

SENATE BILL 14

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(PRE-FILED)

By: **Chair, Finance Committee (By Request – Departmental – Labor)**

Requested: September 17, 2019

Introduced and read first time: January 8, 2020

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Financial Institutions – State Banks, Trust Companies, and Savings Banks –**
3 **Incorporators**

4 FOR the purpose of altering the number and qualifications of the incorporators required to
5 form a commercial bank or a savings bank in the State; repealing certain provisions
6 relating to additional and vacant directorships of certain commercial banks; making
7 stylistic changes; and generally relating to financial institutions in the State.

8 BY repealing and reenacting, with amendments,
9 Article – Financial Institutions
10 Section 3–201, 3–202(b), 4–201, and 4–202(b)
11 Annotated Code of Maryland
12 (2011 Replacement Volume and 2019 Supplement)

13 BY repealing
14 Article – Financial Institutions
15 Section 3–407
16 Annotated Code of Maryland
17 (2011 Replacement Volume and 2019 Supplement)

18 BY renumbering
19 Article – Financial Institutions
20 Section 3–408 through 3–411, respectively
21 to be Section 3–406 through 3–409, respectively
22 Annotated Code of Maryland
23 (2011 Replacement Volume and 2019 Supplement)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **Article – Financial Institutions**

2 3–201.

3 [Five] **THREE** or more adult individuals, each of whom is a citizen of [this State
4 and] the United States, **AND AT LEAST ONE OF WHOM IS A CITIZEN OF THIS STATE**,
5 may act as incorporators to form a State bank or a trust company under this subtitle.

6 3–202.

7 (b) The articles of incorporation shall include:

8 (1) The name and address of each incorporator;

9 (2) A statement that [each]:

10 (I) **EACH** incorporator is **AT LEAST** 18 years old [or older and a];11 (II) **EACH INCORPORATOR IS A** citizen of [this State and] the
12 United States; **AND**13 (III) **AT LEAST ONE OF THE INCORPORATORS IS A CITIZEN OF**
14 **THIS STATE;**15 (3) A statement that the incorporators are associating to form a State bank
16 or a trust company under this subtitle;17 (4) The name of the State bank or trust company, which may not be similar
18 in any material respect to the name of any other bank or trust company in this State;19 (5) The municipal area and county where the principal banking office of
20 the State bank or trust company is to be located;21 (6) The number of directors and the names and residence addresses of
22 those who will serve as directors until their successors are elected and qualify; and

23 (7) As to its capital stock:

24 (i) The total number of shares that the State bank or trust company
25 has authority to issue;26 (ii) The par value of the shares, which may not be less than \$10 a
27 share; and

28 (iii) The total par value of all shares.

1 [3-407.

2 (a) Subject to the limitation in § 3-402 of this subtitle, at any meeting of the
3 stockholders of a commercial bank, the stockholders may create up to two additional
4 directorships.

5 (b) The stockholders may leave the two additional directorships vacant, to be
6 filled in the discretion of the board of directors.]

7 4-201.

8 [Fifteen] **THREE** or more adult individuals, each of whom is a citizen of [this State
9 and] the United States, **AND AT LEAST ONE OF WHOM IS A CITIZEN OF THIS STATE**, may
10 act as incorporators to form a savings bank under this subtitle.

11 4-202.

12 (b) The articles of incorporation shall include:

13 (1) The name and address of each incorporator;

14 (2) A statement that [each]:

15 (I) **EACH** incorporator is **AT LEAST** 18 years old [or older and a];

16 (II) **EACH INCORPORATOR IS A** citizen of [this State and] the
17 United States; **AND**

18 (III) **AT LEAST ONE OF THE INCORPORATORS IS A CITIZEN OF**
19 **THIS STATE;**

20 (3) A statement that the incorporators are associating to form a savings
21 bank under this subtitle;

22 (4) The name of the savings bank, which may not be similar in any material
23 respect to the name of any other bank, savings bank, or trust company in this State;

24 (5) The municipal area and county where the principal banking office of
25 the savings bank is to be located;

26 (6) The name and residence address of each member; and

27 (7) The number of directors and the names and residence addresses of
28 those who will serve until their successors are elected and qualify.

29 SECTION 2. AND BE IT FURTHER ENACTED, That Section(s) 3-408 through

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1 3–411, respectively, of Article – Financial Institutions of the Annotated Code of Maryland
2 be renumbered to be Section(s) 3–406 through 3–409, respectively.

3 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 October 1, 2020.