

WEST VIRGINIA
SECRETARY OF STATE
KEN HECHLER
ADMINISTRATIVE LAW DIVISION

Form #2

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SECRETARY OF STATE

NOTICE OF A COMMENT PERIOD ON A PROPOSED RULE

AGENCY: Commissioner of Banking TITLE NUMBER: 106

RULE TYPE: Legislative; CITE AUTHORITY WV Code §31A-2-4(c)(11)

AMENDMENT TO AN EXISTING RULE: YES NO

IF YES, SERIES NUMBER OF RULE BEING AMENDED: _____

TITLE OF RULE BEING AMENDED: _____

IF NO, SERIES NUMBER OF NEW RULE BEING PROPOSED: 6

TITLE OF RULE BEING PROPOSED: Subsidiary bank holding the stock of its parent holding company as collateral.

IN LIEU OF A PUBLIC HEARING, A COMMENT PERIOD HAS BEEN ESTABLISHED DURING WHICH ANY INTERESTED PERSON MAY SEND COMMENTS CONCERNING THESE PROPOSED RULES. THIS COMMENT PERIOD WILL END ON October 24, 1988 AT 5:00 p.m. ONLY WRITTEN COMMENTS WILL BE ACCEPTED AND ARE TO BE MAILED TO THE FOLLOWING ADDRESS.

West Virginia Department of Banking
1800 Washington Street East
Building #3, Room 311
Charleston, WV 25305

THE ISSUES TO BE HEARD SHALL BE LIMITED TO THIS PROPOSED RULE.

Lawrence D. Greaves
Assistant to the Commissioner

ATTACH A **BRIEF** SUMMARY OF YOUR PROPOSAL



STATE OF WEST VIRGINIA
DEPARTMENT OF BANKING
CHARLESTON 25305

SUMMARY OF PROPOSED LEGISLATIVE RULE
Title 106, Section 6

Proposed legislative rule regarding a subsidiary bank holding the stock of its parent holding company as collateral.

This rule permits a state chartered bank to hold the stock of its parent holding company, within certain limits as collateral for an extension of credit.

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WEST VIRGINIA LEGISLATIVE RULE

COMMISSIONER OF BANKING

CHAPTER 31A

SERIES 6

Title: Proposed legislative rule regarding a subsidiary bank holding the stock of its parent holding company as collateral.

Section 1. General Provisions.

1.1 Rule Designation - This rule is legislative.

1.2 Scope - This rule permits a state chartered bank to hold the stock of its parent bank holding company, within certain limits as collateral for an extension of credit.

1.3 Authority - West Virginia Code Chapter 31A, Article 2, Section 4(c)(11).

1.4 Filing Date - September 22, 1988

1.5 Effective Date -

Section 2. Holding Company Stock as Collateral.

2.1 In the case of a single state chartered bank, such bank may hold the stock of its parent company as collateral for extensions of credit as long as the amount of the fair market value of such parent bank holding company hold as collateral will not exceed 10% of the capital; and, further, as long as the aggregate amount of all such parent holding company stock held as collateral by all of such parent holding company's subsidiaries will not exceed 20% of its capital and surplus.

Note: The purpose of this proposed rule is to clarify state law interpretations regarding a state chartered bank's ability to hold the stock of its parent bank holding company as collateral. The proposed rule is consistent with a June 9, 1988 opinion of the Attorney General and with federal statutes which apply to banks in West Virginia.