

present Art. 11, § 95 defines "bank" to include "savings institutions having a capital stock", that sentence is deleted as obsolete. See revisor's note to § 4-401 of this article.

In subsection (c) of this section, the phrase "votes for or assents to the declaration of" the cash dividend is substituted for "pay" for clarity.

Also in subsection (c) of this section, the term "undivided profits" is substituted for the erroneous reference to "net profits".

3-308. STOCK DIVIDENDS.

(A) SUFFICIENT SURPLUS REQUIRED.

THE BOARD OF DIRECTORS OF A COMMERCIAL BANK MAY NOT DECLARE A STOCK DIVIDEND UNLESS:

(1) ITS REMAINING SURPLUS IS ENOUGH TO TAKE CARE OF ALL LOSSES; AND

(2) ITS SURPLUS, AFTER THE INCREASE IN CAPITAL STOCK, IS EQUAL TO AT LEAST 20 PERCENT OF THE OUTSTANDING CAPITAL STOCK AS INCREASED.

(B) TRANSFERS TO SURPLUS.

IF THE SURPLUS OF THE COMMERCIAL BANK, AFTER THE INCREASE IN CAPITAL STOCK, IS LESS THAN 100 PERCENT OF ITS CAPITAL STOCK AS INCREASED, THE COMMERCIAL BANK ANNUALLY SHALL TRANSFER TO SURPLUS AT LEAST 10 PERCENT OF ITS AVAILABLE NET EARNINGS, AFTER PROVIDING FOR DUE OR ACCRUED EXPENSES, LOSSES, INTEREST, AND TAXES, UNTIL THE SURPLUS IS 100 PERCENT OF ITS CAPITAL STOCK AS INCREASED.

REVISOR'S NOTE: This section presently appears as the first two sentences of Art. 11, § 68.

The term "commercial bank", which is defined in § 1-101 of this article, is substituted for the present references to a "banking institution" to clarify the inapplicability of this section to savings banks, which are mutual corporations.

In subsection (b) of this section, the present reference to a transfer of surplus "at the close of a fiscal period" is deleted as unnecessary.

The only other changes are in style.

As to the balance of present Art. 11, § 68, see § 3-305 of this subtitle and its revisor's note.

3-309. STOCK LEDGER.