

Contents

CHAPTER 1: GENERAL PROVISIONS

SECTION 1	EFFECT OF STATUTE AND FILING PROCEDURES	1-5
§ 1.1.	<i>Applicability of the Corporations and Associations Article.</i>	1-5
§ 1.2.	<i>Construction of the Corporations and Associations Article</i>	1-6
§ 1.3.	<i>Reservation of Power to Amend or Repeal Charter.</i>	1-6
§ 1.4.	<i>Filing Documents for Record.</i>	1-6
§ 1.5.	<i>Execution of Articles and Other Documents</i>	1-6
§ 1.6.	<i>Alternative to Acknowledgment and Verification under Oath</i>	1-8
§ 1.7.	<i>Corporate Acknowledgments</i>	1-8
§ 1.8.	<i>Corporate Seal.</i>	1-9
§ 1.9.	<i>Expedited Processing of Documents by the SDAT.</i>	1-9
§ 1.10.	<i>Fax Service.</i>	1-10
§ 1.11.	<i>Recording and Filing Fees</i>	1-10
§ 1.11.1.	Fee for Recording and Filing Articles	1-10
§ 1.11.2.	Fee for Filed but Unrecorded Documents	1-11
§ 1.11.3.	Fee for Certificates	1-12
§ 1.11.4.	Fee for Service of Process on the SDAT	1-13
§ 1.11.5.	Fee for Expedited Service	1-13
§ 1.12.	<i>Organization and Capitalization Fee.</i>	1-13
§ 1.12.1.	Organization and Capitalization Fee Schedule Based on Aggregate Par Value.	1-14
§ 1.12.2.	Fee for Increase in Aggregate Par Value of Capital Stock	1-14
§ 1.12.3.	Fee for Consolidation or Merger of Existing Corporations	1-14.1
§ 1.12.4.	Fee Schedule for Nonstock Corporations	1-15
§ 1.13.	<i>Effective Time and Date for Recording or Filing.</i>	1-15
§ 1.14.	<i>Certification of Correction and Certificates of Notice Correcting Filed Documents</i>	1-15
§ 1.14.1.	Correcting Filed Documents	1-15
§ 1.14.2.	Certificates of Notice	1-16
§ 1.15.	<i>Filing Duty of the SDAT and Rejected Documents</i>	1-16
§ 1.16.	<i>Voiding of Unauthorized Filings</i>	1-17
§ 1.17.	<i>Evidence of Corporate Existence and Payment of Fees and Taxes</i>	1-17
§ 1.18.	<i>Annual Personal Property Return/Annual Report</i>	1-17
§ 1.19.	<i>Maryland Corporation Income Tax Return</i>	1-18
SECTION 2.	PURPOSES AND POWERS	1-18
§ 1.20.	<i>Purpose for Which a Corporation May Be Formed.</i>	1-18
§ 1.21.	<i>General Powers of a Corporation</i>	1-18
§ 1.22.	<i>Ultra Vires</i>	1-19
SECTION 3.	INCORPORATION	1-20
§ 1.30.	<i>Incorporators.</i>	1-20
§ 1.31.	<i>Corporate Existence.</i>	1-20

MARYLAND CORPORATE FORMS AND PRACTICE MANUAL

§ 1.32.	<i>Articles of Incorporation</i>	1-21
§ 1.32.1.	Required Provisions	1-21
§ 1.32.2.	Optional Provisions	1-21
§ 1.32.3.	Optional Provisions Governing Stock	1-22
§ 1.32.4.	Terms of Stock May Depend on Extrinsic Facts	1-23
§ 1.33.	<i>Organization Meeting of Directors</i>	1-24
§ 1.34.	<i>Adopting and Amending of Bylaws</i>	1-24
§ 1.35.	<i>Contents of Bylaws</i>	1-25
SECTION 4.	CORPORATION NAME	1-25
§ 1.40.	<i>Definitions</i>	1-25
§ 1.41.	<i>Name Requirements</i>	1-26
§ 1.42.	<i>Distinctive Factors</i>	1-27
§ 1.43.	<i>Nondistinctive Factors</i>	1-27
§ 1.44.	<i>Reservation of Name</i>	1-27
§ 1.45.	<i>Registration of the Name of a Foreign Corporation</i>	1-28
§ 1.46.	<i>Procedure for Registering the Name of Foreign Corporation</i>	1-28
§ 1.47.	<i>Trade Name</i>	1-29
§ 1.48.	<i>Penalties for Improper Use of Corporate Indication</i>	1-30
SECTION 5.	OFFICE AND AGENT	1-31
§ 1.50.	<i>Principal Office and Resident Agent</i>	1-31
§ 1.51.	<i>Notice of Change Filed by Corporation</i>	1-31
§ 1.52.	<i>Notice of Change Filed by Resident Agent</i>	1-31
§ 1.53.	<i>Resignation of Resident Agent</i>	1-32
§ 1.54.	<i>Service of Process and Notice</i>	1-32
§ 1.55.	<i>Substituted Service on SDAT</i>	1-33
§ 1.56.	<i>Service of Process and Personal Jurisdiction over Foreign Corporations</i>	1-33
Form 1-14-1.	Certificate of Correction [C & A Article § 1-207]	1-36
Form 1-14-2.	Certificate of Notice [C & A Article § 1-207.1]	1-38
Form 1-17-A.	SDAT Form: Annual Personal Property Return/Annual Report for 2018.	1-39
Form 1-18.	Comptroller Form: Maryland Corporation Income Tax Return for 2017.	1-44
Form 1-32-1.	Articles of Incorporation for a Maryland Corporation.	1-46.3
Form 1-32-2.	Additional/Optional Charter Provisions for Particular Matters.	1-54
	A. Staggered Board of Directors	1-54
	B. Capped Voting Rights	1-56
	C. Time Weighted Voting Rights	1-58
	D. Restrictions on Naming Nominees and Proposing Matters at Meetings of Stockholders	1-59
	E. Business Judgment Rule in Connection with a Change of Control Transaction.	1-59
	F. Supermajority Vote of Stockholders to Amend the Bylaws.	1-61

	G. Supermajority Vote of Stockholders to Amend any Existing Charter Provision	1-61
	H. Uncertificated Shares.	1-62
	I. Prohibiting Election to be Governed by the Unsolicited Takeover Legislation	1-62
Form 1-32-3.	Articles of Incorporation for a Maryland Subsidiary Corporation	1-64
Form 1-32-4.	Articles of Incorporation for a Maryland Trust Company	1-67
Form 1-33-A.	Organization Meeting of Directors/Unanimous Written Consent of Directors.	1-69
Form 1-33-B.	Additional/Optional Resolutions for Organization Meeting of Directors.	1-74
	A. Foreign State Qualification	1-74
	B. Business Combinations	1-74
	C. Stock Option Plan	1-74
	D. Subchapter S Election	1-74
	E. Reclassification and Articles Supplementary	1-74
	F. Transfer Agent and Registrar	1-75
	G. Exemption from Control Share Acquisition Statute.	1-75
Form 1-34-A.	Bylaws for a Maryland Corporation	1-76
Form 1-34-B.	Additional/Optional Bylaw Provisions for Particular Matters.	1-92
	A. Advance Notice to Board of Directors for Business to be Transacted at Stockholder Meetings	1-92
	B. Increasing Director Vote Required to Alter the Number of Directors	1-95
	C. Staggered Board of Directors	1-95
	D. Removal of Directors on Staggered Board	1-96
	E. Vacancies on the Board	1-96
	F. Special Meeting of Directors	1-96
	G. Meeting by Conference Telephone	1-97
	H. Resignation of Directors, Presumption of Assent, and Advisory Directors	1-97
	I. Exemption from the Control Share Acquisition Statute	1-97
	J. Loans and Deposits	1-98
	K. Supermajority Vote to Repeal, Alter, Amend, or Rescind the Bylaws	1-98
	L. Certain Persons May Contract on Behalf of the Corporation, Reliance by the Directors and Officers on Information Provided by Others	1-98
Form 1-34-C.	Bylaws for a Maryland Subsidiary Corporation	1-100
Form 1-44-A.	Application to Reserve Corporate Name	1-111
Form 1-44-B.	SDAT Form: Foreign Corporation Name Registration/Name Renewal Application	1-112
Form 1-44-C.	Consent to Use of Similar Name Letter	1-114
Form 1-47-A.	SDAT Form: Trade Name Application	1-115

Form 1-47-B.	SDAT Form: Trade Name Amendment	1-118
Form 1-47-C.	SDAT Form: Trade Name Cancellation Application	1-120
Form 1-47-D.	SDAT Form: Foreign Corporation Assumed Name.	1-122
Form 1-50.	Consent of Resident Agent	1-123
Form 1-52-A.	SDAT Form: Resident Agent’s Notice of Change of Address—Filed by Resident Agent	1-124
Form 1-52-B.	Statement Changing Address of Resident Agent—Filed by Corporation	1-125
Form 1-52-C.	Certificate Changing Name and Address of Resident Agent and Address of Principal Office for a Maryland Corporation.	1-126
Form 1-52-D.	Certificate Changing Name and Address of Resident Agent and Address of Principal Office for a Foreign Corporation.	1-128

