

At least ten per cent of the capital stock of such corporation shall be paid into its treasury in cash before it shall be authorized to transact any business other than such as relates to its organization. At least a majority of the capital stock of such corporation shall at all times be held by residents of the State or by persons, firms or corporations engaged in doing business therein.

422. Participation.

Notwithstanding any rule at common law or any provision of any general or special law:

(1) All domestic corporations organized for the purpose of carrying on business within this State, without limitation, are hereby authorized to acquire, purchase, hold, sell, assign, transfer, mortgage, pledge or otherwise dispose of any bonds, securities or other evidences of indebtedness created by, or the shares of the capital stock of, the corporation, and while owners of said stock to exercise all the rights, powers and privileges of ownership, including the right to vote thereon, all without the approval of any regulatory authority of the State of Maryland;

(2) All financial institutions are hereby authorized to become members of the corporation and to make loans to the corporation as provided herein;

(3) A financial institution, as defined in Section 419, which does not become a member of the corporation shall not be permitted to acquire any shares of the capital stock of the corporation; and

(4) Each financial institution which becomes a member of the corporation is hereby authorized to acquire, purchase, hold, sell, assign, transfer, mortgage, pledge, or otherwise dispose of, any bonds, securities or other evidences of indebtedness created by, or the shares of the capital stock of the corporation, and while owners of said stock to exercise all the rights, powers and privileges of ownership, including the right to vote thereon, all without the approval of any regulatory authority of the State; provided, that the amount of capital stock of the corporation which may be acquired by any member pursuant to the authority granted herein shall not exceed ten per cent of the loan limit of such member. The amount of capital stock of the corporation which any member is authorized to acquire pursuant to the authority granted herein is in addition to the amount of capital stock in corporations which such member may otherwise be authorized to acquire.

423. Unissued Securities.

The holders of capital stock of such corporation shall not, as such, have any preemptive or preferential right to purchase or subscribe for any part of the unissued or new issue of capital stock of such corporation, whether now or hereafter authorized or issued, or to purchase or subscribe for any bonds or other obligations, whether or not convertible into stock of such corporation, now or hereafter authorized or issued.

424. Supervision and Reports.

Such corporation shall be subject to an annual examination and audit by one or more certified public accountants to be selected by