

SECTION 1. *Be it enacted by the General Assembly of Maryland, That Section 72, of Article 11 of the Annotated Code of Maryland (1957 Edition), title "Banks and Trust Companies", subtitle "General Regulations", be and it is hereby repealed and re-enacted, with amendments, to read as follows:*

72.

It shall be unlawful for any banking institution doing business under this article to have any affiliate, affiliates or closely allied corporation or corporations.

The terms "affiliate" and "closely allied corporation" as used in this section shall be construed to include any corporation, business, trust, association, or other similar organization which a banking institution controls by one of the following methods:

(1) Owns or controls, directly or indirectly, either a majority of the voting shares or more than 50 per centum of the number of shares voted for the election of its directors, trustees, or other persons exercising similar functions at the preceding election, or controls in any manner the election of a majority of its directors, trustees or other persons exercising similar functions; or

(2) Controls, directly or indirectly, through stock ownership or in any other manner, by the shareholders of such banking institution who own or control either a majority of the shares of such banking institution or more than 50 per centum of the number of shares voted for the election of directors of such banking institution at the preceding election, or by trustees for the benefit of the shareholders of any such banking institution.

*Provided that this section shall not apply to the purchase of shares of stock in a small business investment company as authorized by the Small Business Investment Act of 1958 (Public Law 699, 85th Congress 2nd Session, and Amendments thereto). Such shares shall be eligible for purchase by any banking institution as defined in this article; except that in no event shall any such institution hold shares in any such company where the capitalized value of such shares on the books of the institution exceed more than 2 per cent of its unimpaired capital and surplus.*

Provided, however, that nothing in this section shall affect or disturb any such affiliate or closely allied corporation existing on June 1, 1935, and provided further that a banking institution, for reorganization purposes and with the consent of the Bank Commissioner may create and have an affiliate or closely allied corporation.

The Bank Commissioner shall have the same rights and powers to examine into the affairs of all existing affiliates and closely allied banking institutions as he has as to banking institutions whenever he shall deem such examination desirable or necessary, and for making such examinations he shall charge the same fees as for examining banking institutions.

SEC. 2. *And be it further enacted, That this Act shall take effect June 1, 1962.*

Approved March 23, 1962.