CHAPTER 2: STOCK AND DISTRIBUTIONS

SECTION 1. STOCK	2-3
§ 2.1. <i>Introduction</i>	2-3
§ 2.1.1. <i>Conversion Rights</i>	2-4
§ 2.1.2. <i>Redemption Rights.</i>	2-4
§ 2.2. <i>Terms of Classes or Series of Stock Determined by the Board of Directors</i>	2-4
§ 2.3. <i>Rights Determined by Extrinsic Facts</i>	2-4
§ 2.4. <i>Restrictions on Transferability.</i>	2-5
§ 2.5. <i>Articles Supplementary</i>	2-5
§ 2.6. <i>Fractional Shares.</i>	2-6
§ 2.7. <i>Lost Stock Certificate</i>	2-7
§ 2.8. <i>No Preemptive Rights.</i>	2-7
§ 2.9. <i>Acquisition of its Own Stock by a Corporation</i>	2-8
SECTION 2. ISSUANCE OF STOCK	2-9
§ 2.20. <i>Power to Issue Stock.</i>	2-9
§ 2.21. <i>Subscription for Stock</i>	2-9
§ 2.22. <i>Authorizing the Issuance of Stock</i>	2-10
§ 2.23. <i>Authorizing the Issuance of Convertible Stock and Stock Options</i>	2-11
§ 2.24. <i>Potential Limitations on the Issuance of Stock.</i>	2-11
§ 2.25. <i>Price and Consideration for Stock.</i>	2-11
§ 2.26. <i>Payment for Stock and Convertible Securities.</i>	2-12
§ 2.27. <i>Stock Certificates</i>	2-13
§ 2.27.1. <i>Form and Content of Stock Certificates.</i>	2-13
§ 2.27.2. <i>Uncertificated Shares</i>	2-14
§ 2.28. <i>Liability</i>	2-14
§ 2.28.1. <i>Liability of Directors and Officers for Issuing Stock.</i>	2-14
§ 2.28.2. <i>Liability of Subscribers and Stockholders</i>	2-15
§ 2.29. <i>Expense of Issue.</i>	2-15
SECTION 3. DISTRIBUTIONS TO STOCKHOLDERS	2-15
§ 2.30. <i>Introduction</i>	2-15
§ 2.31. <i>Equity Insolvency Test and Balance Sheet Test</i>	2-16
§ 2.32. <i>Measuring the Effect of Indebtedness</i>	2-17

§ 2.33.	<i>Time of Measuring the Effect of Distribution.</i>	2-17
§ 2.34.	<i>Status of Indebtedness to Stockholder</i>	2-18
§ 2.35.	<i>Stock Dividends and Stock Splits</i>	2-18
§ 2.35.1.	Stock Dividends	2-18
§ 2.35.2.	Stock Split	2-19
§ 2.35.3.	Reverse Stock Split	2-19
§ 2.36.	<i>Determining the Amount of Stated Capital and Capital Surplus.</i>	2-19
§ 2.36.1.	“Stated Capital” Defined	2-19
§ 2.36.2.	Stock with Par Value	2-20
§ 2.36.3.	Stock without Par Value	2-20
§ 2.36.4.	Stock Issued in Consolidation, Merger, or Acquisition of Another Corporation	2-20
§ 2.36.5.	Surplus Considered Capital Surplus	2-20
§ 2.36.6.	Application of Capital Surplus	2-20
§ 2.37.	<i>Liabilities of Directors for Unlawful Distributions</i>	2-21
SECTION 4.	APPENDIX TO CHAPTER 2	2-21
Form 2-1-1.	Automatic Conversion of Preferred Stock on a Public Offering	2-25
Form 2-2-A.	Two Classes of Common Stock	2-26
Form 2-2-B.	Two Classes or More Classes of Stock with Different Rights — Blank Check Provisions	2-27
Form 2-2-C.	Terms of Common and Convertible Preferred Stock — Private Financing with Going Public Expectations	2-28
Form 2-2-D.	Terms of Cumulative Preferred Stock	2-44
Form 2-2-E.	Terms of Convertible Preferred Stock	2-49
Form 2-2-F.	Warrant to Purchase Common Stock	2-62
Form 2-2-G.	Securities Law Compliance	2-72
Form 2-5.	Articles Supplementary	2-73
Form 2-7.	Lost Stock Certificate Affidavit and Indemnity Agreement	2-75
Form 2-21.	Stock Subscription Letter.	2-77
Form 2-27.	Alternative and Optional Statements on Stock Certificates	2-78

CHAPTER 3: DIRECTORS AND OFFICERS

SECTION 1.	DIRECTORS	3-3
§ 3.1.	<i>Introduction</i>	3-3
§ 3.2.	<i>Management of Corporation’s Business</i>	3-4
§ 3.3.	<i>Functions and Powers of the Board of Directors.</i>	3-4
§ 3.4.	<i>Number of Directors.</i>	3-6
§ 3.5.	<i>Election and Tenure of Directors.</i>	3-6
§ 3.6.	<i>Qualification of Directors</i>	3-7
§ 3.7.	<i>Board Meetings</i>	3-7
§ 3.8.	<i>Notice of Board Meeting</i>	3-8
§ 3.9.	<i>Directors Taking Action</i>	3-8
§ 3.9.1.	Majority Rule	3-8
§ 3.9.2.	Quorum Requirements	3-8

MARYLAND CORPORATE FORMS AND PRACTICE MANUAL

§ 3.9.3.	Informal Action by Directors	3-9
§ 3.10.	<i>Director Dissenting from Board Action</i>	3-9
§ 3.11.	<i>Executive and Other Board Committees</i>	3-9
§ 3.11.1.	Appointment by the Board	3-9
§ 3.11.2.	Restrictions and Requirements on Delegating Power to Board Committees	3-10
§ 3.11.3.	Board Committee Meetings	3-10
§ 3.11.4.	Informal Action by Committee	3-10
§ 3.11.5.	Duties of Committee Members	3-11
§ 3.12.	<i>Vacancy on the Board of Directors</i>	3-11
§ 3.12.1.	Stockholders' Power to Fill Vacancy	3-11
§ 3.12.2.	Board's Power to Fill Vacancy	3-11
§ 3.12.3.	Tenure of Director Elected to Fill a Vacancy	3-12
§ 3.13.	<i>Directors Holding Over</i>	3-12
§ 3.14.	<i>Removing a Director</i>	3-12
SECTION 2.	DUTY OF CARE AND DUTY OF LOYALTY	3-13
§ 3.20.	<i>Duty of Care</i>	3-13
§ 3.20.1.	Section 2-405.1 of the General Corporation Law	3-13
§ 3.20.2.	Based on the Model Act	3-15
§ 3.20.3.	Standard of Care Not a Codification of the Business Judgment Rule	3-16
§ 3.21.	<i>Other Aspects of the Duty of Care</i>	3-17
§ 3.21.1.	Regular Attendance and Participation at Board Meetings	3-17
§ 3.21.2.	Reliance on Information from Others	3-17
§ 3.22.	<i>Model Act Developments</i>	3-18
§ 3.23.	<i>Liability under the Standard of Care Provision</i>	3-18
§ 3.24.	<i>Charter Provision Limiting Director and Officer Liability</i>	3-20
§ 3.25.	<i>The Business Judgment Rule</i>	3-20.1
§ 3.25.1.	Purpose of the Business Judgment Rule	3-20.1
§ 3.25.2.	Applying the Business Judgment Rule	3-21
§ 3.25.3.	Burden of Proof	3-22
§ 3.26.	<i>Duty of Loyalty</i>	3-22
§ 3.27.	<i>Interested Director Transactions</i>	3-22
§ 3.27.1.	Procedure for Approving Interested Director Transactions	3-23
§ 3.27.2.	Lacking Approval of Interested Transaction	3-24
§ 3.27.3.	Standards of Indemnification as an Alternative to Ratification	3-24
§ 3.28.	<i>Corporate Opportunity</i>	3-25
§ 3.29A.	<i>Oppression of Minority Stockholders</i>	3-26
§ 3.29B.	<i>Shareholder Ratification of Breaches of the Duties of Care and Loyalty</i>	3-26.1
SECTION 3.	OFFICERS	3-27
§ 3.30.	<i>Required and Permitted Officers</i>	3-27
§ 3.31.	<i>Election, Tenure, and Removal of Officers</i>	3-27
§ 3.32.	<i>Powers and Duties of Officers and Agents</i>	3-28
§ 3.33.	<i>Officers Holding More Than One Office</i>	3-28
§ 3.34.	<i>Financial Assistance to Officers and Employees</i>	3-28

