

CERTIFICATION OF ENROLLMENT

**SENATE BILL 5004**

68th Legislature  
2023 Regular Session

Passed by the Senate April 13, 2023  
Yeas 47 Nays 0

---

**President of the Senate**

Passed by the House March 20, 2023  
Yeas 96 Nays 0

---

**Speaker of the House of  
Representatives**

Approved

---

**Governor of the State of Washington**

CERTIFICATE

I, Sarah Bannister, Secretary of the Senate of the State of Washington, do hereby certify that the attached is **SENATE BILL 5004** as passed by the Senate and the House of Representatives on the dates hereon set forth.

---

**Secretary**

FILED

**Secretary of State  
State of Washington**

---

**SENATE BILL 5004**

---

AS AMENDED BY THE HOUSE

Passed Legislature - 2023 Regular Session

**State of Washington                      68th Legislature                      2023 Regular Session**

**By** Senators Pedersen, Padden, Dhingra, Mullet, Nobles, and J. Wilson;  
by request of Washington State Bar Association

Prefiled 12/05/22. Read first time 01/09/23. Referred to Committee  
on Law & Justice.

1            AN ACT Relating to making updates to the Washington business  
2 corporation act; amending RCW 23B.01.400, 23B.06.210, 23B.10.020, and  
3 23B.11.030; adding a new section to chapter 23B.06 RCW; and adding a  
4 new section to chapter 23B.11 RCW.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6            **Sec. 1.** RCW 23B.01.400 and 2022 c 42 s 101 are each amended to  
7 read as follows:

8            (~~Unless the context clearly requires otherwise, the~~) The  
9 definitions in this section apply throughout this title unless the  
10 context clearly requires otherwise.

11            (1) "Articles of incorporation" include amended and restated  
12 articles of incorporation and articles of merger.

13            (2) "Authorized shares" means the shares of all classes a  
14 domestic or foreign corporation is authorized to issue.

15            (3) "Conspicuous" means so prepared that a reasonable person  
16 against whom the writing is to operate should have noticed it. For  
17 example, text in italics, boldface, contrasting color, capitals, or  
18 underlined is conspicuous.

19            (4) "Controlling interest" means ownership of an entity's  
20 outstanding shares or interests in such number as to entitle the  
21 holder at the time to elect a majority of the entity's directors or

1 other governors without regard to voting power which may thereafter  
2 exist upon a default, failure, or other contingency.

3 (5) "Corporate action" means any resolution, act, policy,  
4 contract, transaction, plan, adoption or amendment of articles of  
5 incorporation or bylaws, or other matter approved by or submitted for  
6 approval to a corporation's incorporators, board of directors or a  
7 committee thereof, or shareholders.

8 (6) "Corporation" or "domestic corporation" means a corporation  
9 for profit, including a social purpose corporation, which is not a  
10 foreign corporation, incorporated under or subject to the provisions  
11 of this title.

12 (7) "Deliver" or "delivery" means any method of delivery used in  
13 conventional commercial practice, including delivery by hand, mail,  
14 commercial delivery, and, if authorized in accordance with RCW  
15 23B.01.410, by electronic transmission.

16 (8) "Distribution" means a direct or indirect transfer of money  
17 or other property, except its own shares, or incurrence of  
18 indebtedness by a corporation to or for the benefit of its  
19 shareholders in respect to any of its shares. A distribution may be  
20 in the form of a declaration or payment of a dividend; a distribution  
21 in partial or complete liquidation, or upon voluntary or involuntary  
22 dissolution; a purchase, redemption, or other acquisition of shares;  
23 a distribution of indebtedness; or otherwise.

24 (9) "Document" means:

25 (a) Any tangible medium on which information is inscribed, and  
26 includes handwritten, typed, printed, or similar instruments or  
27 copies of such instruments; and

28 (b) An electronic record.

29 (10) "Electronic" means relating to technology having electrical,  
30 digital, magnetic, wireless, optical, electromagnetic, or similar  
31 capabilities.

