

(III) ANY PROPOSED SALE OR PROGRAM OF SALES LEADING TO THE ELIMINATION OF A POSITION IN A SECURITY; OR

(IV) THE SALE OR PREPAYMENT OF A LOAN.

(K) (1) THE STATE TREASURER SHALL BE THE CUSTODIAN OF THE ANNUITY SAVINGS FUNDS, ACCUMULATION FUNDS, AND EXPENSE FUNDS OF THE SEVERAL SYSTEMS. ALL PAYMENTS FROM THE FUNDS SHALL BE MADE IN ACCORDANCE WITH RULES ADOPTED BY THE BOARD OF TRUSTEES WITH THE APPROVAL OF THE STATE TREASURER.

(2) THE STATE TREASURER SHALL BE THE CUSTODIAN OF THE SECURITIES, INVESTMENTS, DEPOSITS, AND FUNDS OF THE BOARD OF TRUSTEES.

(3) THE STATE TREASURER IS AUTHORIZED TO ENTER INTO ARRANGEMENTS WITH 1 OR MORE DULY QUALIFIED BANKS OR TRUST COMPANIES FOR THE SAFE CUSTODY OF INVESTMENTS, FOR BANKING SERVICES, AND FOR ANY OTHER FUNCTION CONSIDERED NECESSARY TO PHYSICALLY SAFEGUARD ASSETS MANAGED BY THE BOARD OF TRUSTEES.

(4) ANY OF THE SECURITIES PURCHASED BY THE BOARD OF TRUSTEES MAY BE DEPOSITED IN VAULTS OR OTHER SAFE DEPOSITORY OUTSIDE THE OFFICE OF THE STATE TREASURER, BOTH IN AND OUTSIDE THIS STATE. A SAFEKEEPING RECEIPT SHALL BE DELIVERED TO AND KEPT ON FILE BY THE BOARD OF TRUSTEES FOR ALL SECURITIES SO DEPOSITED. THE SAFEKEEPING RECEIPT SHALL DESCRIBE THE SECURITIES COVERED AND BE PAYABLE ON DEMAND, WITHOUT CONDITIONS, TO THE BOARD OF TRUSTEES OR TO ANY DESIGNATED FUND UNDER THE CONTROL OF THE BOARD OF TRUSTEES OR TO THE STATE TREASURER.

(5) FOR THE PURPOSE OF MEETING DISBURSEMENTS FOR PENSIONS, ANNUITIES, AND OTHER PAYMENTS, THERE MAY BE KEPT AVAILABLE CASH, NOT EXCEEDING 10 PERCENT OF THE TOTAL AMOUNT IN THE SEVERAL FUNDS OF THE RETIREMENT SYSTEM, ON DEPOSIT IN 1 OR MORE BANKS OR TRUST COMPANIES IN THE STATE OF MARYLAND, ORGANIZED UNDER THE LAWS OF THE STATE OF MARYLAND, OR OF THE UNITED STATES. THE SUM ON DEPOSIT IN ANY ONE BANK OR TRUST COMPANY MAY NOT EXCEED 25 PERCENT OF THE PAID-UP CAPITAL AND SURPLUS OF THE BANK OR TRUST COMPANY.

(L) WHENEVER AN AUDIT OF THE RECORDS OF A SCHOOL SYSTEM, PUBLIC LIBRARY, OR EDUCATIONAL INSTITUTION REVEALS THAT THE SYSTEM, LIBRARY, OR INSTITUTION OWES MONEY TO THE ACCUMULATION FUND OF THE TEACHERS' RETIREMENT SYSTEM, ANY