

1 VIRGINIA ACTS OF ASSEMBLY — CHAPTER

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

4
5 Approved

[S 884]

6 **Be it enacted by the General Assembly of Virginia:**

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

8 *§ 6.1-2.7:1. Reclassification or conversion of banking institution shares.*

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

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

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

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

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

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

28 *2. The shareholders of the corporation approve the amendment;*

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

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

ENROLLED

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