

## CHAPTER 631

(House Bill 5)

AN ACT to repeal and re-enact with amendments Section 72 of Article 11 of the Annotated Code of Maryland (1968 Replacement Volume), title "Banks and Trust Companies," subtitle "General Regulations," to allow banking institutions to have affiliates or closely allied corporations under certain conditions, correcting an error therein, and otherwise amending this section.

SECTION 1. *Be it enacted by the General Assembly of Maryland,* That Section 72 of Article 11 of the Annotated Code of Maryland (1968 Replacement Volume), title "Banks and Trust Companies," subtitle "General Regulations," be and it is hereby repealed and re-enacted with amendments to read as follows: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~~ *lawful* for any banking institution doing business under this article to have any affiliate, affiliates or closely allied corporation or corporations ~~[,]~~, *subject to the condition* EX-CEPTIONS *hereinafter provided.*

The terms "affiliate" and "closely allied corporation" as used in this section shall be construed to include any corporation, business ~~[,]~~ trusts, association, or other similar organization:

(1) which a banking institution controls by one of the following methods:

**[(1)]** (i) 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)]** (ii) 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 ~~[,]~~; or

**(III) A MAJORITY OF ITS DIRECTORS, TRUSTEES OR OTHER PERSONS EXERCISING SIMILAR FUNCTIONS ARE DIRECTORS OF ANY SUCH BANKING INSTITUTION; OR**

(2) which controls one or more banking institutions by one of the following methods:

(i) Owns or controls, directly or indirectly, either a majority of the voting shares of one or more banking institutions or more than 50 per centum of the number of shares voted for the election of the directors, trustees, or other persons exercising similar functions of one or more banking institutions at the preceding election; or

(ii) Controls in any manner the election of a majority of directors, trustees, or other persons exercising similar functions of one or more banking institutions; or