

Securities Act - Corporate Takeovers

FOR the purpose of clarifying actions taken by brokers which do not constitute a takeover; altering the number of stockholders who must be residents of this State for an action to be considered a takeover; altering the contacts a corporation must have with this State to be considered a target company; adding certain time limits for hearings held by the Securities Commissioner with respect to takeovers; and generally relating to corporate takeover offers.

BY repealing and reenacting, with amendments,

Article - Corporations and Associations
Section 11-901(h)(2) and (i), and 11-905(e)
Annotated Code of Maryland
(1975 Volume and 1980 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That section(s) of the Annotated Code of Maryland be repealed, amended, or enacted to read as follows:

Article - Corporations and Associations

11-901.

(h) (2) "Take-over offer" does not include an offer or acquisition of any equity security of a target company pursuant to:

(i) Brokers' transactions effected by or through a broker-dealer in the ordinary course of its business IF THE BROKER PERFORMS ONLY THE CUSTOMARY BROKER'S FUNCTION, AND RECEIVES NO MORE THAN THE CUSTOMARY BROKER'S COMMISSIONS, AND NEITHER THE PRINCIPAL NOR THE BROKER SOLICITS OR ARRANGES FOR THE SOLICITATION OF ORDERS TO SELL SHARES OF THE TARGET COMPANY;

(ii) An exchange offer for securities of another issuer, if the offer is exempted from registration or is registered under the provisions of this title or if the offer is registered under the Securities Act of 1933;

(iii) Any other offer to acquire an equity security, or the acquisition of the equity security pursuant to the offer, for the sole account of the offeror, from not more than 25 persons, in good faith and not for the purpose of avoiding this subtitle;

(iv) An offer made to stockholders of the target company, if [the number] LESS THAN 35 of its RECORD OR BENEFICIAL stockholders ARE RESIDENTS OF THIS STATE [is less than 100] at the time of the offer;