

VIRGINIA ACTS OF ASSEMBLY — CHAPTER

An Act to amend and reenact §§ 6.2-862 and 6.2-863 of the Code of Virginia, relating to the requirement that a bank's directors own stock in the bank.

[S 359]

Approved

Be it enacted by the General Assembly of Virginia:

1. That §§ 6.2-862 and 6.2-863 of the Code of Virginia are amended and reenacted as follows:

§ 6.2-862. Directors to own stock in bank.

A. As used in this section, "bank holding company" means (i) a bank holding company as defined in § 6.2-800 or (ii) any corporation organized under the laws of the Commonwealth and doing business in the Commonwealth that owns all of the capital stock of one bank, except those shares issued as directors' qualifying shares, and at least 66 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.

B. Every director of a bank incorporated under the laws of the Commonwealth shall be the sole owner of, 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 of the director. So long as a director shall successively be reelected, there shall be no requirement to increase the shares of stock owned according to this section. Such stock shall be unpledged and unencumbered at the time such director becomes a director and during the whole of his term as such. *A director shall be deemed to be the sole owner of, and have in his personal possession or control:*

1. Shares held through a brokerage account or similar arrangement, provided that the director retains sole beneficial ownership and sole legal control over the shares;

2. Shares held jointly or as a tenant in common, but only to the extent of the book value of the shares divided by the number of joint or tenant in common holders;

3. Shares deposited by the director in a living trust, or inter vivos trust, as to which the director is the sole trustee and retains an absolute power of revocation; or

4. Shares held through a profit-sharing plan, individual retirement account, retirement plan, or similar arrangement, provided that the director retains sole beneficial ownership and sole legal control over the shares.

C. When a bank is controlled by a bank holding company, a director may comply with the requirements of subsection B 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 subsection B.

D. A director of a bankers' bank 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.

E. Any director violating the provisions of this section shall, immediately, vacate his office.

F. 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.

§ 6.2-863. Oaths of directors.

A. Every director of a bank incorporated under the laws of the Commonwealth shall, within 30 days after his election or reelection, take and subscribe to an oath that:

1. He will diligently and honestly perform his duties as director; and

2. He is the owner and has in his personal possession or control, standing in his sole name on the books of the bank or bank holding company as defined in subsection A of § 6.2-862, unpledged and unencumbered in any way, shares of stock of the bank of which he is a director or, if a bank is controlled by a bank holding company as defined in § 6.2-800, shares of stock of the bank holding company, having a ~~per~~ book value of not less than the amounts respectively prescribed by § 6.2-862, and, in case of reelection or reappointment, that during the whole of his immediate previous term as a director, the stock was not at any time pledged or in any other manner encumbered or hypothecated to secure a loan.

B. The oath subscribed to by such director, certified by the officer before whom it is taken, shall be transmitted by the cashier of such bank to the Commission. Any director who fails for a period of 30 days after his election or appointment to take the oath as required by this section shall automatically

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57 forfeit his office.