

BUSINESS CORPORATION ACT (EXCERPT)
Act 284 of 1972

***** 450.1778.amended THIS AMENDED SECTION IS EFFECTIVE JUNE 24, 2018 *****

450.1778.amended Definitions; E to S.

Sec. 778. (1) "Equity security" means any 1 of the following:

(a) Any stock or similar security, certificate of interest, or participation in any profit sharing agreement, voting trust certificate, or voting share.

(b) Any security that is convertible, with or without consideration, into an equity security, or any warrant or other security that carries any right to subscribe to or purchase an equity security.

(c) Any put, call, straddle, or other option or privilege of buying an equity security from or selling an equity security to another person without being bound to do so.

(2) Subject to subsection (3), "interested shareholder" means any person, other than the corporation or any subsidiary, that is either of the following:

(a) The beneficial owner, directly or indirectly, of 10% or more of the voting power of the outstanding voting shares of the corporation.

(b) An affiliate of the corporation and at any time within the 2-year period immediately before the date in question was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the then outstanding voting shares of the corporation.

(3) Both of the following apply for the purpose of determining whether a person is an interested shareholder under subsection (2)(a) or (b):

(a) The number of shares of voting shares considered to be outstanding includes all voting shares that are owned by the person except for those shares that are issuable under any agreement, arrangement, or understanding, or on the exercise of conversion rights, warrants or options, or otherwise.

(b) Whether acquired before or after the effective date of the 2017 amendatory act that amended this subdivision, voting shares that meet any of the following are not considered to be beneficially owned by a person, unless the corporation determines otherwise by a resolution of the board adopted before the person acquired those voting shares:

(i) Are acquired by the person from the corporation.

(ii) Are acquired by the person in a public offering by or on behalf of the corporation.

(iii) In a transaction described in section 703a(3), are acquired by the person in an offer described in section 703a(3).

(4) "Market value" means either of the following:

(a) With respect to shares, the highest closing sale price during the 30-day period immediately preceding the date in question of a share that is listed on any of the following:

(i) The composite tape for New York Stock Exchange-listed securities.

(ii) If not listed under subparagraph (i), the New York Stock Exchange.

(iii) If not listed under subparagraph (i) or (ii), the principal United States security exchange registered under the securities exchange act of 1934, 15 USC 78a to 78pp.

(iv) If a listing is not available under subparagraphs (i) to (iii), the fair market value of the shares, on the date in question, as determined in good faith by the corporation's board of directors.

(b) With respect to property other than cash or shares, the fair market value of the property on the date in question, as determined in good faith by the corporation's board of directors.

(5) "Subsidiary" means a legal entity of which a majority of the voting shares are owned, directly or indirectly, by another person.

History: Add. 1984, Act 115, Imd. Eff. May 29, 1984;—Am. 1989, Act 31, Imd. Eff. May 24, 1989;—Am. 1993, Act 91, Eff. Oct. 1, 1993;—Am. 2013, Act 123, Imd. Eff. Oct. 1, 2013;—Am. 2018, Act 85, Eff. June 24, 2018.