

SENATE BILL 641

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2000 Regular Session  
0lr2768  
CF 0lr2404

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By: **Senator Baker**

Introduced and read first time: February 4, 2000

Assigned to: Judicial Proceedings

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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; and generally  
7 relating to directors of investment companies.

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

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

15 **Article - Corporations and Associations**

16 2-405.3.

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

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

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

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

1 CORPORATIONS, TRUSTS, OR OTHER ENTITIES OF A FUND COMPLEX, MAY NOT BE  
2 CONSIDERED IN DETERMINING WHETHER A DIRECTOR IS INDEPENDENT OR  
3 DISINTERESTED.

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

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