

960629845

SENATE BILL NO. 200

Offered January 17, 1996

A BILL to amend and reenact §§ 6.1-13, 6.1-33, 6.1-39.3, 6.1-194.12, 6.1-194.114 and 6.1-194.131 of the Code of Virginia, relating to banking and finance; minimum capital stock for certain financial institutions.

Patron—Colgan

Referred to the Committee on Commerce and Labor

Be it enacted by the General Assembly of Virginia:

1. That §§ 6.1-13, 6.1-33, 6.1-39.3, 6.1-194.12, 6.1-194.114 and 6.1-194.131 of the Code of Virginia are amended and reenacted as follows:

§ 6.1-13. Bank to obtain certificate of authority before beginning business; prerequisites to issuance of certificate.

A. Before any bank shall begin business it shall obtain from the State Corporation Commission a certificate of authority authorizing it to do so. Prior to the issuance of such certificate, the Commission shall ascertain:

(1) 1. That all of the provisions of law have been complied with;

(2) 2. That financially responsible individuals have subscribed for capital stock, surplus and a reserve for operation in an amount deemed by the Commission to be sufficient to warrant successful operation, provided that the capital stock shall not be less than two million dollars, except that the capital stock shall not be less than five hundred thousand dollars for any trust company incorporated for the sole purpose of exercising fiduciary powers authorized by the provisions of Article 3 (§ 6.1-16 et seq.) of this chapter. *The minimum capital stock requirement under this subdivision shall apply in cases in which a bank is being organized to begin business; it shall not be applicable when this section is referred to or used in connection with the conversion of an operating savings institution or national bank to a state bank, or when this section is used in connection with the reorganization of an operating bank under a holding company;*

(3) 3. That oaths of all the directors have been taken and filed in accordance with the provisions of § 6.1-48;

(4) 4. That, in its opinion, the public interest will be served by banking facilities or additional banking facilities, as the case may be, in the community where the bank is proposed. The addition of such facilities shall be deemed in the public interest if, based on all relevant evidence and information, advantages such as, but not limited to, increased competition, additional convenience, or gains in efficiency outweigh possible adverse effects such as, but not limited to, diminished or unfair competition, undue concentration of resources, conflicts of interests, or unsafe or unsound practices;

(5) 5. That the corporation is formed for no other reason than a legitimate banking business;

(6) 6. That the moral fitness, financial responsibility, and business qualifications of those named as officers and directors of the proposed bank are such as to command the confidence of the community in which the bank is proposed to be located;

(7) 7. Anything else deemed pertinent;

(8) 8. That its deposits are to be insured or guaranteed by a state or federal agency up to the limits of the insurance provided thereby, except that any trust company incorporated for the sole purpose of exercising fiduciary powers authorized by the provisions of Article 3 (§ 6.1-16 et seq.) of this chapter shall not be required to obtain such insurance and guarantees.

B. The Commission shall not be required to ascertain the findings set forth in subdivisions (4), (5) 4, 5 and (8) 8 of subsection A of this section in order to grant a certificate of authority to a bank which is formed for the purpose of its being acquired in accordance with the provisions of Chapter 14 (§ 6.1-390 et seq.) of this title.

C. ~~[Repealed.]~~

§ 6.1-33. National banking association may become state bank; procedure.

A national banking association, organized under the laws of the United States and doing business in this Commonwealth, may be converted into and become an incorporated bank of this Commonwealth by the following procedure:

1. The directors of the national banking association shall cause to be incorporated under the laws of this Commonwealth a corporation authorized by its certificate of incorporation to conduct the business of banking as the successor of the national banking association.

a. The certificate of incorporation of said corporation shall conform as nearly as may be legally

INTRODUCED

SB200

60 permissible to that of the national banking association.

61 b. The principal office of said corporation shall be in the county or city wherein the national banking
62 association has its principal office.

63 c. The amount of the capital stock of said corporation, its division into shares, the par value of
64 shares, their classification and preferences, if any, shall conform to those of the national banking
65 association, ~~except that~~ and the minimum capital stock of the *state* bank shall comply with that required
66 for a bank under § 6.1-13.

