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HOUSE BILL NO. 1657

AMENDMENT IN THE NATURE OF A SUBSTITUTE
(Proposed by the House Committee on Commerce and Labor
on January 11, 2007)

(Patron Prior to Substitute—Delegate Kilgore)

A BILL to amend and reenact §§ 6.1-39.3, 6.1-44.2 and 6.1-44.8 of the Code of Virginia and to repeal §§ 6.1-232.2 and 6.1-232.3 of the Code of Virginia, relating to the activities of banking institutions.

Be it enacted by the General Assembly of Virginia:

1. That §§ 6.1-39.3, 6.1-44.2 and 6.1-44.8 of the Code of Virginia are amended and reenacted as follows:

§ 6.1-39.3. When and where branch banks may be established; redesignation of main office.

A. A bank may establish and operate one or more branch offices, and a bank may relocate a main or branch office, provided the bank applies to the Commission for authority to establish or relocate any such office. Applications shall be made in writing on a form prescribed by the Commission and shall be accompanied by a fee not to exceed the amounts set by § 6.1-94.

The Commission shall have thirty days from the date it receives a complete application in which to review a branch proposal or a proposed relocation; the review period may be extended for an additional thirty days. The Commission may deny such an application, if the Commission finds that a proposal would have a detrimental effect on the applicant bank's safety and soundness, or that it is otherwise not in the public interest. A branch office that has been denied shall not be established; a relocation that has been denied shall not be carried out. If the Commission does not issue a denial of a branch proposal or a proposed relocation in thirty days, or sixty days in the case of an extended review period, the proposed branch office or offices, or the proposed relocation, shall be authorized, and the branch or branches may be established and operated, or the relocation may be completed.

B. The office at which a bank begins business shall be designated initially as its main office. Thereafter, the board of directors may redesignate as the main office any authorized office of the bank in Virginia. The bank shall notify the Commission of any such redesignation not later than thirty days before its effective day and confirm the redesignation to the Commission within ten days of its occurrence.

C. A bank shall be subject to the prohibition in § 6.1-44.8 against establishing or maintaining a branch in Virginia on the premises or property of an affiliate if the affiliate engages in commercial activities.

§ 6.1-44.2. Definitions.

As used in this article, unless a different meaning is required by the context, the following words and phrases shall have the following meanings:

"Acquisition of a branch" means the acquisition of a branch located in a host state, without acquiring the bank of such branch.

"Affiliate" has the same meaning ascribed to it in 12 U.S.C. § 1841 (k) of the Bank Holding Company Act of 1956, 12 U.S.C. § 1841 et seq., as amended.

"Bank" ~~shall have~~ has the same meaning set forth ascribed to it in 12 U.S.C. § 1813 (h) (1) of the Federal Deposit Insurance Company Act of 1956, 12 U.S.C. § 1811 et seq., as amended.

"Bank holding company" has the same meaning ascribed to it in 12 U.S.C. § 1841 (a) of the Bank Holding Company Act of 1956, 12 U.S.C. § 1841 et seq., as amended.

"Commercial activities" means activities in which a bank holding company, a financial holding company, a national bank, or a national bank financial subsidiary may not engage under federal law.

"De novo branch" means a branch of a bank located in a host state which (i) is originally established by the bank as a branch and (ii) does not become a branch of the bank as a result of the acquisition of another bank or a branch of another bank, or the merger, consolidation, or conversion of any such bank or branch.

"Financial holding company" has the same meaning ascribed to it in 12 U.S.C. § 1841 (p) of the Bank Holding Company Act of 1956, 12 U.S.C. § 1841 et seq., as amended.

"Home state" means:

1. With respect to a national bank, the state in which the main office of the bank is located;
2. With respect to a state bank, the state by which the bank is chartered;
3. With respect to a foreign bank, the state determined to be the home state of such foreign bank under 12 U.S.C. § 3103 (c).

"Host state" means a state, other than the home state of a bank, in which the bank maintains, or seeks to establish and maintain, a branch.

"Out-of-state bank" means a bank whose home state is a state other than Virginia.

60 "Out-of-state state bank" means a bank chartered under the laws of any state other than Virginia.

61 "State" means any state of the United States, the District of Columbia, any territory of the United
62 States, Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, the Virgin
63 Islands, and the Northern Mariana Islands.

64 "Virginia state bank" means a bank chartered under the laws of Virginia.

65 § 6.1-44.8. Powers.

66 An out-of-state state bank which establishes and maintains one or more branches in Virginia under
67 this article may conduct the same activities at such branch or branches that are authorized under
68 Virginia law for Virginia state banks, except to the extent such activities may be prohibited by other
69 laws, regulations, or orders applicable to the out-of-state state bank.

70 A Virginia state bank may conduct the same activities at a branch outside Virginia that are
71 permissible for a bank chartered by the host state where the branch is located, except to the extent such
72 activities are expressly prohibited by other laws, regulations, or orders applicable to the Virginia state
73 bank.

74 *A bank shall not establish or maintain a branch in Virginia on the premises or property of an*
75 *affiliate if the affiliate engages in commercial activities.*

76 **2. That §§ 6.1-232.2 and 6.1-232.3 of the Code of Virginia are repealed.**

77 **3. That an emergency exists and this act is in force from its passage.**