

**MEMO# 1696**

February 1, 1990

## **PENNSYLVANIA ANTI-TAKEOVER LEGISLATION**

February 1, 1990 TO: SEC RULES COMMITTEE NO. 8-90 RE: Pennsylvania Anti-Takeover Legislation \_\_\_\_\_ At the January 11 SEC Rules Committee meeting, we briefly discussed the proposed anti-takeover legislation that Pennsylvania is currently considering. As we discussed, the controversial provisions of the bill are as follows: a. Any person or group that buys 20% or more of a company's stock would not be entitled to vote its shares until granted voting rights by a majority of the "disinterested" shareholders; b. All profits from short-term holders who sell their shares within 18 months after launching a failed bid for the company, either through a proxy contest or any other means, will be disgorged; and c. Directors, in considering an anti-takeover bill, would be allowed to consider not only the interests of shareholders, but those of employees, customers, suppliers and the company's surrounding community. The bill has already been passed by the Pennsylvania Senate. Hearings are scheduled to be held before the House Business and Commerce Committee on February 15 and 16. Although the Institute will not be involved, individual fund groups may wish to express their views on this legislation. If you are interested in doing so, you may contact George Bedwick, Executive Director of the House Business and Commerce Committee, or Thierry Malley, Research Analyst for the Committee, at 328 Main Capitol Building, Harrisburg, Pennsylvania, 17120 (telephone number: 717/787-3055). Amy B. Rosenblum Assistant General Counsel

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