32 (11) "Electronic mail" means an electronic transmission directed  
33 to a unique electronic mail address, which electronic mail will be  
34 deemed to include any files attached thereto and any information  
35 hyperlinked to a website if the electronic mail includes the contact  
36 information of an officer or agent of the corporation who is  
37 available to assist with accessing such files and information.

38 (12) "Electronic mail address" means a destination, commonly  
39 expressed as a string of characters, consisting of a unique user name  
40 or mailbox, commonly referred to as the "local part" of the address,

1 and a reference to an internet domain, commonly referred to as the  
2 "domain part" of the address, whether or not displayed, to which  
3 electronic mail can be sent or delivered.

4 (13) "Electronic record" means information that is stored in an  
5 electronic or other nontangible medium and: (a) Is retrievable in  
6 paper form by the recipient through an automated process used in  
7 conventional commercial practice; or (b) if not retrievable in paper  
8 form by the recipient through an automated process used in  
9 conventional commercial practice, is otherwise authorized in  
10 accordance with RCW 23B.01.410(10).

11 (14) "Electronic transmission" or "electronically transmitted"  
12 means internet transmission, telephonic transmission, electronic mail  
13 transmission, transmission of a telegram, cablegram, or datagram, the  
14 use of, or participation in, one or more electronic networks or  
15 databases including one or more distributed electronic networks or  
16 databases, or any other form or process of communication, not  
17 directly involving the physical transfer of paper or another tangible  
18 medium, which:

19 (a) Is suitable for the retention, retrieval, and reproduction of  
20 information by the recipient; and

21 (b) Is retrievable in paper form by the recipient through an  
22 automated process used in conventional commercial practice, or, if  
23 not retrievable in paper form by the recipient through an automated  
24 process used in conventional commercial practice, is otherwise  
25 authorized in accordance with RCW 23B.01.410(10).

26 (15) "Employee" includes an officer but not a director. A  
27 director may accept duties that make the director also an employee.

28 (16) "Entity" includes a corporation and foreign corporation,  
29 not-for-profit corporation, business trust, estate, trust,  
30 partnership, limited liability company, association, joint venture,  
31 two or more persons having a joint or common economic interest, the  
32 state, United States, and a foreign governmental subdivision, agency,  
33 or instrumentality, or any other legal or commercial entity.

34 (17) "Execute," "executes," or "executed" means, with present  
35 intent to authenticate or adopt a document:

36 (a) To sign or adopt a tangible symbol to the document, and  
37 includes any manual, facsimile, or conformed signature;

38 (b) To attach or logically associate with an electronic  
39 transmission an electronic sound, symbol, or process, and includes an  
40 electronic signature; or

1 (c) With respect to a document to be filed with the secretary of  
2 state, in compliance with the standards for filing with the office of  
3 the secretary of state as prescribed by the secretary of state.

4 (18) "Foreign corporation" means a corporation for profit  
5 incorporated under a law other than the law of this state.

6 (19) "Foreign limited partnership" means a partnership formed  
7 under laws other than of this state and having as partners one or  
8 more general partners and one or more limited partners.

9 (20) "General social purpose" means the general social purpose  
10 for which a social purpose corporation is organized as set forth in  
11 the articles of incorporation of the corporation in accordance with  
12 RCW 23B.25.040(1)(c).

13 (21) "Governmental subdivision" includes authority, county,  
14 district, and municipality.

15 (22) "Governor" has the meaning given that term in RCW 23.95.105.

16 (23) "Includes" denotes a partial definition.

17 (24) "Individual" includes the estate of an incompetent or  
18 deceased individual.

19 (25) "Limited partnership" or "domestic limited partnership"  
20 means a partnership formed by two or more persons under the laws of  
21 this state and having one or more general partners and one or more  
22 limited partners.

23 (26) "Means" denotes an exhaustive definition.

24 (27) "Notice" has the meaning provided in RCW 23B.01.410.

25 (28) "Person" means an individual, corporation, business trust,  
26 estate, trust, partnership, limited liability company, association,  
27 joint venture, government, governmental subdivision, agency, or  
28 instrumentality, or any other legal or commercial entity.

29 (29) "Principal office" means the office, in or out of this  
30 state, so designated in the annual report where the principal  
31 executive offices of a domestic or foreign corporation are located.

