

Article - Corporations and Associations

§11-102.

(a) The terms “offer”, “offer to sell”, “sale”, and “sell”, as defined in § 11-101(m) and (p) of this subtitle, do not include:

(1) Any bona fide pledge or loan;

(2) Any stock dividend, whether the corporation distributing the dividend is the issuer of the stock or not, if nothing of value is given by stockholders for the dividend other than the surrender of a right to a cash or property dividend when each stockholder may elect to take the dividend in cash, property, or stock;

(3) Any act incident to a class vote by stockholders, under the certificate of incorporation or the applicable corporation statute, on a merger, consolidation, split-up, spin-off, share exchange, reclassification of securities, or transfer of corporate assets in consideration of the issuance, in whole or in part, of securities of another corporation;

(4) Any act incident to a judicially approved reorganization in which a security is issued:

(i) In exchange for one or more outstanding securities, claims, or property interests; or

(ii) Partly in such exchange and partly for cash; or

(5) Any act as to which the Commissioner by rule or order finds that:

(i) Application of § 11-101(m) and (p) of this subtitle is not necessary or appropriate for the protection of investors; and

(ii) The finding is consistent with the public interest and within the purposes fairly intended by the policy and provisions of this title.

(b) As used in this title, “fraud”, “deceit”, and “defraud” are not limited to common-law deceit.

(c) Any security given or delivered with or as a bonus on account of any purchase of securities or any other thing is considered to constitute part of the subject of the purchase and to have been offered and sold for value.

(d) A purported gift of assessable stock is considered to involve an offer and sale.

(e) Every sale or offer of a warrant or right to purchase or subscribe to another security of the same or another issuer and every sale or offer of a security which gives the holder a present or future right or privilege to convert into another security of the same or another issuer is considered to include an offer of the other security.