SECTION 4.	INDEMNIFICATION	3-28
§ 3.40.	<i>Definition of “Director” for Indemnification.</i>	3-28
§ 3.41.	<i>Generally</i>	3-29
§ 3.42.	<i>Payment of Expenses in Advance of Disposition of Action</i>	3-29
§ 3.43.	<i>Standard of Conduct for Permissive Indemnification of Directors</i>	3-30
§ 3.44.	<i>No Indemnification for Director Found Liable for Improper Personal Benefit</i>	3-31
§ 3.45.	<i>Mandatory Indemnification</i>	3-31
§ 3.46.	<i>Court-Ordered Indemnification</i>	3-31
§ 3.47.	<i>Determining Permissive Indemnification.</i>	3-31
§ 3.48.	<i>Authorizing Indemnification and Determining Reasonableness of Expenses</i>	3-32
§ 3.49.	<i>Reporting Indemnification to Stockholders</i>	3-33
§ 3.50.	<i>Statutory Indemnification Not Exclusive</i>	3-33
§ 3.51.	<i>Officer, Employee, and Agent Indemnification.</i>	3-33
§ 3.52.	<i>Insurance or Similar Protection for Directors, Officers, Employees, or Agents</i>	3-34
Form 3-24.	Indemnification Provisions/Indemnification Agreement.	3-35
	A. Charter Indemnification Provision, see Form 1-32-1,	
	Article Eighth, Section (a)(5)	3-35
	B. Bylaw Indemnification Provision, see Form 1-34-A,	
	Article Eighth.	3-35
	C. Charter Limiting Liability Provision, see Form 1-32-1,	
	Article Eighth, Section (a)(6)	3-35
Form 3-24D.	Indemnification Agreement	3-36
Form 3-42.	Affirmation and Undertaking	3-49

CHAPTER 4: STOCKHOLDERS

SECTION 1.	GENERAL STOCKHOLDER PROVISIONS	4-3
§ 4.1.	<i>Annual Meeting of Stockholders</i>	4-3
§ 4.2.	<i>Special Meeting of Stockholders</i>	4-3
§ 4.3.	<i>Participation in Meeting via Conference Communications</i>	4-4
§ 4.4.	<i>Notice of Meetings</i>	4-5
§ 4.5.	<i>Notice to the Corporation from Stockholder</i>	4-6
§ 4.6.	<i>Place of Meeting</i>	4-6
§ 4.6A.	<i>Delivery of Proxy Materials to Stockholders</i>	4-6
§ 4.7.	<i>Informal Action by Stockholders</i>	4-7
§ 4.8.	<i>Quorum and Voting Requirements</i>	4-8
§ 4.9.	<i>Right to Vote and Voting by Proxy</i>	4-9
§ 4.10.	<i>Revocability of Proxies.</i>	4-10
§ 4.11.	<i>Voting by Certain Holders of Stock</i>	4-11
§ 4.11.1.	Stock Held by Fiduciary.	4-11
§ 4.11.2.	Stock Held by Pledgee	4-11
§ 4.11.3.	Jointly Held Stock	4-11
§ 4.12.	<i>Voting of Stock Held by Corporation</i>	4-12
§ 4.13.	<i>Voting Trust</i>	4-12

MARYLAND CORPORATE FORMS AND PRACTICE MANUAL

§ 4.13.1.	Comparing Voting Trusts with Proxies	4-13
§ 4.13.2.	Creating a Voting Trust.	4-13
§ 4.14.	<i>Record Date and Closing the Stock Transfer Book</i>	4-14
§ 4.15.	<i>Stockholder's Right of Inspection.</i>	4-15
§ 4.16.	<i>Additional Right of Inspection by Stockholders Holding 5 Percent of Stock</i>	4-16
§ 4.17.	<i>Certification of Beneficial Ownership</i>	4-16
SECTION 2.	STOCKHOLDER ACTION.	4-17
§ 4.20.	<i>Comparing Direct Action with Derivative Action</i>	4-17
§ 4.21.	<i>Ownership Requirements to Bring Derivative Suit</i>	4-18
§ 4.21.1.	Contemporaneous Ownership Requirement	4-19
§ 4.21.2.	Unclean Hands Doctrine	4-19
§ 4.21.3.	Possible Exceptions	4-19
§ 4.22.	<i>Standing and Valid Grounds to Sue</i>	4-20
§ 4.23.	<i>Demand on the Board of the Directors</i>	4-21
§ 4.24.	<i>Demand Futile</i>	4-21
§ 4.25.	<i>Board's Response before Filing—Presuit Investigation Committee</i>	4-22
§ 4.26.	<i>Board's Response after Filing—Special Litigation Committee</i>	4-22.1
§ 4.27.	<i>No Imposition of Liability on Stockholder Who is a Party to an "Internal Corporate Claim"</i>	4-22.2
§ 4.28.	<i>Forum for Stockholder Claims</i>	4-22.2
§ 4.29.	<i>Consent by Directors to Service of Process</i>	4-22.3
Form 4-1-A.	Board Resolutions Regarding Annual Meeting of Stockholders	4-23
Form 4-1-B.	Forms for Annual Meeting of Stockholders	4-25
	A. Script and Agenda	4-25
	B. Certificate of Secretary as to Mailing Notice, Proxy Material, and Annual Report	4-28
	C. Certificate of Secretary as to Quorum	4-29
	D. Ballot—Management Proxies	4-30
	E. Ballot—Stockholder Voting in Person or by Special Proxy	4-31
	F. Report of the Secretary on Election of Directors	4-32
	G. Ballot—Management Proxies	4-33
	H. Ballot—Stockholder Voting in Person or by Special Proxy	4-34
	I. Report of Secretary on Motion	4-35
Form 4-4-A.	Notice of Annual Stockholder Meeting	4-36
Form 4-4-B.	Notice of Special Stockholder Meeting	4-37
Form 4-7.	Informal Action/Written Consent of Stockholders	4-38
Form 4-9-A.	Public Corporation Proxy	4-39
Form 4-9-B.	Private Corporation Proxy	4-41
Form 4-9-C.	Increasing Stockholder Vote Required to Amend the Charter and Bylaws	4-42
	A. Supermajority Vote of Stockholders to Amend the Charter, see Form 1-32-2. Additional/Optional Provisions for Particular Matters, Section G.	4-42
	B. Supermajority Vote of Stockholders to Amend the Bylaws, see Form 1-32-2. Additional/Optional Provisions for Particular Matters, Section F	4-42

Form 4-9-D.	Restrictions on Stockholder Voting Rights	4-43
	A. Capped Voting Rights, see Form 1-32-2, Additional/Optional Charter Provisions for Particular Matters, Section B	4-43
	B. Time Weighted Voting rights, see Form 1-32-2. Additional/Optional Provisions for Particular Matters, Section C	4-43
Form 4-10-A.	Specialized Form of Irrevocable Proxy	4-44
Form 4-10-B.	Irrevocable Proxy in Connection with Pledge of Shares	4-47
Form 4-13A.	Notice of Transfer	4-49
Form 4-13B.	Common Stock Transfer Agreement	4-50
Form 4-13C.	Stock Power	4-54
Form 4-13D.	Voting Trust Agreement	4-55
Form 4-13E.	Voting Trust Certificate	4-60

CHAPTER 5: FUNDAMENTAL CHANGES

§ 5.1.	<i>Introduction</i>	5-3
§ 5.2.	<i>Statutory Authority for Fundamental Changes</i>	5-3
§ 5.3.	<i>Consideration for Stock or Assets</i>	5-4
§ 5.4.	<i>Approving Fundamental Changes</i>	5-5
§ 5.5.	<i>Exceptions to Stockholder Approval of Fundamental Changes</i>	5-6
§ 5.5.1.	Under § 3-105 of the General Corporation Law	5-6
§ 5.5.2.	Under § 3-106.2 of the General Corporation Law	5-7
§ 5.6.	<i>Notice of Fundamental Changes to the Stockholders</i>	5-7
§ 5.7.	<i>Business Combinations and Control Share Transactions</i>	5-7
§ 5.8.	<i>Failure to Comply with the Statutory Procedures</i>	5-8
§ 5.9.	<i>Filing the Articles of Consolidation, Merger, or Share Exchange</i>	5-8
§ 5.10.	<i>Abandoning the Proposed Transaction</i>	5-8
§ 5.11.	<i>Contents of the Articles</i>	5-8
§ 5.11.1.	For All Articles	5-8
§ 5.11.2.	For Articles of Consolidation	5-9
§ 5.11.3.	For Articles of Merger	5-9
§ 5.11.4.	For Articles of Share Exchange	5-10
§ 5.11.5.	Execution of Articles	5-11
§ 5.12.	<i>Action by the SDAT</i>	5-11
§ 5.13.	<i>Property Certificate for Assessment Records</i>	5-12
§ 5.14.	<i>Time Fundamental Change Effective</i>	5-12
§ 5.15.	<i>Effect of Consolidation or Merger</i>	5-12
§ 5.15.1.	Powers of the Successor Corporation	5-13
§ 5.15.2.	Transfer of Property, Rights, Privileges, and Franchises	5-13
§ 5.15.3.	Successor Corporation Liable for Debts and Obligations	5-13
§ 5.15.4.	Bylaws of the Successor Corporation Formed by Consolidation	5-13
§ 5.16.	<i>Effect of Share Exchange</i>	5-14
§ 5.17.	<i>Effect of Transfer of Assets</i>	5-14
§ 5.17.1.	Successor Corporation May Be Liable for Debts and Obligations	5-14
§ 5.18.	<i>Merger of Subsidiary Corporation into Parent Corporation</i>	5-15
§ 5.18.1.	Rights of Minority Stockholders of Subsidiary Corporation	5-16
§ 5.19.	<i>Merger of Parent Corporation into Subsidiary Corporation</i>	5-16

