



Ohio Revised Code

Section 1701.16 Options to purchase shares.

Effective: February 20, 2002

Legislation: Senate Bill 110 - 124th General Assembly

(A) Unless the articles otherwise provide, a corporation by its directors may grant options to subscribe for or to purchase shares of any authorized class at the times and on the terms that are set forth in the securities, or in the contracts, warrants or instruments that evidence the options, which contracts, warrants, or instruments may be transferable or nontransferable and may be separable or inseparable from securities, upon the following conditions:

(1) If the shares are subject to preemptive rights and if the options are not granted to shareholders in satisfaction of their preemptive rights, the granting of the options must be authorized by the vote or consent of the shareholders or holders of shares of particular classes that then would be required to waive or release such preemptive rights. The vote or consent shall release the preemptive rights to the shares required to satisfy the options if and when exercised.

(2) If, at the time of granting the options, the corporation does not have authorized and unissued shares sufficient to satisfy the options if and when exercised, the granting of the options must be authorized by the vote of the shareholders or holders of shares of particular classes that then would be required to adopt an amendment to the articles for the purpose of increasing the authorized number of such shares, and the shares required to be issued upon the exercise of the options shall be provided by an amendment concurrently or thereafter adopted by the shareholders or the directors.

(B)(1) The securities, contracts, warrants, or instruments that evidence the options may contain any terms not repugnant to law for the protection of the holders of the options, including, but not limited to, the following:

(a) Restrictions upon the authorization or issuance of additional shares;

(b) Provisions for the adjustment of the option price;

(c) Provisions concerning rights in the event of reorganization, merger, consolidation, or sale of the



entire assets of the corporation;

(d) Provisions for the reservation of authorized but unissued shares to satisfy the options;

(e) Restrictions upon the declaration or payment of dividends or distributions;

(f) Conditions on the exercise or redemption of the options, including, subject to the limitation specified in division (B)(2) of this section, conditions that preclude the holder or holders of at least a specified number or percentage of the outstanding common shares of a corporation from exercising or redeeming the options.

(2) The express or implied authority conferred by division (B)(1) of this section or any other section of this chapter for securities, contracts, warrants, or instruments that evidence options to contain a condition on the exercise or redemption of options that precludes the holder or holders of at least a specified number or percentage of the outstanding common shares of a corporation from exercising or redeeming options shall apply only to the following:

(a) A corporation that has issued and outstanding shares listed on a national securities exchange or regularly quoted in an over-the-counter market by one or more members of a national or affiliated securities association;

(b) A corporation that has adopted a close corporation agreement pursuant to which options are granted, if the securities, contracts, warrants, or instruments that evidence the options contain a condition that precludes the holder or holders of at least a specified number or percentage of the outstanding common shares of that corporation from exercising or redeeming the options.

(C) As used in this section, "securities" includes obligations and shares of the corporation.