67 2. The procedure to be followed in effecting the conversion of a national banking association to a
68 state bank shall be that prescribed by the act of Congress of August 17, 1950, Chapter 729, as it now
69 exists or as it may hereafter be amended.

70 3. Upon completion of the procedures required by federal law, the president of the national banking
71 association and the official having custody of its records shall execute, under the seal of the association,
72 a certificate showing in detail the procedures followed, the number of shares of each class of stock of
73 the national banking association issued and outstanding and the vote of each class of stockholders in
74 favor of the plan of conversion, and file said certificate with the State Corporation Commission.

75 § 6.1-39.3. When and where branch banks may be established; redesignation of main office.

76 A. When satisfied that the public interest as defined in subdivision (4) 4 of subsection A of § 6.1-13
77 will be served, the State Corporation Commission may authorize banks, having paid-up and unimpaired
78 capital and surplus in an amount deemed necessary to warrant additional expansion, to establish
79 branches. The State Corporation Commission when satisfied that the public interest will be served may
80 authorize the relocation of a main or branch office.

81 B. In applying the test of "public interest" specified herein, the Commission shall follow the policy
82 of favoring smaller institutions and of not encouraging undue concentration of resources.

83 C. The office at which a bank begins business shall be designated initially as its main office.
84 Thereafter, the board of directors may redesignate as the main office any authorized office of the bank
85 in Virginia. The bank shall notify the Commission of any such redesignation not later than thirty days
86 before its effective day and confirm the redesignation to the Commission within ten days of its
87 occurrence.

88 § 6.1-194.12. Certificate of authority to do business.

89 A. Before any organizing state association may begin business in the Commonwealth, it shall obtain
90 from the Commission a certificate of authority to do so, and prior to the issuance of such certificate the
91 Commission shall ascertain that:

92 1. All applicable provisions of law have been complied with;

93 2. In a mutual association, deposits in a total amount deemed by the Commission to be sufficient to
94 warrant successful operation but not less than two million dollars, have been pledged or deposited and
95 that such deposits shall not be withdrawable for at least one year, or, in a stock association, that
96 financially responsible persons have subscribed for capital stock, surplus and a reserve for operation in
97 an amount deemed by the Commission to be sufficient to warrant successful operation, provided that the
98 capital stock shall have a paid-in value of not less than two million dollars. *The minimum capital stock*
99 *requirement under this subdivision shall apply in cases in which a state association is being organized*
100 *to begin business; it shall not be applicable when this section is referred to or used in connection with*
101 *the conversion of an operating savings institution or bank to a state association, or when this section is*
102 *used in connection with the reorganization of an operating state association under a holding company;*

103 3. Regulations governing directors of the association have been complied with;

104 4. The public interest will be served by the addition of the proposed savings institution facilities in
105 the community where the savings institution is to be located; and

106 5. The officers and directors of the proposed savings institution are of (i) moral fitness, (ii) financial
107 responsibility, and (iii) business ability.

108 As used herein, "public interest" shall have the meaning set forth in subdivision (4) 4 of subsection
109 A of § 6.1-13.

110 B. No certificate of authority shall be issued on or after June 1, 1973, unless the applicant for such
111 certificate:

112 1. Submits evidence of being fully insured by the Federal Deposit Insurance Corporation or other
113 federal insurance agency; or

114 2. Submits sufficient evidence of commitment by the Federal Deposit Insurance Corporation or other
115 federal insurance agency that the applicant will be issued insurance of accounts immediately subsequent
116 to the issuance of the certificate of authority.

117 The Commission may issue such certificate conditioned upon the fact that the association shall not
118 commence to do business until it is issued insurance of accounts by the Federal Deposit Insurance
119 Corporation or other federal insurance agency.

120 C. Any interested person may appeal to the Supreme Court of Virginia from any order of the
121 Commission granting or denying such certificate of authority.

§ 6.1-194.114. Certificate of authority to do business.

