

CHAPTER 711

(House Bill 1589)

AN ACT concerning

Commercial Banks - Qualifications of Directors

FOR the purpose of clarifying the method for determining the amount of capital stock which a bank director must own in order to qualify as a director of that bank.

BY repealing and reenacting, with amendments,

Article - Financial Institutions
Section 3-403(a)
Annotated Code of Maryland
(1980 Volume and 1983 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article - Financial Institutions

3-403.

(a) (1) After the initial issuance of capital stock by a commercial bank, each of its directors shall own in good faith and of record unencumbered shares of the capital stock of:

(i) The commercial bank; or

(ii) A corporation that owns more than 80 percent of the capital stock of the commercial bank.

(2) The unencumbered capital stock owned by the director shall be in the amount of at least:

(i) \$500; or

(ii) \$250, if the commercial bank is a State bank that has \$50,000 or less in capital stock.

(3) To determine the amount of capital stock owned by a director:

(i) [Only the par or stated value of common and preferred stock may be considered] BASED ON THE VALUE OF THE STOCK ON THE DATE OF PURCHASE OR ON THE DATE THE DIRECTOR TOOK OFFICE, WHICHEVER IS GREATER, ANY 1 OR MORE OF THE FOLLOWING MAY BE CONSIDERED: