
By: **Delegates Schisler and Arnick**
Rules suspended
Introduced and read first time: April 3, 2000
Rules suspended
Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Corporations - Investment Companies - Directors**

3 FOR the purpose of providing that a director of a corporation that is an investment
4 company who is not an interested person with respect to the corporation, as
5 defined by a certain act, shall be deemed to be independent and disinterested
6 when making any determination or taking any action as a director; providing for
7 the application and construction of this Act; stating legislative intent; and
8 relating generally to directors of corporations that are investment companies.

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

14 BY adding to
15 Article - Corporations and Associations
16 Section 2-405.3
17 Annotated Code of Maryland
18 (1999 Replacement Volume)

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

21 **Article - Corporations and Associations**

22 [2-405.3.

23 (a) This section applies to a corporation that is an investment company, as
24 defined by the Investment Company Act of 1940.

25 (b) A director of a corporation who with respect to the corporation is not an
26 interested person, as defined by the Investment Company Act of 1940, shall be

1 deemed to be independent and disinterested when making any determination or
2 taking any action as a director.]

3 2-405.3.

4 (A) THIS SECTION APPLIES TO A CORPORATION THAT IS AN INVESTMENT
5 COMPANY, AS DEFINED BY THE INVESTMENT COMPANY ACT OF 1940.

6 (B) A DIRECTOR OF A CORPORATION WHO WITH RESPECT TO THE
7 CORPORATION IS NOT AN INTERESTED PERSON, AS DEFINED BY THE INVESTMENT
8 COMPANY ACT OF 1940, SHALL BE DEEMED TO BE INDEPENDENT AND
9 DISINTERESTED WHEN MAKING ANY DETERMINATION OR TAKING ANY ACTION AS A
10 DIRECTOR.

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
12 construed retroactively and shall be applied and interpreted to only those cases filed
13 on or after January 30, 1998.

14 SECTION 3. AND BE IT FURTHER ENACTED, That it is the intent of the
15 General Assembly, notwithstanding the decision of the Court of Appeals of Maryland
16 in Migdal v. State, __ Md. __ (September Term, 1999, No. 115, March 14, 2000) and
17 the provisions of Chapter 1 of the Acts of 2000 (the annual curative bill), to restate
18 and reenact, without change, the provisions of § 2-405.3 of the Corporations and
19 Associations Article and to validate the provisions of § 2-405.3 of the Corporations
20 and Associations Article as they were enacted by Chapter 397 of the Acts of 1998.

21 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 June 1, 2000.