CHAPTER 450

(House Bill 753)

AN ACT concerning

Corporations – Wholly Owned Entities – Transfer of Assets

FOR the purpose of providing that the transfer of assets by a corporation to certain persons does not require shareholder approval or certain other approval if all of the equity interests of the persons are owned by the corporation; and generally relating to the transfer of assets by a corporation to a wholly owned entity.

BY repealing and reenacting, with amendments,
Article – Corporations and Associations
Section 3–104
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

3–104.

(a) Notwithstanding any other provision of this subtitle, unless the charter or bylaws of a corporation provide otherwise, the approval of the stockholders and articles of transfer or share exchange, as the case may be, are not required for any:

(1) Transfer of assets by a corporation in the ordinary course of business actually conducted by it;

(2) Mortgage, pledge, or creation of any other security interest in any or all of the assets of a corporation, whether or not in the ordinary course of its business; [or]

(3) Exchange of shares of stock through voluntary action or under any agreement with the stockholders; OR

(4) TRANSFER OF ASSETS BY A CORPORATION TO ONE OR MORE PERSONS IF ALL OF THE EQUITY INTERESTS OF THE PERSON OR PERSONS ARE OWNED, DIRECTLY OR INDIRECTLY, BY THE CORPORATION.

(b) A transaction described in subsection (a) of this section also may be effected as otherwise provided in this subtitle.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 1995.

Approved May 18, 1995.