

By: Parker

S.B. No. 1057

A BILL TO BE ENTITLED

AN ACT

relating to shareholder proposals submitted to certain domestic corporations.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter H, Chapter 21, Business Organizations Code, is amended by adding Section 21.373 to read as follows:

Sec. 21.373. SHAREHOLDER PROPOSALS. (a) This section applies only to a corporation that:

(1) is formed under the laws of this state;

(2) has a class of equity securities registered under Section 12(b) of the Securities Exchange Act of 1934;

(3) is admitted to listing on a national securities exchange;

(4) either:

(A) has its principal office in this state; or

(B) is admitted to listing on a stock exchange

that:

(i) has its principal office in this state;

and

(ii) has received approval by the state pursuant to Subchapter C, Chapter 4005, Government Code; and

(5) opts into this section by amending its governing documents and providing notice to shareholders in its proxy statement.

1 (b) Except as otherwise provided by a corporation's
2 governing documents, to submit a matter to the shareholders for
3 approval at a shareholder meeting, a shareholder, or group of
4 shareholders, must:

5 (1) hold no less than the lesser of:

6 (A) \$1,000,000 in market value of the
7 corporation's securities entitled to vote on the proposal, measured
8 at the date of submission of the proposal; or

9 (B) three percent of the corporation's
10 securities entitled to vote on the proposal;

11 (2) continuously maintain ownership in the shares
12 required by Subdivision (1) for at least six months leading up to
13 and through the shareholder meeting; and

14 (3) solicit the holders of shares representing at
15 least 67% of the voting power of shares entitled to vote on the
16 proposal.

17 (c) Subsection (b) does not apply to:

18 (1) director nominations; and

19 (2) procedural resolutions that are ancillary to the
20 conduct of the meeting.

21 (d) If this section applies to a corporation, it shall not
22 be legally permissible for the shareholders of the corporation to
23 vote on any matter submitted to a meeting of shareholders by a
24 shareholder unless:

25 (1) that proposal has been submitted in compliance
26 with subsection (b); or

27 (2) that proposal is exempt under subsection (c).

1 SECTION 2. This Act takes effect September 1, 2025.