
By: **Senator Baker**

Introduced and read first time: February 1, 2002

Assigned to: Judicial Proceedings

A BILL ENTITLED

1 AN ACT concerning

2 **Corporations - Bylaws**

3 FOR the purpose of clarifying that the charter or bylaws of a corporation may vest all
4 or any part of the power to adopt, alter, and repeal the bylaws of the corporation
5 in the corporation's board of directors under certain circumstances; clarifying
6 that the vote of the stockholders required to adopt, alter, or repeal the bylaws of
7 a corporation may be specified in the charter or bylaws and may be greater than
8 a certain threshold; providing that notwithstanding any provision of the charter
9 or bylaws of a corporation, under certain circumstances the corporation may
10 elect that the board, the stockholders, or the board and the stockholders
11 concurrently may adopt, alter, or repeal the corporation's bylaws; providing that
12 a corporation may specify the vote required to adopt, alter, or repeal the
13 corporation's bylaws, subject to a certain limitation; providing for the
14 application of certain provisions of this Act; and generally relating to bylaws of
15 corporations.

16 BY repealing and reenacting, with amendments,
17 Article - Corporations and Associations
18 Section 2-109
19 Annotated Code of Maryland
20 (1999 Replacement Volume and 2001 Supplement)

21 BY adding to
22 Article - Corporations and Associations
23 Section 3-806
24 Annotated Code of Maryland
25 (1999 Replacement Volume and 2001 Supplement)

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

1 **Article - Corporations and Associations**

2 2-109.

3 (a) (1) After the Department accepts the articles of incorporation for record,
4 at the call of a majority of the directors named in the articles, the directors shall hold
5 an organization meeting of the board of directors, to adopt bylaws, elect officers, and
6 transact any other business which may come before the meeting.

7 (2) The directors who call the meeting shall notify each director in
8 writing of the time and place of the meeting at least three days before it is held.

9 (b) [After] EXCEPT AS PROVIDED IN § 3-806 OF THIS ARTICLE, AFTER the
10 organization meeting of the board of directors, the power to adopt, alter, and repeal
11 the bylaws of the corporation is vested in the stockholders except to the extent that
12 the charter or bylaws vest [it] ALL OR ANY PART OF THE POWER in the board of
13 directors.

14 (C) THE VOTE OF THE STOCKHOLDERS REQUIRED TO ADOPT, ALTER, OR
15 REPEAL THE BYLAWS:

16 (1) MAY BE SPECIFIED IN THE CHARTER OR BYLAWS; AND

17 (2) MAY BE GREATER THAN A MAJORITY OF THE VOTES CAST.

18 3-806.

19 (A) THIS SECTION APPLIES ONLY TO A CORPORATION THAT ELECTS TO BE
20 SUBJECT TO ALL OR ANY PART OF SUBSECTION (B) OR (C) OF THIS SECTION ON OR
21 AFTER JUNE 1, 2002.

22 (B) NOTWITHSTANDING ANY PROVISION IN THE CHARTER OR BYLAWS OF A
23 CORPORATION, THE CORPORATION MAY ELECT THAT THE BYLAWS MAY BE
24 ADOPTED, ALTERED, OR REPEALED:

25 (1) ONLY BY THE BOARD OF DIRECTORS;

26 (2) ONLY BY THE STOCKHOLDERS; OR

27 (3) BY EITHER THE STOCKHOLDERS OR THE BOARD OF DIRECTORS.

28 (C) THE CORPORATION MAY SPECIFY THE REQUIRED VOTE, WHICH IN THE
29 CASE OF ADOPTION, ALTERATION, OR REPEAL OF THE BYLAWS BY THE
30 STOCKHOLDERS, MAY NOT BE MORE THAN 80% OF THE VOTES ENTITLED TO BE CAST
31 ON THE MATTER.

32 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
33 June 1, 2002.