Minnesota to Permit Ratification and Validation of Defective Corporate Acts

by Jonathan A. Van Horn, Brian Burke, and Robert A. Rosenbaum

On April 30, 2025, Governor Tim Walz signed H.F. No. 747 into law. H.F. No. 747 amends several provisions of the Minnesota Business Corporation Act (Chapter 302A of the Minnesota Statutes). Among the 2025 amendments to the MBCA, which take effect on August 1, 2025, are a series of amendments establishing a framework under which Minnesota corporations will now be able to ratify or validate otherwise defective corporate acts, utilizing either a “self-help” corporate ratification process (see new Section 302A.166 of the MBCA, and related definitions) or a judicial validation process (see new Section 302A.167 of the MBCA, and related definitions).

Under Minnesota law, certain defective corporate acts (including issuances of stock in excess of amounts authorized in the corporation’s articles of incorporation) are deemed to be void, not voidable. Prior to adoption of the 2025 amendments to the MBCA, such defective acts were incapable of being cured using statutory means. The common law remedies for voidable acts available in absence of a statutory cure in Minnesota have proven to be inefficient and to not provide the necessary level of certainty (particularly with respect to retroactive effect) to corporations. The 2025 amendments provide a practical means for a Minnesota corporation to resolve failures of technical compliance with the MBCA, or with the corporation’s articles of incorporation or bylaws, that cause a corporate act, transaction, or stock issuance to be deemed void or voidable. With the 2025 amendments, Minnesota joins several states, including Delaware and several states that have adopted the ratification and validation provisions added to the Model Business Corporation Law in 2015, in enacting statutory provisions permitting ratification and validation of defective corporate acts.

Amendments to Section 302A.011 of the MBCA define a range of “defective corporate acts” that may be ratified or validated under the MBCA. Defective corporate acts include (A) an issuance of the corporation’s capital stock in excess of the amount authorized for issuance in the corporation’s articles of incorporation, or (B) an election of directors or other corporate action not taken in compliance with (1) the MBCA, (2) the corporation’s articles or bylaws, (3) a contract to which the corporation is a party or (4) disclosure

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- Jonathan A. Van Horn
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contained in a proxy statement or consent statement.
The corporate ratification provisions in new Section 302A.166 of the MBCA allow a corporation’s board of directors to adopt resolutions ratifying one or more defective corporate acts and, if required under new Section 302A.166, to submit ratification of defective corporate acts to the corporation’s shareholders for approval. New Section 302A.166 establishes requirements: (1) to file a Certificate of Ratification with the Minnesota Secretary of State with respect to any ratification taken under new Section 302A.166 that relates to a corporate action which required the filing of a certificate with the Secretary of State (e.g., ratification of an amendment to a corporation’s articles of incorporation which was the result of a defective corporate act) and (2) to provide notice to the corporation’s shareholders of any ratification of defective corporate acts. Defective corporate acts properly ratified in accordance with the provisions of new Section 302A.166 will have retroactive effect from the time of the defective corporate act.

The judicial validation provisions contained in new Section 302A.167 of the MBCA allow a Minnesota corporation, its shareholders and certain beneficial owners, and certain other stakeholders to petition a Minnesota court to determine the validity of any corporate act (defective or not) or transaction, including the validity of any shares or rights to purchase securities issued by a Minnesota corporation, and to modify or waive the procedures for corporate ratification set forth in new Section 302A.166. New Section 302A.167 permits a court to exercise a range of equitable remedies in connection with matters brought before it for judicial validation.

For further information regarding these new statutory procedures, please contact the authors or your regular Dorsey attorney.