DExit: How Texas is Building a Corporate Alternative to Delaware

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Through business court reform, corporate governance legislation, and the creation of a national stock exchange, Texas is making a deliberate bid to compete with Delaware as America's preferred corporate domicile.

Texas is a lot of things, but subtle is rarely one of them.

And there is certainly nothing subtle about Texas's recent efforts to attract businesses and capital to the Lone Star State. The latest evidence can be found in a term that has increasingly entered corporate nomenclature: DExit.

Short for "Delaware Exit," DExit refers to the growing trend of companies reconsidering Delaware as their state of incorporation. Much of the public discussion surrounding DExit has focused on a handful of high-profile corporate relocations and reincorporations. That focus, however, risks missing the larger story.

For more than a century, Delaware has occupied a singular place in corporate America. That dominance is remarkable when one considers Delaware's size. The entire State of Delaware could fit within the greater Houston metropolitan area and still leave room for a few Buc-ee's locations. Yet this geographically tiny state became the legal home of many of America's largest corporations by offering something few jurisdictions could match: a sophisticated body of corporate law and a specialized judiciary capable of resolving corporate disputes with predictability.

Texas has spent the last several years studying that playbook. Recent amendments to the Texas Business Organizations Code, the creation of the Texas Business Court and Fifteenth Court of Appeals, and the launch of the Texas Stock Exchange suggest that Texas is no longer content merely to attract a company's regional office or even its corporate headquarters. Texas now wants the company's legal domicile as well.

Whether Texas ultimately succeeds remains to be seen. Delaware's advantages remain substantial. But for the first time in decades, a serious challenger appears to be emerging.

Rewriting the Corporate Rulebook

The clearest evidence of Texas's ambitions appear in Senate Bill 29 and the legislature's recent amendments to the Texas Business Organizations Code (TBOC).

The legislature was not particularly coy about what it hoped to accomplish. State Senator Bryan Hughes described Delaware as a jurisdiction in which many companies had become "shackled by a burdensome Delaware legal establishment dominated by activist judges and special interest groups" and stated that the legislation would help bring American enterprise and jobs to Texas.[1] The bill's legislative history described Texas's goal as becoming the "corporate law capital of America."[2]

Amended TBOC § 21.218 narrows shareholder inspection rights by requiring a shareholder to hold shares for at least six months or own at least 5% of the corporation's outstanding shares before demanding access to books and records. The statute also limits inspections to requests related to a shareholder's economic interest in the corporation and generally restricts access to certain categories of electronic communications. That restriction on electronic communications is particularly significant. Emails, text messages, and other electronic communications are among the most voluminous and expensive categories of information for a company to collect, review, and produce upon a books and records request.

The legislature also codified the business judgment rule through TBOC § 21.419, establishing a statutory presumption that directors and officers acted in good faith, on an informed basis, and in the best interests of the corporation. Senator Hughes stated that the change would allow Texas businesses to "confidently deploy capital" by providing greater certainty to corporate decision-makers.[3]

Finally, new TBOC § 21.373 permits qualifying corporations to adopt heightened requirements for shareholder proposals, including minimum ownership thresholds, holding periods, and proxy solicitation requirements.

Reasonable minds may disagree on the wisdom of these changes, but their purpose is clear. Texas is actively reshaping its corporate-governance framework to make itself more attractive to corporate managers and directors considering where to incorporate.

Building a Texas Version of the Court of Chancery

Corporate lawyers have never chosen Delaware solely because of its statutes.

Delaware's true advantage has long been its Court of Chancery and the extensive body of precedent developed through decades of specialized corporate litigation.

Texas’s response is the Texas Business Court.

Operational since September 2024, the court has jurisdiction over certain complex business disputes, including corporate-governance matters and significant commercial transactions. For many claims, Business Court jurisdiction generally requires an amount in controversy exceeding $5 million. Appeals proceed directly to the newly established Fifteenth Court of Appeals, creating a centralized path for the development of Texas business law.[4]

Early results suggest the court is attracting substantial use. During its first year, the Texas Business Court received 185 filings, including 145 corporate-governance cases. Judges issued more than 680 orders, conducted more than 270 hearings and conferences, and produced 42 written opinions.[5]

Those numbers matter. Delaware's dominance did not emerge overnight. It developed because companies, lawyers, and judges repeatedly chose a singular and specialized forum for business disputes, which resulted in a predictable body of case law.

