

54-B. Any banking institution may at any time, with the approval of the Bank Commissioner, issue, sell or hypothecate its capital notes, debentures, bonds or certificates of beneficial interest, which may be payable upon such terms, and may bear such rate of interest, if any, as may be provided therein. Such capital notes, debentures, bonds or certificates of beneficial interest shall be subordinated to the claims of depositors and/or creditors, but they shall be preferred to the claims of stockholders in the event of liquidation. Such capital notes, debentures, bonds or certificates of beneficial interest may have voting rights similar to those provided in Section 54A with respect to preferred stock, but they shall in no case be subject to the liability imposed upon stockholders under the Constitution and Laws of Maryland.

The capital stock of any banking institution which shall have issued such capital notes or debentures shall not be deemed to be impaired within Section 8 of this Article when the amount of such capital notes and debentures as represented by cash or sound assets exceeds the impairment as found by the Bank Commissioner. Before any such capital notes or debentures are retired or paid by the bank any existing deficiency of its capital (disregarding the notes or debentures to be retired) must be paid in cash, to the end that the sound capital assets shall at least equal the capital stock of the bank.

Capital notes, debentures, bonds or certificates of beneficial interest which are deferred as to payment to the claims of depositors and/or creditors (excepting stockholders) shall be considered as part of the capital structure of a banking institution particularly within the meaning of Sections 20, 42 (relating to minimum capital stock requirements) and 67 of this Article, but shall not be included in Sections 26 and 50 of this Article relating to ownership of capital stock by a director.

SEC. 2. *And be it further enacted*, That this Act shall take effect June 1st, 1935.

Approved April 29, 1935.

CHAPTER 520.

AN ACT to repeal and re-enact, with amendments, Section 106 of Article 81 of the Code of Public General Laws of Maryland, 1929 Edition, as re-enacted by Chapter 90 of