MARYLAND CORPORATE FORMS AND PRACTICE MANUAL

§ 5.20.	<i>Transfer of Assets in the Ordinary Course of Business</i>	5-16.2
§ 5.21.	<i>Exchange of Shares Through Voluntary Action</i>	5-16.3
Form 5-4.	Resolution Declaring Proposed Fundamental Changes (Other than Transfer of Assets) Advisable	5-16.3
Form 5-5.	Resolution Declaring Proposed Transfer of Assets Advisable.	5-16.3
Form 5-11-3-A.	Articles of Merger (Between Two Maryland Corporations).	5-19
Form 5-11-3-B.	Articles of Merger — Additional and Alternative Provisions for Merger with Foreign Corporations.	5-22
Form 5-11-3-C.	Articles of Merger (Between a Maryland Corporation and a Delaware Corporation — Maryland Successor).	5-23
Form 5-11-3-D.	Articles of Merger (Between a Maryland Parent Corporation into its Directly-Owned Maryland Subsidiary Corporation Pursuant to §3-106.2 of the General Corporation Law.	5-26
Form 5-11-4.	Articles of Share Exchange	5-27
Form 5-13.	SDAT Form: Certificate of Conveyance/Property Certificate. Does Not Reflect October 1, 2018 Amendments to MD. CODE ANN., CORPS. & ASS'NS § 3-107.	5-30
Form 5-17.	Transfer of Assets Assumption Agreement.	5-36

CHAPTER 6: TAKEOVER LEGISLATION

SECTION 1.	INTRODUCTION	6-3
SECTION 2.	THE MARYLAND BUSINESS COMBINATION ACT	6-3
§ 6.20.	<i>Introduction</i>	6-3
§ 6.21.	<i>Definitions</i>	6-4
§ 6.21.1.	“Affiliate” or “Affiliated Person”	6-4
§ 6.21.2.	“Announcement Date”	6-4
§ 6.21.3.	“Associate”	6-4
§ 6.21.4.	“Beneficial Owner”	6-4
§ 6.21.5.	“Business Combination”	6-5
§ 6.21.6.	“Control”	6-6
§ 6.21.7.	“Determination Date”	6-6
§ 6.21.8.	“Interested Stockholder”	6-6
§ 6.21.9.	“Market Value”	6-7
§ 6.21.10.	“Valuation Date”	6-7
§ 6.22.	<i>Business Combinations Prohibited</i>	6-7
§ 6.23.	<i>Business Combination Exemption—Fair Price</i>	6-8
§ 6.24.	<i>Business Combination Exemption—Resolution by the Board of Directors</i>	6-10
§ 6.25.	<i>Business Combination Exemption—Certain Types of Corporations</i>	6-11
SECTION 3.	THE MARYLAND CONTROL SHARE ACQUISITION ACT	6-12
§ 6.30.	<i>Introduction</i>	6-12
§ 6.31.	<i>Definitions</i>	6-12
§ 6.31.1.	“Acquiring Person”	6-12
§ 6.31.2.	“Associate”	6-12
§ 6.31.3.	“Control Shares”	6-13
§ 6.31.4.	“Control Share Acquisition”	6-13

§ 6.31.5.	“Interested Shares”	6-14
§ 6.32.	<i>Voting Rights</i>	6-14
§ 6.33.	<i>Acquiring Person Statement</i>	6-15
§ 6.34.	<i>Special Meeting to Determine Voting Rights for Control Shares</i>	6-15
§ 6.35.	<i>Notice of Special Meeting</i>	6-16
§ 6.36.	<i>Corporation’s Right to Redeem Control Shares</i>	6-16
§ 6.37.	<i>Status of Objecting Stockholders</i>	6-17
SECTION 4.	UNSOLICITED TAKEOVER LEGISLATION	6-17
§ 6.40.	<i>Introduction</i>	6-17
§ 6.41.	<i>Definitions</i>	6-18
§ 6.41.1.	“Acquiring Person”	6-18
§ 6.41.2.	“Affiliate”	6-18
§ 6.41.3.	“Associate”	6-18
§ 6.41.4.	“Beneficial Owner”	6-18
§ 6.41.5.	“Control”	6-18
§ 6.41.6.	“Director”	6-19
§ 6.41.7.	“Stockholder”	6-19
§ 6.41.8.	“Subsidiary”	6-19
§ 6.42.	<i>Effect of the Subtitle 8</i>	6-19
§ 6.42.1.	Classified Board	6-19
§ 6.42.2.	Special Meetings of Stockholders	6-20
§ 6.43.	<i>Eligibility and Manner of Election</i>	6-20
§ 6.43.1.	Stockholder Rights Plans	6-20
§ 6.43.2.	Statutory Provisions	6-20
§ 6.44.	<i>Directors’ Duties in the Takeover Context</i>	6-21
Form 6-1.	Board Resolution to Limit the Applicability of the Maryland Business Combination Act and the Maryland Control Share Acquisition Act	6-23
Form 6-43-A.	Stockholder Rights Plan Agreement	6-27
	Exhibit A: Rights Certificate	6-51
	Exhibit B: Articles Supplementary	6-57
Form 6-43-B.	Confidential Memorandum from Counsel—First Submission.	6-61
Form 6-43-C.	Follow-up Confidential Memorandum from Counsel	6-69
Form 6-43-D.	Resolutions for Consideration by the Board of Directors	6-70
Form 6-43-E.	Summary of Stockholder Rights Plan	6-75
Form 6-43-F.	Checklist of General Procedures for Issuing Rights	6-78
 CHAPTER 7: APPRAISAL RIGHTS OF OBJECTING STOCKHOLDERS		
§ 7.1.	<i>Introduction</i>	7-2
§ 7.2.	<i>General Rule</i>	7-2
§ 7.3.	<i>When the Right to Fair Value Does Not Apply</i>	7-3
§ 7.4.	<i>Basis for Determining Fair Value</i>	7-4
§ 7.5.	<i>Procedure to Elect the Appraisal Remedy</i>	7-4
§ 7.6.	<i>Effect of Demand on Dividend and Other Rights</i>	7-5
§ 7.7.	<i>Withdrawal of Demand</i>	7-5
§ 7.8.	<i>Restoration of Dividend and Other Rights to Objecting Stockholder</i>	7-5

§ 7.9.	<i>Notice and Offer to Objecting Stockholders</i>	7-6
§ 7.10.	<i>Petition for Appraisal</i>	7-6
§ 7.11.	<i>Notation on the Stock Certificates</i>	7-7
§ 7.12.	<i>Judicial Appraisal Proceeding to Determine Fair Value</i>	7-7
§ 7.13.	<i>Court Action Based on Report</i>	7-8
§ 7.14.	<i>Judgment with Interest</i>	7-8
§ 7.15.	<i>Assessment of Costs and Expenses for the Judicial Appraisal Proceeding</i>	7-9
§ 7.16.	<i>No Payment until Surrender of Stock</i>	7-9
§ 7.17.	<i>Rights of a Successor with Respect to Stock Acquired from an Objecting Stockholder</i>	7-9
Form 7-2.	Federal Securities Law Document Disclosure Regarding Appraisal Rights	7-11
Form 7-5-A.	Stockholder Notice of Objection to Proposed Amendment to the Articles of Incorporation	7-14
Form 7-5-B.	Stockholder Demand for Payment for Stock	7-15
Form 7-9.	Company Notice and Offer to Stockholder	7-17
Form 7-10.	Petition for Appraisal	7-18

CHAPTER 8: AMENDMENT AND RESTATEMENT OF CHARTER

§ 8.1.	<i>Introduction</i>	8-2
§ 8.2.	<i>Amending the Charter</i>	8-2
§ 8.2.1.	<i>Amendment by the Board of Directors</i>	8-3
§ 8.2.2.	<i>Amendment Before Issuance of Stock</i>	8-4
§ 8.2.3.	<i>Amendment When Stock Outstanding or Subscribed for</i>	8-4
§ 8.2.4.	<i>Required Provisions</i>	8-5
§ 8.2.5.	<i>Required Provisions When Increasing Authorized Stock</i>	8-5
§ 8.3.	<i>Restating the Charter</i>	8-5
§ 8.3.1.	<i>Required Provisions</i>	8-5
§ 8.3.2.	<i>Prohibited Provisions</i>	8-6
§ 8.4.	<i>Amending and Restating the Charter</i>	8-6
§ 8.5.	<i>Executing and Filing of the Articles</i>	8-6
§ 8.6.	<i>Effective Time of Articles</i>	8-7
§ 8.7.	<i>Abandonment of Proposed Amendment</i>	8-7
Form 8-2.	Articles of Amendment	8-8
Form 8-3.	Articles of Restatement	8-10
Form 8-4.	Articles of Amendment and Restatement	8-12

CHAPTER 9: DISSOLUTION, FORFEITURE, REVIVAL, AND EXTENSION

SECTION 1.	VOLUNTARY DISSOLUTION	9-3
§ 9.1.	<i>Voluntary Dissolution by Incorporators or Board of Directors</i>	9-3
§ 9.2.	<i>Voluntary Dissolution by Board of Directors and Stockholders</i>	9-3
§ 9.3.	<i>Contents of the Articles of Dissolution</i>	9-4
§ 9.4.	<i>Execution of the Articles of Dissolution</i>	9-4
§ 9.5.	<i>Notice to Creditors and Employees Prior to Filing</i>	9-4

