
By: **Delegate Barve**

Introduced and read first time: February 12, 1999

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Corporations - Electronic Transmissions**

3 FOR the purpose of authorizing a corporation to give notice of a stockholders' meeting
4 to a stockholder by transmitting the notice by electronic mail or by any other
5 electronic means; clarifying that a stockholder may authorize another person to
6 act as proxy by transmitting, or authorizing the transmission of, an
7 authorization to act as proxy to certain persons by certain means; making
8 stylistic changes; and generally relating to the use of electronic transmissions by
9 corporations and corporate stockholders.

10 BY repealing and reenacting, with amendments,
11 Article - Corporations and Associations
12 Section 2-504 and 2-507
13 Annotated Code of Maryland
14 (1993 Replacement Volume and 1998 Supplement)

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

17 **Article - Corporations and Associations**

18 2-504.

19 (a) Not less than [ten] 10 nor more than 90 days before each stockholders'
20 meeting, the secretary of the corporation shall give written notice of the meeting to:

21 (1) Each stockholder entitled to vote at the meeting; and

22 (2) Each other stockholder entitled to notice of the meeting.

23 (b) The notice shall state:

24 (1) The time and place of the meeting; and

25 (2) The purpose of the meeting, if:

- 1 (i) The meeting is a special meeting; or
2 (ii) Notice of the purpose is required by any other provision of this
3 article.

4 (c) For purposes of this section, notice is given to a stockholder when it is:

- 5 (1) Personally delivered to [him] THE STOCKHOLDER;
6 (2) Left at [his] THE STOCKHOLDER'S residence or usual place of
7 business; [or]
8 (3) Mailed to [him] THE STOCKHOLDER at [his] THE STOCKHOLDER'S
9 address as it appears on the records of the corporation; OR

10 (4) TRANSMITTED TO THE STOCKHOLDER BY ELECTRONIC MAIL TO ANY
11 ELECTRONIC MAIL ADDRESS OF THE STOCKHOLDER OR BY ANY OTHER ELECTRONIC
12 MEANS.

13 (d) Whenever this article or the charter or bylaws of a corporation require
14 notice of the time, place, or purpose of a meeting of the stockholders, each person who
15 is entitled to the notice waives notice if [he] THE PERSON:

- 16 (1) Before or after the meeting signs a waiver of the notice which is filed
17 with the records of stockholders meetings; or
18 (2) Is present at the meeting in person or by proxy.

19 2-507.

20 (a) Unless the charter provides for a greater or lesser number of votes per
21 share or limits or denies voting rights, each outstanding share of stock, regardless of
22 class, is entitled to one vote on each matter submitted to a vote at a meeting of
23 stockholders. However, a share is not entitled to be voted if any installment payable
24 on it is overdue and unpaid.

25 (b) (1) A stockholder may vote the stock the stockholder owns of record
26 either:

- 27 (i) In person; or
28 (ii) By proxy as provided in subsection (c) of this section.

29 (2) Unless a proxy provides otherwise, it is not valid more than 11
30 months after its date.

31 (3) Unless otherwise agreed in writing, the holder of record of stock
32 which actually belongs to another shall issue a proxy to vote the stock to the actual
33 owner on the owner's demand.

1 (c) (1) A stockholder may authorize another person to act as proxy for the
2 stockholder as provided in this subsection.

3 (2) (i) A stockholder may sign a writing authorizing another person to
4 act as proxy.

5 (ii) Signing may be accomplished by the stockholder or the
6 stockholder's authorized agent signing the writing or causing the stockholder's
7 signature to be affixed to the writing by any reasonable means, including facsimile
8 signature.

9 (3) (I) [A] SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, A
10 stockholder may authorize another person to act as proxy by transmitting, or
11 authorizing the transmission of, AN AUTHORIZATION FOR THE PERSON TO ACT AS
12 PROXY TO:

13 1. THE PERSON AUTHORIZED TO ACT AS PROXY; OR

14 2. ANY OTHER PERSON AUTHORIZED TO RECEIVE THE
15 PROXY AUTHORIZATION ON BEHALF OF THE PERSON AUTHORIZED TO ACT AS THE
16 PROXY, INCLUDING A PROXY SOLICITATION FIRM OR PROXY SUPPORT SERVICE
17 ORGANIZATION.

18 (II) THE AUTHORIZATION MAY BE TRANSMITTED BY a telegram,
19 cablegram, datagram, ELECTRONIC MAIL, or ANY other ELECTRONIC means [of
20 electronic transmission to the person authorized to act as proxy or to a proxy
21 solicitation firm, proxy support service organization, or other person authorized by
22 the person who will act as proxy to receive the transmission].

23 (4) A copy, facsimile telecommunication, or other reliable reproduction of
24 the writing or transmission authorized under paragraphs (2) and (3) of this
25 subsection may be substituted for the original writing or transmission for any
26 purpose for which the original writing or transmission could be used.

27 (d) (1) A proxy is revocable by a stockholder at any time without condition or
28 qualification unless:

29 (i) The proxy states that it is irrevocable; and

30 (ii) The proxy is coupled with an interest.

31 (2) A proxy may be made irrevocable for as long as it is coupled with an
32 interest.

33 (3) The interest with which a proxy may be coupled includes an interest
34 in the stock to be voted under the proxy or another general interest in the corporation
35 or its assets or liabilities.

36 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
37 October 1, 1999.

