
By: Delegates Frank and Doory

Introduced and read first time: February 1, 1996

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Corporations - Executive and Other Committees**

3 FOR the purpose of allowing executive committees and other committees of the board of
4 directors of a corporation to consist of one or more directors; altering a certain
5 exception to the authority of a board of directors to delegate its powers to a
6 committee; clarifying the power of committees of the board of directors to take
7 action with respect to the issuance of capital stock; and generally relating to
8 committees of the board of directors of a corporation.

9 BY repealing and reenacting, with amendments,
10 Article - Corporations and Associations
11 Section 2-411
12 Annotated Code of Maryland
13 (1993 Replacement Volume and 1995 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
15 MARYLAND, That the Laws of Maryland read as follows:

16 **Article - Corporations and Associations**

17 2-411.

18 (a) The bylaws of a corporation may authorize its board of directorsto:

19 (1) Appoint from among its members an executive committee and other
20 committees composed of [two] ONE or more directors; and

21 (2) Delegate to these committees any of the powers of the boardof
22 directors, except the power to:

23 (i) [Declare] AUTHORIZE dividends [or distributions] on stock;

24 (ii) Issue stock other than as provided in subsection (b) of this section;

25 (iii) Recommend to the stockholders any action which requires
26 stockholder approval;

27 (iv) Amend the bylaws; or

1 (v) Approve any merger or share exchange which does not require
2 stockholder approval.

3 (b) If the board of directors has given general authorization for the issuance of
4 stock PROVIDING FOR THE MAXIMUM NUMBER OF SHARES TO BE ISSUED, a
5 committee of the board, in accordance with [a general formula or method specified by
6 the board by resolution or by adoption of a] THAT GENERAL AUTHORIZATION OR ANY
7 stock option or other plan OR PROGRAM ADOPTED BY THE BOARD, may AUTHORIZE
8 OR fix the terms of stock subject to classification or reclassification and the terms on
9 which any stock may be issued, including all terms and conditions required or permitted
10 to be established or authorized by the board of directors under §§ 2-203 and 2-208 of this
11 title.

12 (c) The bylaws may authorize the members of a committee present at any
13 meeting, whether or not they constitute a quorum, to appoint a director to act in the place
14 of an absent member.

15 (d) The appointment of any committee, the delegation of authority to it, or action
16 by it under that authority does not constitute, of itself, compliance by any director, not a
17 member of the committee, with the standard provided in § 2-405.1 of this subtitle for the
18 performance of duties of directors.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 October 1, 1996.