

**CHAPTER 356**

(Senate Bill 72)

AN ACT concerning

**Corporations – Articles Supplementary**

FOR the purpose of establishing the time at which certain articles supplementary are effective; prohibiting the issuance of certain shares of stock prior to the time certain articles supplementary are effective; and generally relating to articles supplementary.

BY repealing and reenacting, with amendments,

Article – Corporations and Associations

Section 2-208 and 2-208.1

Annotated Code of Maryland

(1993 Replacement Volume and 1994 Supplement)

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

**Article – Corporations and Associations**

2-208.

(a) (1) If, under a power contained in the charter, the board of directors classifies or reclassifies any unissued stock by setting or changing the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends, qualifications, or terms or conditions of redemption, the board [, before issuing any of the stock,] shall file articles supplementary for record with the Department.

(2) THE BOARD MAY NOT ISSUE ANY OF THE STOCK THAT IS CLASSIFIED OR RECLASSIFIED PRIOR TO THE TIME THE ARTICLES SUPPLEMENTARY ARE EFFECTIVE, AS PROVIDED IN THIS SECTION.

(b) Articles supplementary shall include:

(1) A description of the stock, including the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends, qualifications, and terms and conditions of redemption, as set or changed by the board of directors; and

(2) A statement that the stock has been classified or reclassified by the board of directors under the authority contained in the charter.

(c) Articles supplementary shall be executed in the manner required by Title 1 of this article.

(D) ARTICLES SUPPLEMENTARY ARE EFFECTIVE AS OF THE LATER OF:

(1) THE TIME THE DEPARTMENT ACCEPTS THE ARTICLES FOR RECORD;

OR