Texas appears to be attempting a similar process.

Ringing the Opening Bell

The most ambitious piece of Texas's strategy may be the Texas Stock Exchange (TXSE).

A state can attract incorporations through favorable laws. It can improve predictability through specialized courts. But creating a genuine alternative corporate ecosystem requires access to capital markets.

The Texas Stock Exchange received SEC approval in September 2025 and completed its rollout into full production trading in July 2026. It is Texas's first fully integrated national securities exchange.[6]

Its launch was more than symbolic. TXSE began trading with more than 50 member-firms and described its opening as the broadest day-one participation of any exchange launch in half a century. TXSE leadership has stated that the exchange was designed to provide "real competition for primary listings for the first time in decades."[7] In August 2026, Reuters reported that TXSE secured its first primary listings, an early milestone in that effort, and noted that the venture is backed by prominent financial institutions and investors, including BlackRock, Citadel Securities, and Charles Schwab.[8] TXSE plans to begin facilitating initial public offerings in 2027, which would mark its next major step toward becoming a full-service competitor to the established New York exchanges.[9]

No one should expect TXSE to depose the New York Stock Exchange or Nasdaq anytime soon. That is not the point.

The significance of TXSE lies in what it represents. Texas is no longer content to attract headquarters. It is building the infrastructure that supports public companies after they arrive. The message seems to be that if a company is willing to move its charter to Texas and litigate its disputes in a Texas business court, Texas would also like it to ring the opening bell here.

Viewed alongside the TBOC amendments and Business Court reforms, the exchange is another step in Texas's broader effort to become the legal home of major American businesses.

Texas Makes Its Move

Delaware remains the dominant corporate domicile in America. Its position rests on more than a century of corporate law precedent and the predictability that comes with it. No state can replicate that overnight.

Texas, however, enters this competition from a position of strength. In 2026, Texas surpassed California as the state with the largest number of Fortune 500 headquarters. The state is now home to 57 Fortune 500 companies with a combined $2.8 trillion in annual revenue.[10]

For decades, Texas competed on cost, taxes, and population growth. Today, it is competing on corporate governance and capital as well.

Whether DExit ultimately becomes a wave or merely a footnote in corporate history remains to be seen. What is already clear is that Texas has made a deliberate decision to challenge Delaware's dominance. The coming years will determine whether businesses embrace that challenge. Texas, however, is no longer content to be where companies do business. It wants to be where they choose to call home.

[1] Press Release, Office of Senator Bryan Hughes, Senator Bryan Hughes Files Groundbreaking Bill to Transform Texas Corporate Law (Feb. 27, 2025).

[2] S.B. 29, 89th Leg., Reg. Sess. (Tex. 2025), legislative history and bill analyses; Tex. Bus. Orgs. Code §§ 21.218, 21.373, 21.419.

[3] Note 1, *supra*.

[4] H.B. 19, 88th Leg., Reg. Sess. (Tex. 2023), legislative history; S.B. 1045, 88th Leg., Reg. Sess. (Tex. 2023), legislative history; Tex. Gov't Code ch. 25A and § 22.2151.

[5] Office of Court Administration, The Business Court of Texas, Annual Report FY 2025.

[6] Office of the Governor, Governor Abbott Marks Successful Trading Launch of Texas Stock Exchange (July 31, 2026).

[7] Texas Stock Exchange, Texas Stock Exchange Celebrates Successful Launch of Trading (July 31, 2026).

[8] Reuters, Texas Stock Exchange Lands First Primary Listings in Bid to Carve Out Market Turf (Aug. 18, 2026; updated Aug. 19, 2026).

[9] Eric Revell, *Texas Stock Exchange Officially Goes Live to Rival NYSE and Nasdaq*, Fox Business (July 31, 2026).

[10] Fortune Media, Amazon Claims No. 1 Spot on the Fortune 500 (June 3, 2026); Office of the Governor, Texas Leads With Most Fortune 500 Headquarters (June 3, 2026).