exchange Act of 1934 (15 U.S.C. Section 78m, 78n, or 78o(d)), and any rules promulgated under that Act.

(f) For purposes of Sections 21.905, [Section] 21.906, and 21.907 and this section, notice to holders of putative shares and notice to holders of valid shares and putative shares as of the time of the defective corporate act shall be treated as notice to holders of valid shares for purposes of Sections 6.051, 6.052, 6.053, 6.201, 6.202, 6.203, 6.204, 6.205, 21.353, and 21.3531.

(g) If the ratification of a defective corporate act has been approved by shareholders acting under Section 6.202, the notice required by this section may be included in any notice required to be given under Section 6.202(d) and, if included:

(1) shall be sent to the shareholders entitled to the notice under Section 6.202(d); and

(2) is not required to be sent to shareholders who signed a consent described by Section 6.202(b).

SECTION 26. Section 21.913(a), Business Organizations Code, is amended.

SECTION 27. Section 21.917, Business Organizations Code, is amended.

SECTION 28. Section 22.154(a), Business

time at which the notice required by this section is given; or

(B) that the ratification was not accomplished in accordance with this subchapter.

(e) Notwithstanding Subsections (a)-(d):

(1) [·] notice is not required to be given under this section to a person if notice of the ratification of the defective corporate act [resolution] is given to that person in accordance with Section 21.906; and

(2) for a corporation that has a class of stock listed on a national securities exchange, the notice required by this section may be considered given if the information contained in the notice is disclosed in a document publicly filed by the corporation with the Securities and Exchange Commission under Section 13, 14, or 15(d), Securities Exchange Act of 1934 (15 U.S.C. Section 78m, 78n, or 78o(d)), and any rules promulgated under that Act.

(f) For purposes of Sections 21.905, [Section] 21.906, and 21.907 and this section, notice to holders of putative shares and notice to holders of valid shares and putative shares as of the time of the defective corporate act shall be treated as notice to holders of valid shares for purposes of Sections 6.051, 6.052, 6.053, 6.201, 6.202, 6.203, 6.204, 6.205, 21.353, and 21.3531.

(g) If the ratification of a defective corporate act has been approved by shareholders acting under Section 6.202, the notice required by this section may be included in any notice required to be given under Section 6.202(d) and, if included:

(1) shall be sent to the shareholders entitled to the notice under Section 6.202(d) and all other holders of valid shares and putative shares otherwise entitled to the notice under Subsection (a) of this section; and

(2) is not required to be sent to shareholders or holders of valid shares or putative shares who signed a consent described by Section 6.202(b).

SECTION 26. Same as introduced version.

SECTION 27. Same as introduced version.

SECTION 28. Same as introduced version.

Organizations Code, is amended.

SECTION 29. Section 22.214, Business Organizations Code, is amended.

SECTION 29. Same as introduced version.

SECTION 30. Section 22.227, Business Organizations Code, is amended.

SECTION 30. Same as introduced version.

SECTION 31. Section 200.251, Business Organizations Code, is amended.

SECTION 31. Same as introduced version.

SECTION 32. Sections 251.354(a) and (b), Business Organizations Code, are amended.

SECTION 32. Same as introduced version.

SECTION 33. Section 252.017(b), Business Organizations Code, is amended.

SECTION 33. Same as introduced version.

SECTION 34. Chapter 252, Business Organizations Code, is amended.

SECTION 34. Same as introduced version.

SECTION 35. Chapter 402, Business Organizations Code, is amended.

SECTION 35. Same as introduced version.

SECTION 36. This Act takes effect September 1, 2017.

SECTION 36. Same as introduced version.