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**By: Delegates Frank and Doory**

Introduced and read first time: February 1, 1996

Assigned to: Economic Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 20, 1996

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CHAPTER \_\_\_\_

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:

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- 1 (i) [Declare] AUTHORIZE dividends [or distributions] on stock;
- 2 (ii) Issue stock other than as provided in subsection (b) of this section;
- 3 (iii) Recommend to the stockholders any action which requires  
4 stockholder approval;
- 5 (iv) Amend the bylaws; or
- 6 (v) Approve any merger or share exchange which does not require  
7 stockholder approval.

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

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

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

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