

Article - Corporations and Associations

Section 3-701 through 3-709, inclusive, to be under the new subtitle "Subtitle 7. Voting Rights of Certain Control Shares"

Annotated Code of Maryland

(1985 Replacement Volume and 1988 Supplement)

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

Article - Corporations and Associations

SUBTITLE 7. VOTING RIGHTS OF CERTAIN CONTROL SHARES

3-701.

(A) IN THIS SUBTITLE, THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(B) "ACQUIRING PERSON" MEANS A PERSON WHO MAKES OR PROPOSES TO MAKE A CONTROL SHARE ACQUISITION.

(C) "ASSOCIATE", WHEN USED TO INDICATE A RELATIONSHIP WITH ANY PERSON, MEANS:

(1) AN "ASSOCIATE" AS DEFINED IN § 3-601(C) OF THIS TITLE; OR

(2) A PERSON THAT:

(I) DIRECTLY OR INDIRECTLY CONTROLS, OR IS CONTROLLED BY, OR IS UNDER COMMON CONTROL WITH, THE PERSON SPECIFIED; OR

(II) IS ACTING OR INTENDS TO ACT JOINTLY OR IN CONCERT WITH THE PERSON SPECIFIED.

(D) (1) "CONTROL SHARES" MEANS SHARES OF STOCK THAT, EXCEPT FOR THIS SUBTITLE, WOULD, IF AGGREGATED WITH ALL OTHER SHARES OF STOCK OF THE CORPORATION (INCLUDING SHARES THE ACQUISITION OF WHICH IS EXCLUDED FROM "CONTROL SHARE ACQUISITION" IN SUBSECTION (E)(2) OF THIS SECTION) OWNED BY A PERSON OR IN RESPECT OF WHICH THAT PERSON IS ENTITLED TO EXERCISE OR DIRECT THE EXERCISE OF VOTING POWER, EXCEPT SOLELY BY VIRTUE OF A REVOCABLE PROXY, ENTITLE THAT PERSON, DIRECTLY OR INDIRECTLY, TO EXERCISE OR DIRECT THE EXERCISE OF THE VOTING POWER OF SHARES OF STOCK OF THE CORPORATION IN THE ELECTION OF DIRECTORS WITHIN ANY OF THE FOLLOWING RANGES OF VOTING POWER:

(I) ONE-FIFTH OR MORE, BUT LESS THAN ONE-THIRD OF ALL VOTING POWER;