

VIRGINIA ACTS OF ASSEMBLY -- 2009 SESSION

CHAPTER 356

An Act to amend the Code of Virginia by adding a section numbered 6.1-2.7:1, relating to the reclassification or conversion of shares of stock of banking institutions.

[H 1964]

Approved March 27, 2009

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding a section numbered 6.1-2.7:1 as follows:

§ 6.1-2.7:1. Reclassification or conversion of banking institution shares.

A. As used in this section, unless the context requires otherwise:

"Banking institution" means a corporation that is organized under the Virginia Stock Corporation Act (§ 13.1-601 et seq.) and that is a (i) bank, (ii) savings institution, (iii) bank holding company as defined in 12 U.S.C. § 1841 or § 6.1-4, (iv) savings and loan holding company, or (v) multiple or diversified savings and loan holding company as defined in 12 U.S.C. § 1467a.

"Issuer" means a banking institution required to file periodic reports under § 13(a) or 15(d) of the Securities Exchange Act of 1934 (15 U.S.C. § 78m or 78o(d)).

B. A banking institution may adopt an amendment to its articles of incorporation to reclassify or convert a portion of its issued and outstanding shares of common stock into a class or series of preferred stock for the purpose of ceasing to be, or avoiding the status of, an issuer, provided (i) such reclassification or conversion is authorized by the banking institution's original or amended articles of incorporation and (ii) the reclassified or converted shares continue to be a part of the equity capital of the corporation.

C. A reclassification or conversion of shares pursuant to this section shall not be subject to the provisions of Article 15 (§ 13.1-729 et seq.) of the Virginia Stock Corporation Act, notwithstanding that such shares are being reclassified or converted and other shares of the same class or series are not being reclassified or converted, if:

1. The board of directors of the banking institution shall have recommended to the shareholders approval of the amendment to reclassify or convert such shares;

2. The shareholders of the corporation approve the amendment;

3. All affected shares are reclassified or converted on the same terms; and

4. Articles of amendment are filed in accordance with § 13.1-710.