32 (30) "Proceeding" includes civil suit and criminal,  
33 administrative, and investigatory action.

34 (31) "Public company" means a corporation that has a class of  
35 shares registered with the federal securities and exchange commission  
36 pursuant to section 12 or 15 of the securities exchange act of 1934,  
37 or section 8 of the investment company act of 1940, or any successor  
38 statute.

39 (32) "Qualified director" means (a) with respect to a director's  
40 conflicting interest transaction as defined in RCW 23B.08.700, any

1 director who does not have either (i) a conflicting interest  
2 respecting the transaction, or (ii) a familial, financial,  
3 professional, or employment relationship with a second director who  
4 does have a conflicting interest respecting the transaction, which  
5 relationship would, in the circumstances, reasonably be expected to  
6 exert an influence on the first director's judgment when voting on  
7 the transaction; (b) with respect to RCW 23B.08.735, a qualified  
8 director under (a) of this subsection if the business opportunity  
9 were a director's conflicting interest transaction; and (c) with  
10 respect to RCW 23B.02.020(2)(g), a director who is not a director (i)  
11 to whom the limitation or elimination of the duty of an officer to  
12 offer potential business opportunities to the corporation would  
13 apply, or (ii) who has a familial, financial, professional, or  
14 employment relationship with another officer to whom the limitation  
15 or elimination would apply, which relationship would, in the  
16 circumstances, reasonably be expected to exert an influence on the  
17 director's judgment when voting on the limitation or elimination.

18 (33) "Record date" means the date fixed for determining the  
19 identity of a corporation's shareholders and their shareholdings for  
20 purposes of this title. The determinations shall be made as of the  
21 close of business on the record date unless another time for doing so  
22 is specified when the record date is fixed.

23 (34) "Registered office" means the address of the corporation's  
24 registered agent.

25 (35) "Secretary" means the corporate officer to whom the board of  
26 directors has delegated responsibility under RCW 23B.08.400(3) for  
27 custody of the minutes of the meetings of the board of directors and  
28 of the shareholders and for authenticating records of the  
29 corporation.

30 (36) "Shareholder" means the person in whose name shares are  
31 registered in the records of a corporation or the beneficial owner of  
32 shares to the extent of the rights granted by a nominee certificate  
33 on file with a corporation.

34 (37) "Shares" means the units into which the proprietary  
35 interests in a corporation are divided.

36 (38) "Social purpose" includes any general social purpose and any  
37 specific social purpose.

38 (39) "Social purpose corporation" means a corporation that has  
39 elected to be governed as a social purpose corporation under chapter  
40 23B.25 RCW.

1 (40) "Specific social purpose" means the specific social purpose  
2 or purposes for which a social purpose corporation is organized as  
3 set forth in the articles of incorporation of the corporation in  
4 accordance with RCW 23B.25.040(2)(a).

5 (41) "State," when referring to a part of the United States,  
6 includes a state and commonwealth, and their agencies and  
7 governmental subdivisions, and a territory and insular possession,  
8 and their agencies and governmental subdivisions, of the United  
9 States.

10 (42) "Subscriber" means a person who subscribes for shares in a  
11 corporation, whether before or after incorporation.

12 (43) "Subsidiary" means an entity in which the corporation has,  
13 directly or indirectly, a controlling interest.

14 (44) "United States" includes a district, authority, bureau,  
15 commission, department, and any other agency of the United States.

16 (45) "Voting group" means all shares of one or more classes or  
17 series that under the articles of incorporation or this title are  
18 entitled to vote and be counted together collectively on a matter at  
19 a meeting of shareholders. All shares entitled by the articles of  
20 incorporation or this title to vote generally on the matter are for  
21 that purpose a single voting group.

22 (46) "Writing" or "written" means any information in the form of  
23 a document.

24 (47) "Forward stock split" means the pro rata division of all the  
25 outstanding shares of a class of stock into a greater number of  
26 shares of the same class, whether or not the authorized shares of  
27 such a class are increased in the same proportion, but does not  
28 include a share dividend under RCW 23B.06.230.

