

of stock of a corporation is required to be stated in a certificate of incorporation, articles of amendment, agreement of consolidation or any other paper, it shall be stated, in respect of shares without par value, that such shares are without par value, and when the amount of such stock authorized, issued or outstanding is required to be stated, the number of shares thereof authorized, issued or outstanding, as the case may be, shall be stated, and it shall also be stated that such shares are without par value.

(2) For the purpose of any rule of law or of any statutory provision (except as in this section otherwise provided) relating to the amount of such stock issued, the amount of such stock issued shall be taken to be the amount of money or the actual value of the consideration (fixed by the board of directors or by the charter in the manner provided by law as the case may be) for which such stock shall have been issued. In any case, however, in which stock having a par value shall have been issued with stock without par value for a particular consideration, in determining the amount of the stock without par value issued therefor, the par value of such stock having a par value shall first be deducted from the amount of money or actual value of the consideration determined as aforesaid, and the excess thereof, if any, shall be taken to be the amount of stock without par value so issued.

(3) Whenever such stock shall have been issued for a consideration of which or of the value of which a part only shall have been contributed as capital, the amount of such stock issued shall include only that part of the amount or value of such consideration so contributed as capital. The amount of such stock issued may be increased from time to time by the capitalization of surplus or net profits without the issuance of additional shares. This paragraph (3) shall not be construed as implying that in the absence of this paragraph the provisions of this or any other section of this article could properly be otherwise construed.

(4) The number of shares of such stock may be increased or decreased in the manner and subject to the conditions provided in Sections 28 to 32, inclusive, of this Article. The amount of such stock issued may be reduced in the manner and subject to the conditions provided in said Section 32.

(5) All other provisions of law relating to stock having a par value, so far as the same may be legally, necessarily or practicably applicable, shall apply to and govern stock without par value.

Corporation may amend its charter so as to substitute non-par stock for par stock. See notes to sec. 403. The conversion of surplus into increased capital must be accomplished in compliance with statutory method. *Pub. Serv. Commn. v. Consol. Gas Co.*, 148 Md. 96 (decided prior to act 1927, ch. 581).

Cited but not construed in *Maas v. Maas*, 165 Md. 347.

See footnote to sec. 9.

An. Code, 1924, sec. 40. 1920, ch. 545, sec. 34B. 1927, ch. 581, sec. 40.

44. The charter may provide that shares of stock of any class shall be convertible into shares of stock of any other class upon such terms and conditions as may be therein stated. For the purpose of the bonus tax imposed by the laws of this State, the authorized amount of stock of any class which by the terms of such charter is convertible into stock of another class shall be taken to be either the amount of such stock authorized by such charter or the aggregate amount of the stock into which such stock is convertible, whichever is the greater, except that if the charter provides that, out of the stock of the corporation then or thereafter to be authorized, stock shall be reserved for issuance upon such conversions, the bonus tax shall be calculated and paid upon the amount of stock authorized by such