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HOUSE BILL NO. 1727

Offered January 11, 2023

Prefiled January 9, 2023

A BILL to amend and reenact § 6.2-1302 of the Code of Virginia, relating to credit unions; virtual currency custody services.

Patrons—Head, Maldonado and Shin

Referred to Committee on Commerce and Energy

Be it enacted by the General Assembly of Virginia:

1. That § 6.2-1302 of the Code of Virginia is amended and reenacted as follows:

§ 6.2-1302. Powers.

In addition to the powers specified or implied elsewhere in this chapter or in the laws of the Commonwealth, a credit union shall have the power to:

1. Enter into contracts;
2. Sue and be sued;
3. Adopt, use, and display a corporate seal;
4. Receive savings from and make loans and extend lines of credit to its members;
5. Individually or jointly with other credit unions acquire, lease as lessor or lessee, hold, assign, pledge, exchange, repair, mortgage, hypothecate, sell, discount, or otherwise dispose of property or assets, either in whole or in part, as necessary or incidental to its operations, including any property or assets obtained as a result of defaults under obligations owing to it;
6. Borrow from any source, provided that (i) a credit union shall notify and obtain prior approval of the Commissioner if the total borrowings will exceed 50 percent of the credit union's outstanding shares and (ii) in no event shall the borrowings exceed 90 percent of the credit union's outstanding shares;
7. Sell all or substantially all of its assets or purchase all or substantially all of the assets of another credit union, subject to the approval of the Commission;
8. Offer related financial services, including electronic fund transfers, share draft accounts, safe deposit boxes, leasing of tangible personal property to its members, and correspondent arrangements with other financial institutions;
9. Hold membership in other credit unions organized under this chapter or other applicable law, and in associations and organizations controlled by or fostering the interest of credit unions, including a central liquidity facility organized under state or federal law;
10. Contract with any licensed insurance company or society to insure the lives of its members to the extent of their loans and share accounts, in whole or in part, and to pay all or a portion of the premium therefor;
11. Engage in activities or programs as requested by any governmental authority, subject to the approval of the Commissioner;
12. Invest its funds, operate a business, manage or deal in property when such actions are reasonably necessary to avoid loss on a loan or investment previously made or an obligation previously created in good faith. Such property or business shall not be held or operated by the credit union for a period longer than is reasonably required to protect the interest of the credit union, unless specifically authorized by the Commissioner;
13. Make contributions to any nonprofit civic, charitable, or service organizations;
14. Make loans to its members and to other credit unions;
15. Engage in virtual currency custody services to the same extent as banks, as described in § 6.2-818.1, provided that the credit union has adequate protocols in place to effectively manage risks and comply with applicable laws, and prior to offering virtual currency custody services, the credit union has carefully examined the risks in offering such services through a methodical self-assessment process. If a credit union engages in virtual currency custody services, the credit union shall (i) implement effective risk management systems and controls to measure, monitor, and control relevant risks associated with custody of digital assets such as virtual currency; (ii) confirm that it has adequate insurance coverage for such services; and (iii) maintain a service provider oversight program as described in § 6.2-818.1. A credit union may provide virtual currency custody services in a fiduciary or nonfiduciary capacity; in providing such services in a fiduciary capacity, a credit union is authorized to act as a trustee;
16. Engage in any additional activity, service, or other practice that is authorized for a federally chartered credit union and that has not otherwise been authorized for a state-chartered credit union by

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59 the provisions of this chapter or by Commission regulation, including regulations adopted pursuant to  
60 subsection B of § 6.2-1303, provided that (i) at least 45 calendar days prior to engaging in any such  
61 activity, service, or practice the credit union provides the Commissioner with written notice along with  
62 any additional information relating to the activity, service, or practice that the Commissioner may  
63 require and (ii) the credit union engages in the activity, service, or practice subject to the same terms,  
64 conditions, and limitations that are applicable to a federally chartered credit union. The Commissioner  
65 may at any time, based upon supervisory, legal, or safety and soundness considerations, prohibit or  
66 further restrict the activity, service, or practice. "Activity, service, or other practice" does not include  
67 credit union field of membership or field of membership expansion under §§ 6.2-1327 and 6.2-1328 and  
68 any related regulations; and  
69 ~~16.~~ 17. Undertake such other activities relating to the purposes of the credit union as its charter or  
70 bylaws may authorize, provided such activities are not inconsistent with this chapter.