29 (48) "Reverse stock split" means the pro rata combination of all  
30 the outstanding shares of a class of stock into a smaller number of  
31 shares of the same class, whether or not the authorized shares of  
32 such a class are reduced in the same proportion.

33 (49) "Stock split" means a forward stock split or a reverse stock  
34 split.

35 **Sec. 2.** RCW 23B.06.210 and 2009 c 189 s 8 are each amended to  
36 read as follows:

37 (1) The powers granted in this section to the board of directors  
38 may be reserved to the shareholders by the articles of incorporation.

1 (2) Any issuance of shares must be approved by the board of  
2 directors. Shares may be issued (~~for~~):

3 (a) For consideration determined by the board of directors from  
4 time to time consisting of any tangible or intangible property or  
5 benefit to the corporation, including cash, promissory notes,  
6 services performed, contracts for services to be performed, or other  
7 securities of the corporation; or

8 (b) As a share dividend or upon a stock split, reclassification  
9 of outstanding shares into shares of another class or series, or  
10 conversion of outstanding shares into shares of another class or  
11 series.

12 (3) A good faith determination by the board of directors that the  
13 consideration received or to be received for the shares to be issued  
14 is adequate is conclusive insofar as the adequacy of consideration  
15 relates to whether the shares are validly issued, fully paid and  
16 nonassessable. When the board of directors has made such a  
17 determination and the corporation has received the consideration, the  
18 shares issued therefor are fully paid and nonassessable. Shares  
19 issued as a share dividend or upon a stock split, reclassification of  
20 outstanding shares into shares of another class or series, or  
21 conversion of outstanding shares into shares of another class or  
22 series are fully paid and nonassessable.

23 (4) The corporation may place in escrow shares issued for a  
24 contract for future services or benefits or a promissory note, or  
25 make other arrangements to restrict the transfer of the shares, and  
26 may credit distributions in respect to the shares against their  
27 purchase price, until the services are performed, the benefits are  
28 received, or the note is paid. If the services are not performed, the  
29 benefits are not received, or the note is not paid, the shares  
30 escrowed or restricted and the distributions credited may be canceled  
31 in whole or part.

32 (5) Where it cannot be determined that outstanding shares are  
33 fully paid and nonassessable, there shall be a conclusive presumption  
34 that such shares are fully paid and nonassessable if the board of  
35 directors makes a good faith determination that there is no  
36 substantial evidence that the full consideration for such shares has  
37 not been paid.

38 NEW SECTION. Sec. 3. A new section is added to chapter 23B.06  
39 RCW to read as follows:



1 (1) A corporation may effect a stock split by means of an  
2 amendment to the articles of incorporation stating the effect of the  
3 stock split on the outstanding shares of the affected class.

4 (2) An amendment to the articles of incorporation to effect a  
5 stock split may, but is not required to, include a change in the  
6 authorized shares of the affected class.

7 (3) Except for a forward stock split that complies with RCW  
8 23B.10.020(4)(a) or a reverse stock split that complies with RCW  
9 23B.10.020(4)(b), an amendment to the articles of incorporation to  
10 effect a stock split must be approved in accordance with RCW  
11 23B.10.030 and, if applicable, RCW 23B.10.040.

12 (4) The board of directors may fix the record date for  
13 determining shareholders affected by a stock split, which date may  
14 not precede the date on which the amendment to the articles of  
15 incorporation effecting the stock split becomes effective in  
16 accordance with RCW 23.95.210. If the board of directors does not fix  
17 the record date for determining shareholders affected by a stock  
18 split, the record date is the date on which the amendment to the  
19 articles of incorporation effecting the stock split becomes effective  
20 in accordance with RCW 23.95.210.

