

# THE JOURNAL RECORD

## Gavel to Gavel: Texas makes bid to accelerate DExit with attractive corporate amendments

By: [William Stringer](#) and [Mark Nawfal](#) // GableGotwals // July 30, 2025



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Texas recently amended its Business Organizations Code in a bid to become the preferred jurisdiction for business in response to a growing “[DExit](#)” movement, which started in 2024 when the head judge of the [Delaware](#) Chancery Court nixed a \$56 billion compensation deal for [Tesla](#)’s [Elon Musk](#).

In May, the State of [Texas](#) adopted [SB 29](#), [SB 1057](#), and [SB 2411](#), which are intended to provide greater certainty to management, expand protections for directors and officers, and to reduce shareholder litigation and rights. [SB 29](#) went into effect on May 14, 2025, while [SB 1057](#) and [SB 2411](#) will take effect on September 1, 2025.

### SB 29: Key Provisions

- Codified Business Judgement Rule
- Modification of Fiduciary Duties
- Pre-Transaction Review of Director Independence
- Introduced Derivative Suit Standing Requirements
- Limitations on Shareholder Books and Records Requests
- Mandatory Venue Provisions
- Jury Trial Waivers

These provisions are projected to significantly increase deal certainty and allow for management to accurately predict the venue and method of any litigation.

[SB 1057](#) is designed to limit shareholder activism and, for certain companies that opt into higher thresholds, includes three new requirements to introduce a proposal for consideration at a shareholder meeting.

- Ownership Threshold: The shareholder (or group of shareholders) must hold the lesser of \$1 million in market value of the corporation’s voting shares or 3% of the voting shares.
- Holding Period: The shareholder(s) must continue to own those shares for the date of the shareholder meeting and for the six months prior to such meeting.

- Solicitation Requirement: The shareholder(s) must solicit holders of shares representing at least 67% of the voting shares entitled to vote on the proposal.

These heightened requirements are available to any “nationally listed corporation.”

### **SB 2411: Key Provisions**

- Expanded Exculpation of Officers: It allows companies to provide the same exculpation to officers that was already available for directors.
- Streamlined Approval of Mergers and Major Transactions: Increases the circumstances in which the Board may amend a certificate of formation without shareholder approval and allows for the Board to approve documents in “substantially final” form.

While [public companies](#) will receive many of these protections automatically, privately held companies will need to opt-in to many of the new protections by amending their governing documents.

It remains to be seen if these inducements will attract companies to reincorporate in Texas, but Texas is aiming to put its best foot forward.

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