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By: **Delegate Barve**  
Introduced and read first time: February 12, 1999  
Assigned to: Economic Matters

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 23, 1999

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CHAPTER \_\_\_\_\_

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

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

2 (b) The notice shall state:

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

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

5 (i) The meeting is a special meeting; or

6 (ii) Notice of the purpose is required by any other provision of this  
7 article.

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

9 (1) Personally delivered to [him] THE STOCKHOLDER;

10 (2) Left at [his] THE STOCKHOLDER'S residence or usual place of  
11 business; [or]

12 (3) Mailed to [him] THE STOCKHOLDER at [his] THE STOCKHOLDER'S  
13 address as it appears on the records of the corporation; OR

14 (4) TRANSMITTED TO THE STOCKHOLDER BY ELECTRONIC MAIL TO ANY  
15 ELECTRONIC MAIL ADDRESS OF THE STOCKHOLDER OR BY ANY OTHER ELECTRONIC  
16 MEANS.

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

20 (1) Before or after the meeting signs a waiver of the notice which is filed  
21 with the records of stockholders meetings; or

22 (2) Is present at the meeting in person or by proxy.

23 2-507.

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

29 (b) (1) A stockholder may vote the stock the stockholder owns of record  
30 either:

31 (i) In person; or

32 (ii) By proxy as provided in subsection (c) of this section.

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

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

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

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

10 (ii) Signing may be accomplished by the stockholder or the  
11 stockholder's authorized agent signing the writing or causing the stockholder's  
12 signature to be affixed to the writing by any reasonable means, including facsimile  
13 signature.

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

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

19 2. ANY OTHER PERSON AUTHORIZED TO RECEIVE THE  
20 PROXY AUTHORIZATION ON BEHALF OF THE PERSON AUTHORIZED TO ACT AS THE  
21 PROXY, INCLUDING A PROXY SOLICITATION FIRM OR PROXY SUPPORT SERVICE  
22 ORGANIZATION.

23 (II) THE AUTHORIZATION MAY BE TRANSMITTED BY a telegram,  
24 cablegram, datagram, ELECTRONIC MAIL, or ANY other ELECTRONIC OR  
25 TELEPHONIC means [of electronic transmission to the person authorized to act as  
26 proxy or to a proxy solicitation firm, proxy support service organization, or other  
27 person authorized by the person who will act as proxy to receive the transmission].

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

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

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

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

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

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

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