21 **Sec. 4.** RCW 23B.10.020 and 2009 c 189 s 31 are each amended to  
22 read as follows:

23 Unless the articles of incorporation provide otherwise, a  
24 corporation's board of directors may adopt one or more amendments to  
25 the corporation's articles of incorporation without shareholder  
26 approval:

27 (1) If the corporation has only one class of shares outstanding,  
28 to provide, change, or eliminate any provision with respect to the  
29 par value of any class of shares;

30 (2) To delete the names and addresses of the initial directors;

31 (3) To delete the name and address of the initial registered  
32 agent or registered office, if a statement of change is on file with  
33 the secretary of state;

34 (4) If the corporation has only one class of shares outstanding,  
35 solely to:

36 (a) Effect a forward stock split of, or change the number of  
37 authorized shares of that class in proportion to a forward stock  
38 split of, or (~~stock~~) share dividend in, the corporation's  
39 outstanding shares; or

1 (b) Effect a reverse stock split of the corporation's outstanding  
2 shares (~~and~~) if the number of authorized shares of that class (~~in~~  
3 ~~the same proportions~~) is proportionately reduced by the amendment;

4 (5) To change the corporate name; or

5 (6) To make any other change expressly permitted by this title to  
6 be made without shareholder approval.

7 **Sec. 5.** RCW 23B.11.030 and 2022 c 42 s 108 are each amended to  
8 read as follows:

9 (1) After (~~adopting~~) a plan of merger or share exchange has  
10 been adopted in accordance with RCW 23B.11.020 or 23B.11.040, the  
11 board of directors of each corporation party to the merger, (~~and~~)  
12 or the board of directors of the corporation whose shares will be  
13 acquired in the share exchange, shall submit the plan (~~of merger~~)  
14 for approval by the shareholders, except as provided in subsection  
15 (7) or (9) of this section (~~, or share exchange for approval by its~~  
16 ~~shareholders~~) or as provided in RCW 23B.11.040 or section 6 of this  
17 act.

18 (2) For a plan of merger or share exchange to be approved by  
19 shareholders:

20 (a) The board of directors must recommend that the shareholders  
21 approve the plan of merger or share exchange (~~to the shareholders~~),  
22 unless (i) the board of directors determines that because of conflict  
23 of interest or other special circumstances it should not make (~~no~~)  
24 such a recommendation or (ii) RCW 23B.08.245 applies, and in either  
25 case the board of directors communicates the basis for so proceeding  
26 to the shareholders; and

27 (b) The shareholders entitled to vote must approve the plan (~~, or~~  
28 ~~except as provided in subsection (7) of this section~~).

29 (3) The board of directors may condition its submission of the  
30 proposed plan of merger or share exchange on any basis, including the  
31 affirmative vote of holders of a specified percentage of shares held  
32 by any group of shareholders not otherwise entitled under this title  
33 or the articles of incorporation to vote as a separate voting group  
34 on the proposed plan of merger or share exchange.

35 (4) The corporation shall notify each shareholder, whether or not  
36 entitled to vote, of the proposed shareholders' meeting in accordance  
37 with RCW 23B.07.050. The notice must also state that the purpose, or  
38 one of the purposes, of the meeting is to consider the plan of merger  
39 or share exchange and must contain or be accompanied by a copy of the

1 plan or a summary of the material terms and conditions of the  
2 proposed merger or share exchange and the consideration to be  
3 received by shareholders.

4 (5) ~~((1A))~~ If the plan of merger is required to be approved by  
5 the shareholders, in addition to any other voting conditions imposed  
6 by the board of directors under subsection (3) of this section, the  
7 plan of merger must be approved by two-thirds of the voting group  
8 comprising all the votes entitled to be cast on the plan, and of each  
9 other voting group entitled under RCW 23B.11.035 or the articles of  
10 incorporation to vote separately on the plan(~~(7 unless shareholder~~  
11 ~~approval is not required under subsection (7) of this section)~~). The  
12 articles of incorporation may require a greater or lesser vote than  
13 that provided in this subsection, or a greater or lesser vote by  
14 separate voting groups, so long as the required vote is not less than  
15 a majority of all the votes entitled to be cast on the plan of merger  
16 and of each other voting group entitled to vote separately on the  
17 plan. Separate voting by additional voting groups is required on a  
18 plan of merger under the circumstances described in RCW 23B.11.035.

