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SENATE BILL NO. 884

Offered January 14, 2009

Prefiled December 31, 2008

A *BILL 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.*

Patron—McEachin

Referred to Committee on Commerce and Labor

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, (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 section 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 reclassify or convert a portion of the shares of its stock from one class or series into another class or series for the purpose of ceasing to be, or avoiding the status of, an issuer, provided such reclassification or conversion is authorized under the banking institution's articles of incorporation or an amendment to such articles.

C. A reclassification or conversion of shares of stock 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 directors of the banking institution shall have recommended the approval by the shareholders of such reclassification or conversion; and

2. All such shares are reclassified or converted on the same terms.

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