§ 9.6.	<i>Filing the Articles of Dissolution</i>	9-4
§ 9.7.	<i>Effect of Dissolution and Time Voluntary Dissolution Effective</i>	9-5
§ 9.8.	<i>Revocation of Dissolution</i>	9-5
§ 9.9.	<i>Powers of Directors in Voluntary Dissolution</i>	9-5
§ 9.10.	<i>Appointment of Receiver in Voluntary Dissolution</i>	9-6
§ 9.11.	<i>Distributions to Stockholders in Voluntary Dissolution</i>	9-6
§ 9.12.	<i>Liability of Directors</i>	9-7
SECTION 2.	INVOLUNTARY DISSOLUTION	9-7
§ 9.20.	<i>Grounds for Involuntary Dissolution</i>	9-7
§ 9.20.1.	<i>Petition by Stockholders</i>	9-7
§ 9.20.2.	<i>Petition by Creditors</i>	9-8
§ 9.20.3.	<i>Petition by the Attorney General</i>	9-9
§ 9.21.	<i>Appointment of Receiver in Cases Except Insolvency</i>	9-9
§ 9.22.	<i>Appointment of Receiver in Insolvency</i>	9-9
§ 9.23.	<i>Powers of Receiver in Involuntary Dissolution</i>	9-10
§ 9.24.	<i>Notifying Tax Collectors of Involuntary Dissolution</i>	9-10
SECTION 3.	FORFEITURE OF CHARTER	9-11
§ 9.30.	<i>Grounds for Forfeiture</i>	9-11
§ 9.31.	<i>Reinstatement Because of Mistake</i>	9-12
§ 9.32.	<i>Other Remedies Not Affected</i>	9-12
§ 9.33.	<i>Powers of Directors on Forfeiture</i>	9-12
§ 9.34.	<i>Appointment of Receiver on Forfeiture</i>	9-13
§ 9.35.	<i>Distribution When the Number of Outstanding Shares Is Known</i>	9-13
§ 9.36.	<i>Distribution When the Number of Outstanding Shares Is Unknown</i>	9-14
SECTION 4.	REVIVAL OF CHARTER	9-14
§ 9.40.	<i>Procedure for Reviving a Forfeited Charter</i>	9-14
§ 9.41.	<i>Contents of the Articles of Revival</i>	9-14.1
§ 9.42.	<i>Conditions for Accepting the Articles of Revival</i>	9-15
§ 9.43.	<i>Effect of Acceptance of Articles of Revival</i>	9-15
§ 9.44.	<i>Meeting of Stockholders after Revival</i>	9-15
§ 9.45.	<i>Effects of Revival</i>	9-16
§ 9.46.	<i>Director and Officer Liability for Period after Forfeiture and before Revival</i>	9-16
§ 9.47.	<i>Liability of Persons Doing Business after Forfeiture</i>	9-17
SECTION 5.	EXTENSION OF CHARTER	9-17
§ 9.50.	<i>Power to Reinstate Expired Charter and Extend Corporate Existence</i>	9-17
§ 9.51.	<i>Contents of the Articles of Extension</i>	9-18
§ 9.52.	<i>Conditions on Expiration of Corporate Existence</i>	9-18
§ 9.53.	<i>Effect of Extension</i>	9-19
Form 9-3.	Articles of Dissolution	9-20
Form 9-41.	Articles of Revival	9-24

CHAPTER 10: REGISTERED INVESTMENT COMPANIES

§ 10.1.	<i>Introduction</i>	10-2
§ 10.2.	<i>Authorized Capital Stock</i>	10-3
§ 10.3.	<i>Acquisition of Own Stock</i>	10-3

MARYLAND CORPORATE FORMS AND PRACTICE MANUAL

§ 10.4.	<i>Independent and Disinterested Status of Directors</i>	10-4
§ 10.5.	<i>Annual Meetings of Stockholders</i>	10-5
§ 10.6.	<i>Changes in Name or Designation of Stock</i>	10-6
§ 10.7.	<i>Right to Fair Value of Stock</i>	10-6
§ 10.8.	<i>Closed-End Fund Stockholder Proposals</i>	10-6
§ 10.9.	<i>Applicability of Takeover Legislation</i>	10-6
§ 10.10.	<i>Transfers of Assets of Open-End Investment Companies without Stockholder Approval</i>	10-7
§ 10.11.	<i>Segregation of Assets and Liabilities</i>	10-7
Form 10-1.	Articles of Incorporation for Open-End Series Investment Company	10-8
Form 10-2.	Articles Supplementary to Increase Authorized Capital Stock for Open-End Investment Company	10-17
Form 10-3.	Articles of Incorporation for a Closed-End Investment Company	10-19
 CHAPTER 11: CLOSE CORPORATIONS		
§ 11.1.	<i>What Is a Close Corporation?</i>	11-3
§ 11.2.	<i>Election to Be Governed by the Close Corporation Act</i>	11-4
§ 11.3.	<i>No Limit on Number of Stockholders</i>	11-4
§ 11.4.	<i>Execution of Documents</i>	11-4
§ 11.5.	<i>The Unanimous Stockholders' Agreement</i>	11-4
§ 11.6.	<i>Unanimous Stockholder Approval Requirements</i>	11-5
§ 11.7.	<i>Board of Directors Not Required</i>	11-6
§ 11.8.	<i>Annual Meeting of Stockholders Not Required</i>	11-7
§ 11.9.	<i>Broader Inspection of Books and Records</i>	11-7
§ 11.10.	<i>Restrictions on Issuance and Transfer of Stock</i>	11-7
§ 11.11.	<i>Fundamental Changes/Transfer Restrictions</i>	11-8
§ 11.12.	<i>Dissolution</i>	11-8
§ 11.13.	<i>Avoiding Dissolution</i>	11-9
§ 11.14.	<i>Termination of Statutory Close Corporation Election</i>	11-10
§ 11.15.	<i>Alternative to the Close Corporation Act</i>	11-10
Form 11-2-A.	Articles of Incorporation for a Maryland Close Corporation	11-12
Form 11-2-B.	Bylaws for a Maryland Close Corporation	11-16
Form 11-5-A.	Stockholders' Agreement (short form)	11-26
Form 11-5-B.	Stockholders' Agreement (long form)	11-32
 CHAPTER 12: PROFESSIONAL SERVICE CORPORATIONS		
SECTION 1.	GENERAL PROVISIONS	12-3
§ 12.1.	<i>Application of the General Corporation Law</i>	12-3
§ 12.2.	<i>Definitions</i>	12-3
§ 12.2.1.	<i>Disqualified Person</i>	12-3
§ 12.2.2.	<i>Foreign Professional Corporation</i>	12-3
§ 12.2.3.	<i>License</i>	12-3

§ 12.2.4.	Licensing Unit	12-4
§ 12.2.5.	Professional Corporation	12-4
§ 12.2.6.	Professional Service	12-4
§ 12.2.7.	Qualified Person	12-5
SECTION 2.	CREATION	12-5
§ 12.20.	<i>Eligibility to Be a Professional Corporation</i>	12-5
§ 12.20.1.	Special Rules Governing Lawyers	12-5
§ 12.21.	<i>General Powers and Limitations of Professional Corporations</i>	12-6
§ 12.22.	<i>Election of Professional Corporation Status</i>	12-6
§ 12.23.	<i>Rendering Professional Services</i>	12-7
§ 12.24.	<i>Corporation Name</i>	12-7
§ 12.24.1.	Inclusion of Stockholder's Surname	12-7
§ 12.24.2.	Certificate of Authorization for Using Corporate Name	12-8
SECTION 3.	STOCK PROVISIONS	12-8
§ 12.30.	<i>Stock Issuance Restrictions</i>	12-8
§ 12.31.	<i>Mandatory Statement on Stock Certificates</i>	12-9
§ 12.32.	<i>Stock Transfer Restrictions</i>	12-9
SECTION 4.	MANDATORY REACQUISITION OF CORPORATION STOCK	12-9
§ 12.40.	<i>Reacquisition of Stock upon Death or Disqualification of a Stockholder</i>	12-9
§ 12.41.	<i>Reacquisition Procedure</i>	12-10
§ 12.41.1.	Corporation Sends Offer	12-10
§ 12.41.2.	Stockholder Demands Fair Value	12-11
§ 12.41.3.	Canceling the Stock of a Disqualified Stockholder	12-11
§ 12.42.	<i>Judicial Appraisal Proceeding to Determine Fair Value</i>	12-12
§ 12.43.	<i>Assessment of Costs and Fees for the Judicial Appraisal Proceeding</i>	12-12
SECTION 5.	CORPORATE GOVERNANCE	12-13
§ 12.50.	<i>Directors and Officers Provisions</i>	12-13
§ 12.51.	<i>Voting by Proxy and Voting Trust Provisions</i>	12-13
§ 12.52.	<i>Confidential Relationship with Client or Patient</i>	12-14
§ 12.53.	<i>Privileged Communications</i>	12-14
§ 12.54.	<i>Liability for Negligent or Wrongful Act</i>	12-14
SECTION 6.	REORGANIZATION AND JUDICIAL DISSOLUTION	12-15
§ 12.60.	<i>Merger</i>	12-15
§ 12.61.	<i>Cessation of Rendering Professional Services</i>	12-15
§ 12.62.	<i>Judicial Dissolution</i>	12-15
SECTION 7.	FOREIGN PROFESSIONAL CORPORATION	12-16
§ 12.70.	<i>Authority to Transact Business</i>	12-16
§ 12.71.	<i>Application for a Certificate of Authority</i>	12-16
§ 12.72.	<i>Revocation of the Certificate of Authority</i>	12-16
SECTION 8.	LICENSING	12-17
§ 12.80.	<i>Jurisdiction of a Licensing Unit</i>	12-17
§ 12.81.	<i>Suspension or Revocation of the Articles of Incorporation</i>	12-17
Form 12-22-A.	Articles of Incorporation for a Professional Service Corporation	12-18
Form 12-22-B.	Bylaws for a Professional Service Corporation	12-21