19 (6) In addition to any other voting conditions imposed by the  
20 board of directors under subsection (3) of this section, the plan of  
21 share exchange must be approved by two-thirds of the voting group  
22 comprising all the votes entitled to be cast on the plan, and of each  
23 other voting group entitled under RCW 23B.11.035 or the articles of  
24 incorporation to vote separately on the plan. The articles of  
25 incorporation may require a greater or lesser vote than that provided  
26 in this subsection, or a greater or lesser vote by separate voting  
27 groups, so long as the required vote is not less than a majority of  
28 all the votes entitled to be cast on the plan of share exchange and  
29 of each other voting group entitled to vote separately on the plan.  
30 Separate voting by additional voting groups is required on a plan of  
31 share exchange under the circumstances described in RCW 23B.11.035.

32 (7) Approval by the shareholders of the surviving corporation on  
33 a plan of merger is not required if:

34 (a) The articles of incorporation of the surviving corporation  
35 will not differ, except for amendments enumerated in RCW 23B.10.020,  
36 from its articles of incorporation before the merger;

37 (b) Each shareholder of the surviving corporation whose shares  
38 were outstanding immediately before the effective date of the merger  
39 will hold the same number of shares, with identical designations,

1 preferences, limitations, and relative rights, immediately after the  
2 merger;

3 (c) The number of voting shares outstanding immediately after the  
4 merger, plus the number of voting shares issuable as a result of the  
5 merger, either by the conversion of securities issued pursuant to the  
6 merger or the exercise of rights and warrants issued pursuant to the  
7 merger, will not exceed the total number of voting shares of the  
8 surviving corporation authorized by its articles of incorporation  
9 immediately before the merger; and

10 (d) The number of participating shares outstanding immediately  
11 after the merger, plus the number of participating shares issuable as  
12 a result of the merger, either by the conversion of securities issued  
13 pursuant to the merger or the exercise of rights and warrants issued  
14 pursuant to the merger, will not exceed the total number of  
15 participating shares authorized by its articles of incorporation  
16 immediately before the merger.

17 (8) As used in subsection (7) of this section:

18 (a) "Participating shares" means shares that entitle their  
19 holders to participate without limitation in distributions.

20 (b) "Voting shares" means shares that entitle their holders to  
21 vote unconditionally in elections of directors.

22 (9) Unless the articles of incorporation provide otherwise,  
23 approval by the shareholders of a public company is not required for  
24 a plan of merger if:

25 (a) The plan of merger expressly: (i) Permits or requires the  
26 merger to be effected under this subsection; and (ii) provides that,  
27 if the merger is to be effected under this subsection, the merger  
28 will be effected as soon as practicable following the satisfaction of  
29 the requirements of (f) of this subsection;

30 (b) Another party to the merger or a parent of another party to  
31 the merger makes an offer to purchase, on the terms stated in the  
32 plan of merger, any and all of the outstanding shares of the  
33 corporation that, absent this subsection, would be entitled to vote  
34 on the plan of merger, except that the offer may exclude shares of  
35 the corporation that are owned at the commencement of the offer by  
36 the corporation, the offeror, or any parent of the offeror, or by any  
37 wholly owned subsidiary of any of the foregoing;

38 (c) The offer discloses that the plan of merger states that the  
39 merger will be effected as soon as practicable following the  
40 satisfaction of the requirements of (f) of this subsection and that

1 the shares of the corporation that are not tendered in response to  
2 the offer will be treated as provided in (h) of this subsection;

3 (d) The offer remains open for at least 10 days;

4 (e) The offeror purchases all shares properly tendered in  
5 response to the offer and not properly withdrawn;

6 (f) The: (i) Shares purchased by the offeror in accordance with  
7 the offer; (ii) shares otherwise owned by the offeror or by any  
8 parent of the offeror or any wholly owned subsidiary of any of the  
9 foregoing; and (iii) shares subject to an agreement that they are to  
10 be transferred, contributed, or delivered to the offeror, any parent  
11 of the offeror, or any wholly owned subsidiary of any of the  
12 foregoing in exchange for shares or other interests in that offeror,  
13 parent, or subsidiary, are collectively entitled to cast at least the  
14 minimum number of votes on the merger that, absent this subsection,  
15 would be required by this chapter for the approval of the merger by  
16 the shareholders entitled to vote on the merger at a meeting at which  
17 all shares entitled to vote on the approval were present and voted;

