



Ohio Revised Code

Section 1701.71 Shareholders may adopt amendments.

Effective: July 10, 2014

Legislation: Senate Bill 202 - 130th General Assembly

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

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

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

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

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

(d) If, at the time an amendment to eliminate cumulative voting rights permitted by division (B)(10) of section 1701.69 of the Revised Code is acted upon by the shareholders, a corporation does not have issued and outstanding shares that are listed on a national securities exchange or are regularly quoted in an over-the-counter market by one or more members of a national or affiliated securities



association, that amendment shall not be adopted if the votes of a sufficient number of shares are cast against the amendment that, if cumulatively voted at an election of all the directors, or all the directors of a particular class, as the case may be, would at the time the amendment is acted upon by the shareholders be sufficient to elect at least one director.

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

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

(1) Increases or decreases the par value of the issued shares of the particular class, except in the case of an amendment to the articles adopted by the directors pursuant to division (B)(10) of section 1701.70 of the Revised Code;

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

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

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



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

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

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

(6) Provides, in the case of an amendment described in division (B)(1) or (2) of this section, that the stated capital of the corporation shall be reduced or eliminated as a result of the amendment, or provides, in the case of an amendment described in division (B)(5) of this section, that the stated capital of the corporation shall be reduced or eliminated upon the exercise of such conversion rights, provided that any reduction or elimination is consistent with section 1701.30 of the Revised Code;

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

(8) Changes a corporation into a nonprofit corporation.

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