CHAPTER 13: NONSTOCK CORPORATIONS

§ 13.1.	<i>Introduction</i>	13-2
§ 13.2.	<i>Applying the General Corporation Law</i>	13-2
§ 13.3.	<i>For Profit Nonstock Corporation Permitted</i>	13-3
§ 13.4.	<i>Members of Nonstock Corporations</i>	13-3
§ 13.5.	<i>Lack of Quorum at Meeting</i>	13-3
§ 13.6.	<i>Charter and Bylaws Provisions</i>	13-4
§ 13.7.	<i>Organization Meeting</i>	13-4
§ 13.8.	<i>Directors and Members</i>	13-4
§ 13.9.	<i>Consolidation, Merger, and Transfer of Assets</i>	13-5
§ 13.10.	<i>Conversion</i>	13-5
§ 13.11.	<i>Dissolution or Forfeiture of Charter</i>	13-5
§ 13.12.	<i>Court Disposition of Charitable or Religious Property</i>	13-6
Form 13-1.	Articles of Incorporation for a Maryland Charitable Nonstock Corporation Without Non-Trustee Members	13-6.1
Form 13-2.	Bylaws for a Maryland Charitable Nonstock Corporation Without Non-Trustee Members	13-10
Form 13-3.	Articles of Incorporation for a Maryland Charitable Nonstock Corporation with Non-Trustee Members	13-16
Form 13-4.	Bylaws for a Maryland Charitable Nonstock Corporation with Non-Trustee Members	13-20
Form 13-7.	Consent of Trustees to Waive Organization Meeting	13-29

CHAPTER 14: TAX-EXEMPT CORPORATIONS IN MARYLAND

SECTION 1.	GENERAL PROVISIONS.	14-3
§ 14.10.	<i>Maryland Income Tax Exemption</i>	14-4
§ 14.11.	<i>Maryland Sales and Use Tax Exemption</i>	14-5
§ 14.12.	<i>Maryland Real and Personal Property Tax Exemption</i>	14-6
SECTION 2.	LIMITING LIABILITY OF DIRECTORS AND CERTAIN OTHERS.	14-7
§ 14.20.	<i>Limitations on Director and Officer Liability of the General Corporation Law Apply to Tax-Exempt Corporations</i>	14-7
§ 14.21.	<i>Special Limitations of Liability on Directors and Certain Others</i>	14-7
§ 14.21.1.	<i>Limitations Where the Organization Has Required Insurance Coverage</i>	14-7
§ 14.21.2.	<i>Limitations on the Liability of Volunteers</i>	14-9
§ 14.21.3.	<i>Other Limitations on Liability</i>	14-10
SECTION 3.	OVERVIEW OF THE REQUIREMENTS OF AND APPLICATION FOR I.R.C. § 501(C)(3) STATUS	14-10
§ 14.30.	<i>Requirements of an I.R.C. § 501(c)(3) Organization</i>	14-10
§ 14.31.	<i>Allowed Purposes for an I.R.C. § 501(c)(3) Organization</i>	14-11
§ 14.32.	<i>Tests for Qualifying as an I.R.C. § 501(c)(3) Organization</i>	14-11
§ 14.32.1.	<i>The Organizational Test</i>	14-11
§ 14.32.2.	<i>The Operational Test</i>	14-12
§ 14.33.	<i>Procedure for Filing an I.R.C § 501(c)(3) Exemption Application Form</i>	14-12
§ 14.34.	<i>Rights of an Organization Receiving an Adverse Determination on Exempt Status</i>	14-13

SECTION 4. I.R.C. § 501(C)(3) ORGANIZATIONS VS. I.R.C. §§ 501(C)(4), 501(C)(5), 501(C)(6), AND 501(C)(7) ORGANIZATIONS	14-13
§ 14.40. <i>General Comparison of the Various Exempt Organizations</i>	14-13
§ 14.41. <i>I.R.C. § 501(c)(4) Organization's Advantage if Lobbying Activities Are Planned</i>	14-14
SECTION 5. OTHER PROVISIONS.	14-14
§ 14.50. <i>Maryland Uniform Prudent Management of Institutional Funds Act</i>	14-14
§ 14.51. <i>Regulation of Charitable Solicitation</i>	14-17
§ 14.51.1. Registration of Charitable Organization	14-17
§ 14.51.2. Annual Report	14-17
§ 14.51.3. Annual Fees	14-17
§ 14.51.4. Financial Statement	14-18
§ 14.51.5. Registration of Professional Solicitors.	14-18
§ 14.51.6. Exemption from Title 6 of the Business Regulation Article Requirements	14-18
Form 14-1-A. Letter to Comptroller of the Treasury to Request Exemption from Maryland Income Tax	14-20
Form 14-1-B. Comptroller Form: Combined Registration Application	14-21
Form 14-1-C. COMAR 03.06.01.22 Exempt Organizations	14-29
Form 14-51-1. Secretary of State Form: Exempt Organization Fund-Raising Notice (SS-208)	14-31
Form 14-51-2-A. Secretary of State Form: Registration Statement for Charitable Organization (COR-92)	14-38
Form 14-51-2-B. Secretary of State Form: Annual Update of Registration Instructions, Checklist and Form	14-43
Form 14-51-4. Secretary of State Form: Financial Form for Organizations Not Filing IRS Form 990 (COF-85).	14-47
Form 14-51-5. Articles of Incorporation for a Tax-Exempt Nonstock Corporation	14-53
Form 14-51-6. IRS Form 1023	14-57
Form 14-51-7. IRS Form 1023-EZ	14-85
Form 14-51-8. IRS Form 1024	14-88

CHAPTER 15: MARYLAND SECURITIES ACT

SECTION 1. INTRODUCTION AND IMPORTANT DEFINITIONS	15-6
§ 15.1. <i>The National Securities Markets Improvement Act of 1996.</i>	15-6
§ 15.2. <i>Important Definitions</i>	15-7
§ 15.2.1. Agent	15-7
§ 15.2.2. Broker-Dealer.	15-8
§ 15.2.3. Federal Covered Adviser	15-8
§ 15.2.4. Investment Adviser.	15-8
§ 15.2.5. Investment Adviser Representative	15-9
§ 15.2.6. Offer or Offer to Sell	15-10
§ 15.2.7. Security	15-11
§ 15.2.7.1. Interests in Real Estate Syndicates and Condominiums	15-12

MARYLAND CORPORATE FORMS AND PRACTICE MANUAL

SECTION 2. ADMINISTRATION AND LIABILITY PROVISIONS	15-13
§ 15.20. <i>Enforcement</i>	15-13
§ 15.21. <i>Administrative Hearing Procedures</i>	15-13
§ 15.21.1. Service by Mail	15-13
§ 15.21.2. Answer	15-13
§ 15.21.3. Proposed Decisions and Exceptions.	15-14
§ 15.21.4. Appeals.	15-14
§ 15.21.5. Investigations and Subpoenas	15-14
§ 15.22. <i>Civil Liability</i>	15-14
§ 15.23. <i>Criminal Liability</i>	15-15
§ 15.24. <i>No-Action Letters and Interpretive Opinions</i>	15-16
§ 15.25. <i>Stamped and Electronic Signatures</i>	15-16
SECTION 3. SECURITIES AND TRANSACTIONS EXEMPTIONS.	15-17
§ 15.30. <i>Securities Exemptions</i>	15-17
§ 15.30.1. Government Guaranteed Securities Exemption	15-17
§ 15.30.2. Bank Securities Exemption	15-17
§ 15.30.3. Nonprofit Exemption	15-18
§ 15.30.4. Designated Securities Exchange and Clearing Agency Exemption	15-19
§ 15.30.5. Employee Benefit Plan Exemption	15-19
§ 15.30.6. Collective Investment Funds Exemption	15-20
§ 15.31. <i>Transaction Exemptions</i>	15-21
§ 15.31.1. Isolated Non-Issuer Exemption	15-21
§ 15.31.2. Non-Issuer Securities Manual Exemption	15-21
§ 15.31.3. Non-Issuer Broker-Dealer Exemptions	15-21
§ 15.31.4. Underwriters Exemption	15-22
§ 15.31.5. Real Estate Bond or Indebtedness-Related Exemption	15-22
§ 15.31.6. Receiver Exemption	15-22
§ 15.31.7. Pledgee Exemption.	15-22
§ 15.31.8. Institutional Investor Exemption	15-22
§ 15.31.9. Pre-Organization Exemption	15-22
§ 15.31.10. Existing Security Holder Exemption	15-23
§ 15.31.11. Employee Stock Ownership Trust Exemption	15-23
§ 15.31.12. Unit Investment Trust Exemption	15-23
§ 15.31.13. Additional Transaction Exemptions by Order of the Commissioner.	15-23
§ 15.31.13.1. Mortgage-Related Securities Exemption	15-23
§ 15.31.13.2. Exemption for Certain Offers and Sales to Accredited Investors	15-24
§ 15.31.14. Maryland Limited Offering Exemption (MLOE)	15-26
§ 15.31.14.1. General Conditions Applicable to Both Exemptions	15-27
§ 15.31.14.2. Local Issuer Transactional Exemption	15-28
§ 15.31.14.3. General Transactional Exemption.	15-28.1
§ 15.31.15. Exemption by Coordination with SEC Rule 505	15-29
§ 15.32. <i>Other Registration Exemptions</i>	15-30
§ 15.32.1. Sale of Business Exemption.	15-30
§ 15.32.2. Internet Offering Exemption	15-30
§ 15.33. <i>Federal Covered Securities</i>	15-31
§ 15.33.1. Notice Filing Required.	15-31