A. Before any state savings bank may begin business in the Commonwealth, it shall obtain from the Commission a certificate of authority to do so and prior to the issuance of such certificate the Commission shall ascertain that:

1. All applicable provisions of law have been complied with;
 2. That financially responsible persons have subscribed for capital stock in an amount deemed by the Commission to be sufficient to warrant successful operation, provided that the capital stock shall have a paid-in value of not less than one million dollars. *The minimum capital stock requirement under this subdivision shall apply in cases in which a state savings bank is being organized to begin business; it shall not be applicable when this section is referred to or used in connection with the conversion of an operating savings institution or bank to a state savings bank, or when this section is used in connection with the reorganization of an operating state savings bank under a holding company;*

3. Regulations governing directors of the savings bank have been complied with;

4. The public interest will be served by the addition of the proposed savings bank facilities in the community where the savings bank is to be located; and

5. The officers and directors of the proposed savings bank are of (i) moral fitness, (ii) financial responsibility, and (iii) business ability.

As used in this section, "public interest" shall have the meaning set forth in subdivision A (4) 4 of § 6.1-13.

B. No certificate of authority shall be issued unless the applicant for such certificate: (i) submits evidence of being fully insured by the Federal Deposit Insurance Corporation or (ii) submits sufficient evidence of commitment by the Federal Deposit Insurance Corporation that the applicant will be issued insurance of accounts immediately subsequent to the issuance of the certificate of authority. The Commission may issue such certificate conditioned upon the fact that the savings bank will not commence to do business until it is issued insurance of accounts by the Federal Deposit Insurance Corporation.

C. Any interested person may appeal to the Supreme Court of Virginia from any order of the Commission granting or denying such certificate of authority.

The provisions of subdivision A 2 of this section shall likewise apply to a mutual savings bank formed under this article, except that, in lieu of stock, such mutual savings bank shall have deposits in such amount as the Commission deems necessary for safe and sound operation, but in no event less than one million dollars, which deposits are pledged or deposited and not subject to withdrawal for at least one year.

§ 6.1-194.131. State savings bank or holding company acquiring state association or commercial bank; savings bank acquired by state association, bank or holding company; merger or consolidation of state savings bank and state association or commercial bank.

A. Notwithstanding the provisions of § 6.1-58.1 or § 6.1-60.1, and subject to the prior approval of the Commission, the following acquisitions, mergers, or consolidations may occur:

1. A state savings bank may become a subsidiary of (i) a state association, state bank, federal savings institution or national bank whose main office is located within this Commonwealth or (ii) a financial institution holding company whose subsidiaries principally conduct their operations within this Commonwealth;

2. A state bank or state association may become a subsidiary of a state savings bank; and

3. A state savings bank may merge into or consolidate with a state association, state bank, federal savings institution or national bank whose main office is located within this Commonwealth. A state association ~~or~~, state bank *or federal financial institution* may merge into or consolidate with a state savings bank. If the resulting entity is to do business as a state bank, the Commission shall not approve the merger or consolidation unless the applicant meets the standards established by § 6.1-13. If the resulting entity is to do business as a state association, the Commission shall not approve the merger or consolidation unless the applicant meets the standards established by § 6.1-194.12. If the resulting entity is to do business as a state savings bank, the Commission shall not approve the merger or consolidation unless the applicant meets the standards established by § 6.1-194.114. In either case, the order granting a certificate of authority to do business shall designate the main office of the resulting entity. The resulting entity shall be permitted to operate all branch offices of the merging or consolidating entities that could have been established de novo by the resulting entity or which were in operation at least five years prior to the date of the order permitting merger or consolidation. Within one year of such merger or consolidation, the resulting entity shall conform its assets and operations to the provisions of law regulating the operation of state savings banks if the resulting entity is operated as a state savings bank, to the provisions of law regulating the operation of banks if the resulting entity is operated as a state bank or to the provisions of law regulating the operation of state associations, if the resulting entity is to be operated as a state association. The Commission may grant the resulting entity additional one-year

183 periods, not to exceed a total of four additional years, in which to conform its assets and operations as
184 provided herein.
185 B. As used in this section, the term "state bank" means a bank incorporated under the laws of the
186 Commonwealth which has its main office in the Commonwealth.