Newsome, Foster, Brown and Barnett in LexisNexis: Texas Business Organizations Code 2025 Amendments

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Texas enacted significant 2025 amendments to the Texas Business Organizations Code (TBOC), reshaping corporate governance and shareholder litigation. Haynes Boone attorneys **Bruce Newsome**, **Bradley Foster**, **Camden Brown** and **James Barnett** authored an article for *LexisNexis* examining the changes, including expanded protections under the business judgment rule, new limitations on shareholder litigation and proposals, streamlined merger and conversion procedures, and other reforms affecting Texas entities.

Read an excerpt below.

This article discusses the 2025 amendments to the Texas Business Organizations Code (TBOC), including amendments affecting the business judgment rule, shareholder litigation, shareholder proposals, proxy advisor disclosures, mergers and similar transactions, and corporate governance for Texas entities. The article also discusses opt-in considerations, governing document amendments, and distinctions among Listed Corps., Texas-Listed Corps., and Private Corps.

Overview of the 2025 TBOC Amendments

In 2025, Texas enacted a series of amendments to the TBOC intended to position Texas as a leading jurisdiction for business formation and corporate governance. Together, the amendments codify and expand the business judgment rule, reduce the risk of shareholder litigation, limit shareholder proposals, impose new disclosure requirements on proxy advisory firms, provide for streamlined approval of mergers and similar transactions, increase protections for Texas entities and management, and bolster corporate governance. Some of these amendments apply automatically, and some require Texas corporations to take affirmative action to obtain the benefits of the new amendments, as discussed below.

The provisions discussed in this article that require affirmative opt-in may be made binding for a Texas entity through the amendment of a certificate of formation or bylaws for a corporation, or, in the case of a limited liability company or partnership, through amending its operating agreement (collectively, Governing Documents), making a review of existing corporate documents an immediate priority for any Texas entity. Whether the adoption of a provision requires a shareholder vote will depend on which Governing Document is amended and the corporation's existing governance architecture.

As a practical matter, amendments to the certificate of formation typically require shareholder approval, whereas bylaw amendments may, depending on the corporation's governing framework, be adopted by the board of directors without a shareholder vote. Companies should evaluate (1) whether the election is best placed in the certificate of formation (for greater entrenchment) or bylaws (for administrative flexibility) and (2) any related federal proxy process considerations. See also Exclusive Forum Bylaws and Advance Notice Bylaws Clause (TX).

The 2025 amendments also apply in distinct ways to different categories of Texas corporations, including (1) Texas corporations with a class or series of voting shares listed on (a) an exchange registered as a National Securities Exchange under Section 6 of the Securities Exchange Act of 1934 (the Exchange Act) or (b) a stock exchange that (x) has its principal office in Texas and (y) has received approval by the securities commissioner under Subchapter C, Chapter 4005 of the Texas Government Code (a National Securities Exchange and such corporations, each a Listed Corp.); (2) private Texas corporations (each, a Private Corp.); and (3) "Nationally Listed Corporations," defined in the TBOC as a Texas corporation that (a) has a class of equity securities registered under Section 12(b) of the Exchange Act, (b) is admitted to listing on a National Securities Exchange, and (c) either (i) has its principal office in Texas or (ii) is admitted to listing on a stock exchange that (x) has its principal office in Texas and (y) has received approval by the securities commissioner under Subchapter C, Chapter 4005 of the Texas Government Code (a Texas-Listed Corp.).

Read the full *LexisNexis* article **here**.