§ 15.33.2.	Securities Offered under Section 18(b)(3) or 18(b)(4)(A)-(C) of the Securities Act	15-31
§ 15.33.3.	Securities Offered under Section 18(b)(4)(D) of the Securities Act — SEC Rule 506.	15-32
SECTION 4.	REGISTRATION OF SECURITIES	15-32
§ 15.40.	<i>Registration by Notification</i>	15-32
§ 15.41.	<i>Registration by Coordination</i>	15-32
§ 15.41.1.	Shelf Registration Pursuant to SEC Rule 415 (Securities Sold on a Continuous or Delayed Basis)	15-33
§ 15.42.	<i>Registration by Qualification</i>	15-33
§ 15.42.1.	Escrow	15-33
§ 15.42.2.	Small Corporate Offering Registration (SCOR)	15-33
§ 15.42.3.	Coordinated Equity Review (CER)	15-33
§ 15.43.	<i>[Reserved]</i>	
§ 15.44.	<i>Mid-Atlantic Regional Review Program</i>	15-34
§ 15.45.	<i>Registration Statement</i>	15-35
§ 15.45.1.	Offering Amount	15-35
§ 15.45.2.	Disclosure of “Blank Check” and “Blind Pool” Offerings	15-35
§ 15.45.3.	Prospectus for Registration by Qualification and Notification	15-35
§ 15.45.4.	Period of Effectiveness.	15-35
§ 15.45.5.	Renewal Registration	15-35
§ 15.45.6.	Denials, Suspensions, and Revocations	15-36
§ 15.46.	<i>Filing Fees to Register Securities by Notification, Coordination, or Qualification</i>	15-36
§ 15.47.	<i>Reports on Stock Registered by Notification or Qualification</i>	15-36
§ 15.48.	<i>Filing Advertising and Sales Literature</i>	15-36
§ 15.49.	<i>Investment Company Notice Filing to Sell Federal Covered Securities</i>	15-36
§ 15.49.1.	Initial Notice.	15-36
§ 15.49.2.	Filing Fees for Investment Companies.	15-37
§ 15.49.3.	Renewal Notice	15-37
§ 15.49.4.	Terminating Notice.	15-38
§ 15.49.5.	Amendments	15-38
SECTION 5.	REGISTRATION OF PERSONS TRANSACTING IN SECURITIES.	15-38
§ 15.50.	<i>Registration Required to Transact Business</i>	15-38
§ 15.50.1.	Internet Dissemination of Information.	15-39
§ 15.50.2.	Consent to Service of Process	15-39
§ 15.50.3.	Effectiveness Date	15-39
§ 15.50.4.	Expiration Date	15-39
§ 15.50.5.	Registering Successors.	15-39
§ 15.50.6.	Examination Requirement	15-39
§ 15.50.6.1.	Broker-Dealer and Agent	15-39
§ 15.50.6.2.	Issuer Agent	15-40
§ 15.50.6.3.	Investment Adviser and Investment Adviser Representative	15-40
§ 15.50.7.	Denial, Revocation, Suspension of Registration	15-41
§ 15.51.	<i>Broker-Dealer Registration</i>	15-41

MARYLAND CORPORATE FORMS AND PRACTICE MANUAL

§ 15.51.1.	Applicability of Registration Requirement When Selling Limited Partnership Interests	15-41
§ 15.51.2.	Initial Registration	15-42
§ 15.51.3.	Register at Least One Agent.	15-42
§ 15.51.4.	Renewal Registration	15-42
§ 15.52.	<i>Registration of Broker-Dealer Agent or Issuer Agent</i>	15-43
§ 15.52.1.	Initial Registration	15-43
§ 15.52.2.	Renewal Registration	15-43
§ 15.53.	<i>Registration of Investment Adviser.</i>	15-44
§ 15.53.1.	Exemption from Registration.	15-44
§ 15.53.2.	Investment Adviser Currently Registered with the SEC and in Maryland	15-44
§ 15.53.3.	Initial Registration of Investment Adviser	15-45
§ 15.53.4.	Renewal of Investment Adviser Registration	15-45
§ 15.53.5.	Supervisory Procedures	15-46
§ 15.54.	<i>Registration of Investment Adviser Representative</i>	15-46
§ 15.54.1.	Initial Registration of Investment Adviser Representative.	15-46
§ 15.54.2.	New Connection with an Investment Adviser or Federal Covered Adviser.	15-47
§ 15.54.3.	Renewal of Investment Adviser Representative Registration	15-47
§ 15.55.	<i>Federal Covered Adviser</i>	15-47
§ 15.55.1.	Notice Filing	15-47
§ 15.55.2.	Investment Adviser Currently Registered with the SEC and Maryland	15-47
§ 15.55.2.1.	National <i>De Minimis</i> Standard—No Filing Required.	15-48
§ 15.55.2.2.	SEC Registered Investment Advisers Not Registered in Maryland	15-48
§ 15.55.3.	Federal Covered Adviser's Investment Adviser Representative	15-48
§ 15.55.3.1.	Registration of Federal Covered Adviser's Investment Adviser Representative.	15-48
§ 15.55.3.2.	Federal Covered Adviser Registering Its Investment Adviser Representatives.	15-49
§ 15.55.4.	Period of Effectiveness for Notice Filings	15-49
§ 15.55.5.	Renewal of Registration for Investment Adviser Representatives	15-49
§ 15.56.	<i>Advisory Activities</i>	15-49
§ 15.56.1.	Agency Cross Transactions and Exemptions	15-49
§ 15.56.2.	Advisory Contract	15-50
§ 15.56.2.1.	No Assignment	15-50
§ 15.56.2.2.	Performance-Based Compensation.	15-50
§ 15.56.2.3.	Custody of Client Funds	15-50
§ 15.56.3.	Brochure Rule	15-50
§ 15.56.4.	Unethical Practices in Advisory Activities.	15-51
SECTION 6.	POST-REGISTRATION PROVISIONS	15-51
§ 15.60.	<i>Correcting Amendments</i>	15-51
§ 15.60.1.	Broker-Dealer and Agent	15-51
§ 15.60.2.	Investment Adviser and Investment Adviser Representative	15-51
§ 15.60.3.	Federal Covered Adviser	15-52
§ 15.61.	<i>Bond and Net Capital Requirements</i>	15-52

CONTENTS

§ 15.61.1.	Broker-Dealer and Agent	15-52
§ 15.61.2.	Investment Adviser.	15-52
§ 15.62.	<i>Financial Statements, Reports and Recordkeeping</i>	15-53
§ 15.62.1.	Broker-Dealer.	15-53
§ 15.62.2.	Investment Adviser.	15-53
§ 15.63.	<i>Cancellation of Registration or Notice Filing</i>	15-54
§ 15.63.1.	Abandonment of Investment Adviser or Investment Adviser Representative Registration	15-54
§ 15.64.	<i>Withdrawal of Registration</i>	15-54
§ 15.64.1.	Broker-Dealer and Agent	15-54
§ 15.64.2.	Investment Adviser and Investment Adviser Representative	15-54
SECTION 7.	FRAUDULENT AND OTHER PROHIBITED ACTS	15-55
§ 15.70.	<i>Offers, Sales, or Purchases</i>	15-55
§ 15.71.	<i>Misleading Filings</i>	15-55
§ 15.72.	<i>Unlawful Representations Concerning Registration or Exemption</i>	15-55
§ 15.73.	<i>Senior Investment Protection</i>	15-55
Form 15-AR200.	Renewal of Registration of Non-NASD Broker-Dealer	15-57
Form 15-AR200a.	Application for Renewal of Agents of Non-NASD Member Broker-Dealer.	15-60
Form 15-ADV.	Uniform Application for Investment Adviser Registration	15-62
Form 15-ADV-E.	Certificate of Accounting of Client Securities and Funds in the Possession or Custody of an Investment Adviser	15-182
Form 15-ADV-NR.	Appointment of Agent for Service of Process by Non-Resident General Partner and Non-Resident Managing Agent	15-184
Form 15-ADV-H.	Application for a Temporary or Continuing Hardship Exemption.	15-186
Form 15-ADV-W.	Notice of Withdrawal from Registration as an Investment Adviser	15-189
Form 15-BD.	Uniform Application for Broker-Dealer Registration	15-198
Form 15-BDW.	Uniform Request for Withdrawal from Broker-Dealer Registration	15-226
Form 15-CR-Equity 1.	Application for Coordinated State Review	15-229
Form 15-D.	Notice of Sale of Securities Pursuant to Regulation D	15-231
Form 15-MAIE.	Model Accredited Investor Exemption Uniform Notice of Transaction.	15-234.8
Form 15-ISR.	Application for Renewal of Issuer Agent Registration	15-236
Form 15-CR-SCOR.	Small Business Securities Offering Application Form CR-SCOR Mid-Atlantic Regional	15-237
Form 15-MLOE-1.	Notice of Limited Offering of Securities under the Maryland Securities Act	15-245
Form 15-MLOE-2.	Limited Offering of Securities under the MLOE (Parts I & II)	15-252
Form 15-NF.	Uniform Investment Company Notice Filing	15-285
Form 15-SRQ-1.	Status of Registration and Use of Proceeds.	15-290
Form 15-U-1.	Uniform Application to Register Securities.	15-292

