



**2026 REPORT OF THE COMMITTEE ON CORPORATION LAW
OF THE SECTION ON BUSINESS LAW OF THE MARYLAND STATE BAR ASSOCIATION
WITH RESPECT TO**

**SENATE BILL 631 (CROSS-FILED WITH HOUSE BILL 996)
“CORPORATIONS AND ASSOCIATIONS – REVISIONS”**

I. INTRODUCTION AND BACKGROUND

The Committee on Corporation Law of the Section on Business Law of the Maryland State Bar Association monitors the Maryland General Corporation Law (the “MGCL”), the Maryland REIT Law, and the application and utility of other Maryland business-related laws. To that end, the Committee on Corporation Law regularly proposes “Miscellaneous” Bills relating to corporations and REITs and, on occasion, Bills on specific topics to the General Assembly of the State of Maryland.

This Session’s “Corporations and Associations - Revisions” Bill, SB 631, which has been cross-filed in the House as HB 996, addresses several revisions and clarifications.

OUR COMMITTEE IS FAVORABLE IN SUPPORT OF SB 631.

II. PROPOSED “CORPORATIONS AND ASSOCIATIONS - REVISIONS”

Creating a Statutory Process for Resubmitting Rejected Charter Documents

We propose amendments to Section 1-201 of the MGCL to provide certainty that a rejected charter filing, if corrected and accepted for record by the State Department of Assessments and Taxation within thirty days, will be treated as having been accepted as of the original filing date. Obtaining the intended effective date is important in many transactions, e.g., a dissolution occurring before the end of a calendar year or a merger by which one company acquires another company. This practice is recognized in the State of Delaware and Commonwealth of Pennsylvania with respect to rejected charter filings. This practice was informally followed at the State Department of Assessments and Taxation for many years.

Authorizing Boards of Directors and Committees of '40 Act Open-end Investment Funds to Take Action by Written Consent of a Majority of the Entire Board or Committee

Section 2-408(c) of the MGCL requires that when a board of directors or a board committee acts by a written consent, instead of at a duly called meeting, the written consent must be unanimous. New subsections (d) and (e) of Section 2-408, at the request of a Maryland-based investment firm, would enable boards and committees of Maryland corporations that are registered under the Federal Investment Company Act of 1940 as “open-end funds” to act by written consent if a majority of the entire board or a majority of the directors serving on the committee signs the written consent. Open-end funds typically have large boards and this amendment would ease the process for taking actions and be consistent with how acts may be taken under the Investment Company Act of 1940. The new subsections provide for a process for a director who did not sign the written consent to file an objection.

Written consents by boards of directors and committees of all other Maryland corporations would continue to require unanimity.

Authorizing a Trustee or Receiver to Amend the Charter or Take Other Corporate Action as Ordered by a Federal Bankruptcy Court in Any Type of Bankruptcy Proceeding

The amendments to Section 3-301 of the MGCL would clarify that the provisions of present Section 3-301 (which authorizes trustees and receivers to take certain actions and to sign charter documents, but presently is limited to bankruptcy court-approved plans of reorganization) shall apply to any type of Federal bankruptcy proceeding, whether a Chapter 7 liquidation or a Chapter 11 reorganization. The amendments also confirm that the continued validity of a corporate action undertaken pursuant to this Section is not dependent upon the continued existence or the pendency of a confirmed plan of reorganization. A corporation being liquidated under a bankruptcy court-approved plan of liquidation often does not have any directors or officers, so requiring approval by a board of directors or the signatures of officers presents an unnecessary obstacle when the bankruptcy court has ordered the trustee or the receiver to take particular action or sign a charter document.

With the primacy of Federal bankruptcy law, there is no reason to limit Section 3-301 to orders under a plan of reorganization under Chapter 11 of the Federal Bankruptcy Code.

Repealing Certain Penalties Imposed upon Officers of Foreign Corporations

The amendments to Sections 7-301 and 7-302 of the MGCL would repeal the \$1,000 fine that may be imposed upon officers and agents of a foreign corporation that conducts business in Maryland, but has not properly qualified or registered as a foreign corporation in this State. The \$200 penalty upon the foreign corporation that had failed to qualify or register would remain.

The present Section 7-301(b) states that “each officer” and “each agent” of a foreign corporation not complying with the qualification and registration requirements is guilty of a misdemeanor and on conviction subject to a fine not exceeding \$1,000. We consider this fine – which could be placed on any or all officers and any or all agents – to be draconian.

*Enforceability of Partnership Agreements; Persons Bound by Partnership Agreements;
and Procedure for Amendments to Partnership Agreements*

As recommended and supported by the Committee on Unincorporated Associations of the Section on Business Law of the Maryland State Bar Association, the proposed revision to Section 9A-103 of the Maryland Revised Uniform Partnership Act explains that the manner and conditions for amending the partnership agreement of a Maryland partnership or limited partnership may be specified by the partnership agreement. Section 9A-103 of the Maryland Revised Uniform Partnership Act governs the adoption, amendment, and certain permissible terms of partnership agreements of Maryland partnerships, including Maryland limited partnerships. (The Maryland Revised Uniform Limited Partnership Act § 10-108 states that “[t]he provisions of Title 9A of this article with respect to partnerships shall apply to limited partnerships except to the extent that those provisions are inconsistent with or are modified by the provisions of this title.”).

The proposed revisions to Section 10-302 of the Maryland Revised Uniform Limited Partnership Act similarly explain that, unless the partnership agreement specifies otherwise, amendments to the partnership agreement of a Maryland limited partnership require unanimous approval of all the partners, explains that the partnership agreement may specify a different requirement for approval of amendments to the partnership agreement (including the approval of a fewer proportion of partners or the approval of other persons), and explains when parties are bound by a duly authorized or adopted partnership agreement or amendment, even if they did not execute the partnership agreement or amendment. The proposed revisions are consistent with the current Uniform Partnership Act and the current Uniform Limited Partnership Act, as well as with existing provisions of the Maryland Limited Liability Company Act.

These amendments are helpful because Maryland has not adopted the current versions of the two Uniform Acts.

Respectfully submitted,

MSBA Section of Business Law, Committee on
Corporation Law

William E. Carlson, Chair
Scott R. Wilson, Vice Chair

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