

(b) If stock of the corporation is outstanding and entitled to be voted at the time the board of directors adopts a resolution authorizing the issuance of additional stock or convertible securities, the corporation may not issue the stock or the convertible securities unless:

(1) The charter permits the board of directors to authorize the issuance;

(2) The charter does not require stockholder approval of the issuance, and the actual value of the consideration to be received by the corporation, as determined by the board of directors or as set forth in the charter, is at least equal to:

(i) The par value of the stock to be issued;

(ii) In the case of stock without par value, the stated capital per share of the shares of the same class then outstanding; or

(iii) In the case of convertible securities, the par value or the stated capital per share, as the case may be, of the stock into which the convertible securities are convertible, if greater than the par value, stated capital per share, or principal amount of the convertible securities; or

(3) (i) The issuance as authorized by the board of directors was submitted for approval at either an annual or a special meeting of the stockholders;

(ii) Notice stating that a purpose of the meeting will be to act on the proposed issuance was given in the manner required by Subtitle 5 of this title to each stockholder entitled to vote on the matter; and

(iii) The issuance was approved by the stockholders.

(c) Unless the charter or bylaws provide otherwise, approval of the stockholders is not required under this section for the issuance of stock as a stock dividend.

(d) [Warrants or options purporting to confer or evidence the right to subscribe for or otherwise acquire stock or convertible securities may not be issued and are not valid unless the issuance of the stock or convertible securities subject to the warrants or options has been authorized as provided in this subtitle.] IF THE ISSUANCE OF STOCK CONVERTIBLE INTO OTHER STOCK OR OF SECURITIES CONVERTIBLE INTO STOCK, OR THE ISSUANCE OF WARRANTS OR OPTIONS EXERCISABLE FOR STOCK OR CONVERTIBLE SECURITIES, IS AUTHORIZED IN THE MANNER REQUIRED BY THIS SUBTITLE FOR THE ISSUANCE OF THE STOCK INTO WHICH THE STOCK OR SECURITIES ARE CONVERTIBLE OR FOR WHICH THE WARRANTS OR OPTIONS ARE EXERCISABLE, THE AUTHORIZATION CONSTITUTES AN AUTHORIZATION OF THE ISSUANCE OF THE STOCK INTO WHICH THE STOCK OR SECURITIES ARE CONVERTIBLE OR FOR WHICH THE WARRANTS OR OPTIONS ARE EXERCISABLE, WITHOUT FURTHER SPECIFIC AUTHORIZATION UNDER THIS SUBTITLE.

(e) This section does not apply to any issuance described in § 2-203 (d) of this subtitle.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 1996.