Form 15-U-2.	Uniform Consent to Service of Process	15-296
Form 15-U-4.	Uniform Application for Securities Industry Registration or Transfer	15-299
Form 15-U-5.	Uniform Termination Notice for Securities Industry Registration	15-338
Form 15-U-7.	Small Corporate Offering Registration Form.	15-361

CHAPTER 16: FOREIGN CORPORATIONS

SECTION 1. GENERAL PROVISIONS.	16-3
§ 16.1. <i>Restrictions on Business and Assent to Maryland Laws</i>	16-3
§ 16.2. <i>Filing Fees</i>	16-3
§ 16.3. <i>Registration of Corporation Name</i>	16-4
§ 16.4. <i>Foreign Nonprofit Corporations</i>	16-4
§ 16.5. <i>Foreign Professional Corporations</i>	16-4
SECTION 2. REGISTRATION OR QUALIFICATION OF FOREIGN CORPORATIONS	16-4
§ 16.20. <i>Registration to “Do Interstate and Foreign Business”</i>	16-4
§ 16.20.1. <i>When Registration Is Required</i>	16-4
§ 16.20.2. <i>Registration Procedure</i>	16-4
§ 16.20.3. <i>Termination of Registration</i>	16-5
§ 16.21. <i>Qualification to “Do Intrastate Business”</i>	16-5
§ 16.21.1. <i>When Qualification Is Required</i>	16-5
§ 16.21.2. <i>Qualification Procedure</i>	16-6
§ 16.21.3. <i>Termination of Qualification</i>	16-6
§ 16.22. <i>Activities Not Considered to Be Intrastate Business</i>	16-6
§ 16.23. <i>Activities Not Considered Intrastate, Interstate, or Foreign Business</i>	16-7
§ 16.24. <i>Exceptions to the Registration and Qualification Requirements</i>	16-8
§ 16.25. <i>Certificate of Registration or Qualification</i>	16-8
§ 16.26. <i>Suits Brought by a Foreign Corporation</i>	16-8
§ 16.26.1. <i>Suits Barred</i>	16-10
§ 16.26.2. <i>Suits Not Barred</i>	16-11
§ 16.26.3. <i>Burden of Proof to Disqualify Foreign Corporation</i>	16-11
§ 16.26.4. <i>Asserting Defenses and Counterclaims</i>	16-12
§ 16.27. <i>Suits Against Foreign Corporations</i>	16-12
§ 16.28. <i>Penalties Against the Corporation, Officers, and Agents</i>	16-12
§ 16.29. <i>Contracts Not Affected by Failure to Register or Qualify</i>	16-13
SECTION 3. REQUIREMENTS AFTER REGISTRATION OR QUALIFICATION	16-13
§ 16.30. <i>Maintaining Resident Agent and Principal Office</i>	16-13
§ 16.31. <i>Service of Process and Personal Jurisdiction</i>	16-14
§ 16.32. <i>Annual Report/Annual Personal Property Return to the SDAT</i>	16-14
§ 16.33. <i>Certified Statement to the SDAT</i>	16-14
§ 16.33.1. <i>Failure of a Qualified Corporation to File the Certified Statement</i>	16-15
§ 16.34. <i>Termination of Registration or Qualification</i>	16-15
§ 16.35. <i>Forfeiture of Right to Do Intrastate Business</i>	16-15

Form 16-3-A.	SDAT Form: Foreign Corporation Name Registration/Name Renewal Application, see Form 1-44-B	16-17
Form 16-3-B.	SDAT Form: Foreign Corporation Assumed Name, see Form 1-47-D.	16-18
Form 16-21-2.	SDAT Form: Foreign Corporation Qualification.	16-19
Form 16-21-3.	SDAT Form: Application for Termination for a Foreign Corporation Qualification	16-20
Form 16-32.	SDAT Form: Annual Personal Property Return/Annual Report, see Form 1-17-A	16-21
Form 16-33.	SDAT Form: Certificate of Conveyance/Property Certificate, See Form 5-13	16-22

CHAPTER 17: BENEFIT CORPORATIONS IN MARYLAND

SECTION 1.	IN GENERAL	17-2
§ 17.1.	Introduction	17-2
§ 17.2.	Income Tax Aspects	17-3
SECTION 2.	ORGANIZING AND OPERATING THE BENEFIT CORPORATION	17-3
§ 17.20.	Manner of Electing to be a Benefit Corporation	17-3
§ 17.21.	Identification of the Corporation as a Benefit Corporation.	17-3
§ 17.22.	Annual Benefit Reports.	17-3
§ 17.23.	Duties of Benefit Corporation Directors	17-4
§ 17.24.	Termination of Status as Benefit Corporation	17-5
§ 17.25.	Property Tax Credits Available to Benefit Corporations	17-5
Form 17-1-A.	Articles of Incorporation for a Benefit Corporation	17-7
Form 17-1-B.	Optional Charter Provision for the Charter of a Benefit Corporation	17-9
Form 17-1-C.	Articles of Amendment for a Corporation Converting to Benefit Corporation Status	17-10
Form 17-1-D.	Sample Consent Minutes of Stockholders and Directors Approving Amendment of Charter to Adopt Benefit Corporation Status	17-11
Form 17-1-E.	Optional Bylaw Provision for a Benefit Corporation	17-12
Form 17-1-F.	Sample Minutes of Special Meeting of Directors of a Benefit Corporation	17-13

CHAPTER 18: CORPORATE CONVERSIONS

SECTION 1. IN GENERAL	18-2
§ 18.1. <i>Introduction</i>	18-2
§ 18.2. <i>Reasons for Conversion</i>	18-2
SECTION 2. PROCEDURE FOR CONVERSION.	18-3
§ 18.20. <i>Approval of Conversion of Maryland Corporation into Other Entity</i>	18-3
§ 18.21. <i>Approval of Conversion of Other Entity into Maryland Corporation</i>	18-4
SECTION 3. ARTICLES OF CONVERSION.	18-4
§ 18.30. <i>Contents of Articles of Conversion.</i>	18-4

MARYLAND CORPORATE FORMS AND PRACTICE MANUAL

SECTION 4. EFFECTS OF CONVERSION	18-5
§ 18.40. <i>Effects of Conversion of Maryland Corporation to an Other Entity</i>	18-5
§ 18.41. <i>Effects of Conversion of an Other Entity to a Maryland Corporation.</i>	18-7
§ 18.42. <i>Conversion of Stock and Membership, Partnership, Beneficial, or Other Ownership Interests</i>	18-7
SECTION 5. COMPLETION OR ABANDONMENT	18-8
§ 18.50. <i>Completion of Conversion</i>	18-8
§ 18.51. <i>Abandonment of Conversion</i>	18-9
§ 18.52. <i>Tax Consequences of Conversion.</i>	18-9
§ 18.53. <i>Recordation and Transfer Tax</i>	18-10
Form 18-1-A. Joint Resolutions of Sole Stockholder and Sole Director Approving Conversion of a Maryland Corporation to a Delaware Limited Liability Company.	18-11
Form 18-1-B. Resolutions of Board of Directors of Maryland Corporation Approving Conversion of a Maryland Corporation to a Maryland Limited Liability Company	18-12
Form 18-1-C. Resolutions of Stockholders of Maryland Corporation Approving Conversion of a Maryland Corporation to a Maryland Limited Liability Company	18-13
Form 18-1-D. Articles of Conversion (Maryland) for Maryland Corporation Converting to a Delaware Limited Liability Company.	18-14
Form 18-1-E. Articles of Conversion (Maryland) for Maryland Corporation Converting to an other Maryland Entity Generally	18-16
Form 18-1-F. Articles of Conversion (Maryland) for Maryland Limited Liability Company Converting to a Maryland Corporation.	18-18
Form 18-1-G. Notice of Abandonment of Conversion	18-21
Form 18-1-H. Resolutions of Board of Directors of Maryland Corporation Approving Abandonment of Merger.	18-22
<i>Forms Index.</i>	INDEX-1
<i>Table of Cases.</i>	INDEX-7
<i>Table of Maryland Laws</i>	INDEX-16
<i>Subject Index.</i>	INDEX-45