

HOUSE BILL 650

Unofficial Copy  
C1

2000 Regular Session  
0lr2404  
CF 0lr2768

---

By: **Delegate Barve**  
Introduced and read first time: February 10, 2000  
Assigned to: Economic Matters

---

A BILL ENTITLED

1 AN ACT concerning

2 **Corporations - Investment Companies - Directors**

3 FOR the purpose of clarifying that service as a director or trustee of certain  
4 investment companies and other entities, or the receipt of fees or other  
5 compensation for that service, may not be considered in determining whether a  
6 director is independent or disinterested; defining a certain term; providing for  
7 the application of this Act; and generally relating to directors of investment  
8 companies.

9 BY repealing and reenacting, with amendments,  
10 Article - Corporations and Associations  
11 Section 2-405.3  
12 Annotated Code of Maryland  
13 (1999 Replacement Volume)

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

16 **Article - Corporations and Associations**

17 2-405.3.

18 (A) IN THIS SECTION, "FUND COMPLEX" HAS THE MEANING STATED IN  
19 REGULATION 14A ADOPTED UNDER THE SECURITIES EXCHANGE ACT OF 1934.

20 [(a)] (B) This section applies to a corporation that is an investment company,  
21 as defined by the Investment Company Act of 1940.

22 [(b)] (C) [A] SUBJECT TO SUBSECTION (D) OF THIS SECTION, A director of a  
23 corporation who with respect to the corporation is not an interested person, as defined  
24 by the Investment Company Act of 1940, shall be deemed to be independent and  
25 disinterested when making any determination or taking any action as a director.

26 (D) SERVICE AS A DIRECTOR OR TRUSTEE, OR THE RECEIPT OF FEES OR  
27 OTHER COMPENSATION FOR SERVICE AS A DIRECTOR OR TRUSTEE, OF ONE OR MORE  
28 CORPORATIONS, TRUSTS, OR OTHER ENTITIES OF A FUND COMPLEX, INCLUDING

1 SERVICE AS A MEMBER OF A COMMITTEE OF, OR ESTABLISHED BY, ONE OR MORE  
2 CORPORATIONS, TRUSTS, OR OTHER ENTITIES OF A FUND COMPLEX, MAY NOT BE  
3 CONSIDERED IN DETERMINING WHETHER A DIRECTOR IS INDEPENDENT OR  
4 DISINTERESTED.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be  
6 construed retroactively and shall be applied to and interpreted to affect any case filed  
7 on or after January 30, 1998.

8 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
9 June 1, 2000.