

# VIRGINIA ACTS OF ASSEMBLY -- 1996 SESSION

## CHAPTER 218

*An Act to amend and reenact §§ 6.1-6.1 and 6.1-47 of the Code of Virginia, relating to directors of a bankers' bank.*

[H 362]

Approved March 16, 1996

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

**1. That §§ 6.1-6.1 and 6.1-47 of the Code of Virginia are amended and reenacted as follows:**

§ 6.1-6.1. Bankers' bank; formation; applicability of banking code.

A. A bank may be incorporated as provided in § 6.1-6 for the purpose of becoming a bankers' bank. A bankers' bank is a bank whose shares shall be owned exclusively by either (i) a financial institution which has or is eligible for insurance of deposits by a federal agency or (ii) a financial institution holding company as defined in § 6.1-381 or a savings institution holding company as defined in § 6.1-194.87 owning any such aforementioned entity. No such financial institution or holding company may own directly or indirectly more than five percent of the issued and outstanding voting shares of any bankers' bank. ~~The foregoing limitations shall not apply to the ownership of shares by the directors of a bankers' bank or a bank holding company owning a bankers' bank to the extent necessary to meet the share ownership requirements of § 6.1-47.~~

B. Except as specifically provided in this section or by regulation or order of the State Corporation Commission, a bankers' bank shall be vested with all of the powers and subject to all of the restrictions imposed upon a bank.

C. Notwithstanding any other provision in this title to the contrary, a bankers' bank shall only accept deposits from or make loans to (i) a financial institution which has or is eligible for insurance of deposits by a federal agency, (ii) a financial institution holding company as defined in § 6.1-381 or a savings institution holding company as defined in § 6.1-194.87 owning any such aforementioned entity, or (iii) the officers, directors and employees of any such financial institution or holding company.

D. A bankers' bank may form a bank holding company upon compliance with the provisions of Chapter 13 (§ 6.1-381 et seq.) of this title and any applicable federal law.

E. A bankers' bank may purchase investments or securities of governments or private corporations which are traded on the open market such as are authorized to any other bank organized under the provisions of this chapter.

§ 6.1-47. Directors must be stockholders.

Every director of a bank incorporated under the laws of this Commonwealth shall be the owner in his sole name and have in his personal possession or control shares of stock in such bank having a book value of not less than \$5,000, calculated as of the last business day of the calendar year immediately preceding the election or re-election of the director. Such stock must be unpledged and unencumbered at the time such director becomes a director and during the whole of his term as such.

When a bank is controlled by a bank holding company, a director may comply with the provisions of this section for each bank of which he is a director by ownership, in similar manner, of shares of capital stock of the bank holding company having an aggregate book value equal to the book value of shares of bank stock that he would be obligated to own under the preceding provisions of this section.

*A director of a bankers' bank as defined in § 6.1-6.1 shall not be required to own or control any shares of stock of such bankers' bank or any shares of stock of a bank holding company that controls such bankers' bank.*

For the purposes of this section the term "bank holding company" shall mean (i) a bank holding company as defined in § 6.1-4 or (ii) any corporation organized under the laws of this Commonwealth and doing business in this Commonwealth which owns all of the capital stock of one bank except those shares issued as directors' qualifying shares, where at least sixty-six and two-thirds percent of the assets of the holding company, computed on a consolidated basis, consists of assets held by such bank and controlled subsidiaries of such bank.

Any director violating the provisions of this section shall, immediately, vacate his office. The requirements of this section shall not apply to any person duly elected a director of a bank prior to July 1, 1995, or so long as such person shall successively be reelected a director, and as to such person the requirements of the law prior to such date shall apply.