

(III) AS TO STUDENT LOANS GUARANTEED BY THE MARYLAND HIGHER EDUCATION LOAN CORPORATION, MUST BE APPROVED BY THE GOVERNOR.

(2) SUBJECT TO THE REQUIREMENTS OF THIS SUBSECTION, A FINANCIAL INSTITUTION MAY CHANGE ITS COLLATERAL FROM TIME TO TIME.

(C) CUSTODIAN OF COLLATERAL.

(1) A CUSTODIAN SHALL HOLD THE COLLATERAL UNDER THIS SECTION FOR THE BENEFIT OF THE STATE.

(2) A FINANCIAL INSTITUTION MAY USE AS A CUSTODIAN:

(I) ANY BANKING INSTITUTION THAT IS APPROVED BY THE BANK COMMISSIONER;

(II) ANY NATIONAL BANKING ASSOCIATION THAT IS APPROVED BY THE COMPTROLLER OF THE CURRENCY; OR

(III) ANY OTHER BANK OR TRUST COMPANY THAT IS INCORPORATED IN ANOTHER STATE AND IS APPROVED BY THE BANKING AUTHORITY OF THE STATE WHERE THE BANK OR TRUST COMPANY HAS ITS PRINCIPAL OFFICE.

(3) A FINANCIAL INSTITUTION MAY NOT BE APPROVED AS CUSTODIAN FOR THE COLLATERAL OF A DEPOSITARY UNLESS THE ASSETS OF THE FINANCIAL INSTITUTION EQUAL OR EXCEED 200% OF THE VALUE OF THE COLLATERAL TO BE HELD FOR THE DEPOSITARY.

REVISOR'S NOTE: This section is new language derived without substantive change from former Art. 95, § 21A(a) through (c), § 23(b), and the second sentence of § 21(a).

Subsection (a) of this section is revised to apply to each financial institution that is used as a depository. This revision is based on the second sentence of former Art. 95, § 21(a), which required collateral to be given by "[t]hese depositories" -- i.e., all of the financial institutions. This revision interprets the narrow reference, in former Art. 95, § 21A(a), to "any bank or trust company" to result merely from a failure to amend former Art. 95, § 21A(a) when savings and loan associations were added to the list of permissible depositories. Similarly, this revision interprets the word "banks", in former Art. 95, § 23(b), to mean all financial institutions; see revisor's note to § 6-207 of this subtitle.

In subsections (a) and (b) of this section, the new defined terms "deposit insurance" and "collateral" are substituted for the former reference to "security" in the form of "the following types of collateral". This