18 (g) The offeror or a wholly owned subsidiary of the offeror  
19 merges with or into the corporation; and

20 (h) Each outstanding share of each class or series of shares of  
21 the corporation that the offeror is offering to purchase in  
22 accordance with the offer, and which is not purchased in accordance  
23 with the offer, is to be converted in the merger into, or into the  
24 right to receive, the same amount and kind of securities, eligible  
25 interests, obligations, rights, cash, or other property to be paid or  
26 exchanged in accordance with the offer for each share of that class  
27 or series of shares that is tendered in response to the offer, except  
28 that shares of the corporation that are owned by the corporation or  
29 that are described in (f)(ii) or (iii) of this subsection need not be  
30 converted into or exchanged for the consideration described in this  
31 subsection (9)(h).

32 (10) As used in subsection (9) of this section:

33 (a) "Offer" means the offer referred to in subsection (9)(b) of  
34 this section.

35 (b) "Offeror" means the person making the offer.

36 (c) "Parent" of an entity means a person that owns, directly or  
37 indirectly, through one or more wholly owned subsidiaries, all of the  
38 outstanding shares of or other interests in that entity.

1 (d) Shares tendered in response to the offer will be deemed to  
2 have been "purchased" in accordance with the offer at the earlier  
3 time as of which:

4 (i) The offeror has irrevocably accepted those shares for  
5 payment; and

6 (ii) Either: (A) In the case of shares represented by  
7 certificates, the offeror, or the offeror's designated depository or  
8 other agent, has physically received the certificates representing  
9 those shares; or (B) in the case of shares without certificates,  
10 those shares have been transferred into the account of the offeror or  
11 its designated depository or other agent, or an agent's message  
12 relating to those shares has been received by the offeror or its  
13 designated depository or other agent.

14 (e) "Wholly owned subsidiary" of a person means an entity of or  
15 in which that person owns, directly or indirectly, through one or  
16 more wholly owned subsidiaries, all of the outstanding shares or  
17 other interests.

18 (11) After a merger or share exchange is approved, and at any  
19 time before articles of merger or share exchange are filed, the  
20 planned merger or share exchange may be abandoned, subject to any  
21 contractual rights, without further shareholder approval, in  
22 accordance with the procedure set forth in the plan of merger or  
23 share exchange or, if none is set forth, in the manner determined by  
24 the board of directors.

25 NEW SECTION. **Sec. 6.** A new section is added to chapter 23B.11  
26 RCW to read as follows:

27 (1) The definitions in this subsection apply throughout this  
28 section unless the context clearly requires otherwise.

29 (a) "Holding company" means the corporation that is or becomes  
30 the direct parent of the surviving corporation of a merger  
31 accomplished under this section and whose capital stock is issued in  
32 that merger.

33 (b) "Parent constituent corporation" means the parent corporation  
34 that merges with or into the subsidiary constituent corporation in  
35 the merger.

36 (c) "Subsidiary constituent corporation" means the subsidiary  
37 corporation with or into which the parent constituent corporation  
38 merges in the merger.

1 (2) Unless the articles of incorporation provide otherwise, a  
2 parent constituent corporation may merge with or into a single  
3 indirect wholly owned subsidiary of the parent constituent  
4 corporation without the approval of the plan of merger by the  
5 shareholders of the parent constituent corporation if:

6 (a) The plan expressly permits or requires the merger to be  
7 effected under this subsection;

8 (b) The holding company and the constituent corporations to the  
9 merger are each organized under this title;

10 (c) At all times from its incorporation until consummation of a  
11 merger under this section, the holding company was a direct wholly  
12 owned subsidiary of the parent constituent corporation;

13 (d) Immediately before consummation of a merger under this  
14 section, the subsidiary constituent corporation is a direct wholly  
15 owned subsidiary of the holding company and an indirect wholly owned  
16 subsidiary of the parent constituent corporation;

17 (e) The parent constituent corporation and the subsidiary  
18 constituent corporation are the only constituent entities to the  
19 merger;

20 (f) Immediately after the merger becomes effective, the surviving  
21 corporation of the merger becomes or remains a direct wholly owned  
22 subsidiary of the holding company;

23 (g) Each share or fraction of a share of the parent constituent  
24 corporation outstanding immediately before the merger becomes  
25 effective is converted in the merger into a share or equal fraction  
26 of a share of the holding company having the same designations and  
27 relative preferences, rights, and limitations as the share or  
28 fraction of a share of the parent constituent corporation being  
29 converted in the merger;

30 (h) The articles of incorporation and bylaws of the holding  
31 company immediately after the merger becomes effective contain  
32 provisions identical to the articles of incorporation and bylaws of  
33 the parent constituent corporation immediately before the merger  
34 becomes effective, other than any provisions regarding the  
35 incorporator or incorporators, the corporate name, the registered  
36 office and agent, the initial board of directors and the initial  
37 subscribers for shares, and the provisions contained in any amendment  
38 to the articles of incorporation of the parent constituent  
39 corporation that were necessary to effect an exchange,

1 reclassification, or cancellation of shares if the exchange,  
2 reclassification, or cancellation has become effective;

3 (i) The articles of incorporation and bylaws of the surviving  
4 corporation immediately after the merger becomes effective contain  
5 provisions by specific reference to this subsection requiring that  
6 any corporate action by or involving the surviving corporation, other  
7 than the election or removal of directors of the surviving  
8 corporation, must be approved by the shareholders of the holding  
9 company, or any successor by merger, by the same vote as is required  
10 by this title or under the articles of incorporation or bylaws of the  
11 parent constituent corporation immediately before the merger becomes  
12 effective, if that corporate action would have required the approval  
13 of the shareholders of the parent constituent corporation under this  
14 title or under the articles of incorporation or bylaws of the parent  
15 constituent corporation immediately before the merger becomes  
16 effective;

17 (j) The directors of the parent constituent corporation  
18 immediately before the merger becomes effective become or remain the  
19 directors of the holding company immediately after the merger becomes  
20 effective; and

21 (k) The shareholders of the parent constituent corporation will  
22 not recognize gain or loss for United States federal income tax  
23 purposes as a result of the merger, as determined by the board of  
24 directors of the parent constituent corporation.

25 (3) The holding company must, promptly after the effective date  
26 of a merger effected under subsection (2) of this section, notify  
27 each person who was a shareholder of the parent constituent  
28 corporation as of the date the board of directors approves the merger  
29 that the merger has become effective. The notice must contain or be  
30 accompanied by a copy of the plan of merger or a summary of the  
31 material terms and conditions of the merger and the consideration to  
32 be received by those shareholders.

33 (4) To the extent restrictions under chapter 23B.19 RCW applied  
34 to the parent constituent corporation or any of its shareholders at  
35 the effective time of the merger, those restrictions apply to the  
36 holding company and its shareholders immediately after the merger  
37 becomes effective as though the holding company were the parent  
38 constituent corporation, and all shares of stock of the holding  
39 company acquired in the merger will, for the purposes of chapter  
40 23B.19 RCW, be deemed to have been acquired at the time that the



1 corresponding shares of stock of the parent constituent corporation  
2 were acquired. No shareholder who, immediately before the merger  
3 becomes effective, was not an acquiring person of the parent  
4 constituent corporation under chapter 23B.19 RCW will, solely by  
5 reason of the merger, become an acquiring person of the holding  
6 company under chapter 23B.19 RCW.

7 (5) To the extent a shareholder of the parent constituent  
8 corporation immediately before the merger was eligible to commence a  
9 proceeding in the right of the parent constituent corporation in  
10 accordance with RCW 23B.07.400, nothing in this section is deemed to  
11 limit or extinguish that eligibility.

12 (6) Except as provided in subsections (2), (3), (4), and (5) of  
13 this section, a merger between a parent constituent corporation and a  
14 subsidiary constituent corporation is governed by the provisions of  
15 this chapter applicable to mergers generally.

--- END ---