§ 97. Power to purchase securities and stocks. Subject to the restrictions and limitations contained in this chapter, a bank or trust company may invest in and have and exercise all rights of ownership with respect to:

1. Bonds, notes, debentures and other obligations for payment of money, which are not in default as to either principal or interest when acquired.

2. Stocks of any city, county, town or village of this state which are not in default as to either principal or interest when acquired.

3. Stock of a federal reserve bank in the amount necessary to qualify for membership in such reserve bank.

4. Stock of each of the following to an amount not in excess of ten per centum of the capital stock, surplus fund and undivided profits of such bank or trust company:

(a) Any safe deposit company which does business on premises owned or leased by the bank or trust company or the vaults of which are connected with or adjacent to an office of such bank or trust company; provided that the purchase and holding of such stock is first duly authorized by resolution of the board of directors of the bank or trust company and by written approval of the superintendent, stating the number and amount of the shares which may be so purchased and held, excepting that the bank or trust company may, without the written approval of the superintendent, acquire the stock owned by a former director of the safe deposit company at the time that he ceased to be a director. The bank or trust company may not pay, without the prior written approval of the superintendent, more for such stock than the cost thereof to the director.

(b) Any investment company qualified to exercise the powers specified in subdivision two of section five hundred eight of this chapter;

(c) The Bank for International Settlements.

4-a. Subject to such restrictions as the superintendent of financial services may prescribe, stock or other equity investments in subsidiary

corporations, partnerships, unincorporated associations, limited liability companies, or other entities engaged in, or to be organized to engage in the following activities:

(a) To acquire and lease personal property under the same terms and conditions as provided in subdivision twelve of section ninety-six of this article;

(b) To purchase accounts receivable as provided in subdivision one of section ninety-six of this article;

(c) To be a corporation organized pursuant to the provisions of section twenty-five (a) of an act of congress entitled the "Federal Reserve Act";

(d) To own or operate real or personal property acquired through foreclosure or in settlement or reduction of debts due it;

(e) To own or operate real or personal property for use as bank premises; or

(f) To transact any other business in which the bank or trust company may engage directly.

4-b. Common or preferred stock of any corporation created or existing under the laws of the United States or of any state, district or territory thereof, or of the commonwealth of Puerto Rico, provided that: (a) such common or preferred stock is registered on a national securities exchange, as provided in an act of congress of the United States entitled the "Securities Exchange Act of 1934", approved June sixth, nineteen hundred thirty-four, as amended, or such other exchange or market system as the superintendent shall approve by regulation; (b) the aggregate amount of all investments in common and preferred stock as permitted by this subdivision shall at no time exceed two percent of the assets or twenty percent of the capital, surplus and undivided profits of the bank or trust company, whichever is less, provided however that the superintendent may, upon the request of a bank or trust company, approve an increase in such aggregate amount to a maximum of five percent of the assets or one hundred percent of the capital, surplus and undivided profits of such bank or trust company, whichever is less, subject to any limitations or conditions prescribed by the superintendent; (c) the aggregate amount of all investments in the common and preferred stock of any one issuer pursuant to this

subdivision, together with the aggregate amount of all investments in the bonds, debentures, notes or other obligations of such issuer made pursuant to paragraph (i) of subdivision one of section one hundred three of this chapter, shall at no time exceed one percent of the assets or fifteen percent of the capital, surplus and undivided profits of the bank or trust company, whichever is less; and (d) no bank or trust company shall at any time hold pursuant to this subdivision more than two percent of the total issued and outstanding shares of stock of any one issuer.

4-c. Subject to such restrictions as the superintendent of financial services may prescribe, stock or other equity interest in one or more small business investment companies, as authorized pursuant to the provisions of an act of congress entitled "Small Business Investment Act of 1958," as amended, or in any entity established to invest solely in such small business investment companies, except that in no event shall the total amount of such investments exceed five percent of the capital stock, surplus fund and undivided profits of such bank or trust company.

5. So much of the capital stock of, or any other equity interest in, any other corporations, partnerships, unincorporated associations, limited liability companies, or other entities as may be specifically authorized by the laws of this state or by the superintendent, or regulations promulgated by the superintendent.

The superintendent is authorized to adopt such rules and regulations as shall permit banks and trust companies to make a loan which provides for receipt of shares of stock of or any other equity interest in, or a share of the profits, income or earnings of, a borrower in consideration for making the loan.

A bank or trust company may acquire stock or any other equity interest in settlement or reduction of a loan, or advance of credit or in exchange for an investment previously made in good faith and in the ordinary course of business, where such acquisition of stock or any other equity interest is necessary in order to minimize or avoid loss in connection with any such loan, advance of credit or investment

previously made in good faith. A trust company may acquire stock or any other equity interest from any estate, trust or fund with respect to which such trust company is acting in a fiduciary capacity, if a claim is asserted or may be asserted against it with respect to the purchase or retention of such stock or equity interest for such estate, trust or fund, (a) where such acquisition by the trust company has been authorized or directed by a court, or (b) where such trust company has been advised by its counsel in writing that it has incurred a contingent or potential liability with respect to the purchase or retention of such stock or equity interest and such trust company desires to relieve itself from such liability. Stocks or any other equity interest acquired pursuant to the provisions of this paragraph may be held for such period as the board of directors deems advisable.

A bank or trust company may continue to hold any bonds or other securities or stock which it holds in accordance with the provisions of law at the time this act takes effect.

No bank or trust company shall purchase, acquire, or hold any stock of, or any other equity interest in, any corporation or any other entity, except as provided in this section.