

## Delaware Governor Signs Senate Bill 21 into Law, Significantly Amending Delaware Corporate Law



By **William Mills**  
Partner | Corporate



By **Erin Ward**  
Law Clerk | Corporate

On March 25, 2025, Delaware Governor Matt Meyer signed into law Senate Bill 21, amending Sections 144 and 220 of Title 8 of the Delaware General Corporation Law (DGCL). The legislation responds to recent concerns over Delaware law and, as stated by the Governor, is intended to clarify “key governance structures to reinforce Delaware’s reputation for equitable, predictable and efficient corporate oversight.” The new legislation provides, among other items:

- a statutory safe harbor for conflicted transactions involving interested directors and officers;
- a statutory safe harbor for conflicted transactions involving controlling stockholders;
- clarification as to what constitutes a “controlling stockholder”, providing bright-line requirements as to stock ownership and managerial control; and
- certain limitations with respect to the right of stockholders to inspect a corporation’s books and records.

For a more detailed discussion of the amendments, please refer to the previous Cadwalader Quorum article on the bill, [linked here](#).

Following unanimous approval in the Delaware Senate on March 13, the legislation passed in the Delaware House by a 32-7 vote. During a two hour debate, House members rejected five proposed amendments aimed at curtailing the scope of the legislation, including the addition of a proposed “[opt-in](#)” provision which would have required Delaware corporations to elect whether to be governed by the amendments. The debate saw significant bipartisan support, with both Democratic and Republican lawmakers backing the legislation as vital for Delaware’s economy.

The legislation was initially introduced amid growing concerns over a rising trend of corporations reincorporating outside of Delaware, dubbed “DExit”, drafted to protect Delaware’s status as the leading corporate hub by offering more accessible protections for conflicted transactions involving officers and directors. Despite strong support from the business community, the legislation faced significant opposition, with critics contending that it could disproportionately favor large corporations and their management teams.

New DGCL § 144 and § 220, as amended, each took effect upon being signed into law. Reversing the course proposed by the Delaware Senate, as adopted SB 21 will apply retroactively unless (1) an action concerning the act or transaction is already completed or pending or (2) in the case of books and records demands, if such demand was made on or before February 17, 2025. Since it was first introduced, the bill drew the attention of the Council of the Corporation Law Section of the Delaware State Bar Association and numerous law firms and institutional investors. In adopting the law, the Governor’s office thanked “lawmakers for the

swift passage of this critical update to Delaware's corporate law, aimed at ensuring the state remains the premier home for U.S. and global businesses."