

**HOUSE BILL 1440**  
**EMERGENCY BILL**

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2000 Regular Session  
0lr3120

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By: **Delegates Schisler and Arnick**

Rules suspended

Introduced and read first time: April 3, 2000

Rules suspended

Assigned to: Economic Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: April 5, 2000

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CHAPTER \_\_\_\_\_

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; making  
8 this Act an emergency measure; and relating generally to directors of  
9 corporations that are investment companies.

10 BY repealing

11 Article - Corporations and Associations

12 Section 2-405.3

13 Annotated Code of Maryland

14 (1999 Replacement Volume)

15 BY adding to

16 Article - Corporations and Associations

17 Section 2-405.3

18 Annotated Code of Maryland

19 (1999 Replacement Volume)

20 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

21 MARYLAND, That the Laws of Maryland read as follows:

1 **Article - Corporations and Associations**

2 [2-405.3.

3 (a) This section applies to a corporation that is an investment company, as  
4 defined by the Investment Company Act of 1940.5 (b) A director of a corporation who with respect to the corporation is not an  
6 interested person, as defined by the Investment Company Act of 1940, shall be  
7 deemed to be independent and disinterested when making any determination or  
8 taking any action as a director.]

9 2-405.3.

10 (A) THIS SECTION APPLIES TO A CORPORATION THAT IS AN INVESTMENT  
11 COMPANY, AS DEFINED BY THE INVESTMENT COMPANY ACT OF 1940.12 (B) A DIRECTOR OF A CORPORATION WHO WITH RESPECT TO THE  
13 CORPORATION IS NOT AN INTERESTED PERSON, AS DEFINED BY THE INVESTMENT  
14 COMPANY ACT OF 1940, SHALL BE DEEMED TO BE INDEPENDENT AND  
15 DISINTERESTED WHEN MAKING ANY DETERMINATION OR TAKING ANY ACTION AS A  
16 DIRECTOR.17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be  
18 construed retroactively and shall be applied and interpreted to only those cases filed  
19 on or after January 30, 1998.20 SECTION 3. AND BE IT FURTHER ENACTED, That it is the intent of the  
21 General Assembly, notwithstanding the decision of the Court of Appeals of Maryland  
22 in Migdal v. State, \_\_ Md. \_\_ (September Term, 1999, No. 115, March 14, 2000) and  
23 the provisions of Chapter 1 of the Acts of 2000 (the annual curative bill), to restate  
24 and reenact, without change, the provisions of § 2-405.3 of the Corporations and  
25 Associations Article and to validate the provisions of § 2-405.3 of the Corporations  
26 and Associations Article as they were enacted by Chapter 397 of the Acts of 1998.27 SECTION 4. AND BE IT FURTHER ENACTED, That this Act ~~shall take effect~~  
28 June 1, 2000; is an emergency measure, is necessary for the immediate preservation  
29 of the public health and safety, has been passed by a ye and nay vote supported by  
30 three-fifths of all the members elected to each of the two Houses of the General  
31 Assembly, and shall take effect from the date it is enacted.

