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DEPUTY MAJORITY WHIP

Appropriations Committee

Subcommittees

Oversight Committee on Pensions

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THE MARYLAND HOUSE OF DELEGATES
ANNAPOLIS, MARYLAND 21401

February 8, 2023

HB-209 Corporations and Associations - Revisions

SPONSOR: Delegate Courtney Watson

POSITION: Favorable

House Bill 209 is the annual bill sponsored by the Committee on Corporation Law of the Section on Business Law of the Maryland State Bar Association to make technical changes and upgrades to the Maryland General Corporation Law. This year's bill is a combination of fixes to highly technical corporate laws.

The bill clarifies that a corporation may not issue a stock certificate in bearer form (page three). Most corporate lawyers consider "bearer form" certificates as improper, but the Maryland General Corporation Law currently does not expressly prohibit them. With the new Federal Corporate Transparency Act and concerns about money laundering, Maryland's General Corporation Law should be clear on this point. The bill further states that "bearer form" certificates cannot be issued by limited liability companies.

This bill also provides that a nonstock corporation's charter may provide that an individual may serve as a director merely by virtue of an office that the person holds within the organization or in another organization (page six).

In addition, language is added to the Corporations and Associations Article setting forth the procedure for terminating the existence of real estate investment trusts.

Finally, this bill also clarifies the circumstances in which the owners of statutory trusts formed under the Investment Company Act of 1940, such as mutual funds, may be governed by a section of the Maryland Code that sets forth the voting rights and stockholders' meeting rules.

With me today is Bill Carlson, Chairman of the Board on the MSBA Committee on Corporation Law who will testify and answer any questions you may have about these changes.

A handwritten signature in cursive script that reads "Courtney Watson".

Delegate Courtney Watson
Howard County District 9B