

## [Securities Regulation Daily Wrap Up, CORPORATE GOVERNANCE— Coinbase DExits to Texas, \(Nov. 13, 2025\)](#)

Securities Regulation Daily Wrap Up

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By Anne Sherry, J.D.

The crypto giant said it is “part of a movement of businesses choosing markets with favorable regulatory and judicial-review systems.”

Coinbase has joined the ranks of businesses abandoning Delaware to reincorporate elsewhere, in this case Texas. In its [SEC filing](#), the company cited Delaware’s “increasing litigious environment,” Texas’s support for blockchain innovation, and the avoidance of Delaware franchise tax as factors for the move. Chief Legal Officer Paul Grewal said in a [Wall Street Journal op-ed](#) that Delaware “left us with little choice” and that companies can’t rely on legislative efforts to address “unpredictable outcomes” in the Court of Chancery.

**Mechanics.** Eight stockholders controlled by Coinbase’s cofounders approved the reincorporation by written consent in lieu of a meeting. The stockholders collectively represent 78 percent of voting power in the company.

The reincorporation will occur via a conversion under the respective corporate laws of Delaware and Texas. Each share of stock will convert 1:1 into stock of the same class of the Texas corporation, and Class A stock will continue to trade without interruption on the Nasdaq Global Select Market.

**Texas beats Nevada.** Coinbase observes that it incorporated in Delaware in 2012, when Delaware was still the jurisdiction of choice for U.S. corporations. “The competitive landscape among states has changed significantly in recent years,” it explains, “with both Texas and Nevada taking significant actions designed to attract corporations to incorporate in their states.” After review by and presentations from a special committee, Coinbase management recommended that the company move to Texas for its “pro-business culture” and “pro-crypto mentality.”

In particular, the filing cites Texas’s recent codification of the business judgment rule as one of the [legislative enhancements](#) to make the state more business friendly. The special committee considered recent amendments to the Delaware General Corporation Law but concluded that they are subject to judicial interpretation and constitutional challenges.

**Derivative litigation.** Coinbase said that the risk of litigation is especially acute for companies like itself with an executive controlling stockholder. The absence of bright-line standards for transactions involving a controlling shareholder “until recently has encouraged law firms to test new theories of liability and broaden the definition of who is in control, what transactions should be deemed conflicted and how strict the standards should be for cleansing such transactions,” the company wrote.

In contrast, Texas allows a corporation’s bylaws to impose a minimum ownership threshold for a derivative plaintiff or plaintiff group. Coinbase’s new bylaws will require a shareholder or group of shareholders to have at least 3 percent of total outstanding shares in order to bring a derivative suit on behalf of the company. This is the highest threshold that Texas law allows.

Texas also requires all derivative plaintiffs to first demand that the corporation bring the action, unlike Delaware, which allows a plaintiff to skip this step if it can show demand would be futile.

**Statement and reactions.** In his WSJ op-ed, Grewal said that Delaware’s former reputation for predictable and speedy court outcomes and a respect for business judgment made it the premiere location for incorporations, attracting more than \$1 billion in annual revenue to the state. But recent legal uncertainty has eroded these benefits, and companies can’t rely on ad hoc legislative efforts to change court outcomes after the fact.

Grewal said that the competition among states to attract incorporations is a good thing. “The more states that can credibly attract companies, the better—and we’d like to see Delaware step up to stay in the mix. But as for Coinbase, you can find us in Texas.”

DExit pioneer Elon Musk, who moved Tesla and SpaceX to Texas, [said on his X platform](#) that “Delaware needs to make major changes immediately or continue to lose its single biggest asset, which is being the incorporation state for most companies in America.”

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