

WEST VIRGINIA
SECRETARY OF STATE
KEN HECHLER
ADMINISTRATIVE LAW DIVISION

Form #6

Do Not Mark In this Box

FILED

1989 MAY -2 PM 2:31

OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

**NOTICE OF FINAL FILING AND ADOPTION OF A LEGISLATIVE RULE AUTHORIZED
BY THE WEST VIRGINIA LEGISLATURE.**

AGENCY: West Virginia Department of Banking TITLE NUMBER: 106

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

THE ABOVE RULE HAS BEEN AUTHORIZED BY THE WEST VIRGINIA LEGISLATURE.

AUTHORIZATION IS CITED IN (house or senate bill number) House bill 2853

SECTION Chap. 64, Article 2, Sect. 36(e), PASSED ON April 8, 1989

THIS RULE IS FILED WITH THE SECRETARY OF STATE. THIS RULE BECOMES EFFECTIVE ON

THE FOLLOWING DATE: May 2, 1989



FISCAL NOTE

The proposed rule will impact only upon the internal financial relationship between state chartered banks and their parent holding companies. There will be no fiscal impact outside those relationships.

APPENDIX B

FISCAL NOTE FOR PROPOSED RULES

Rule Title: Subsidiary bank holding the stock of its parent company as collateral.

Type of Rule: Legislative Interpretive Procedural

Agency Commissioner of Banking Address Room 311A, Building #3
West Virginia Department of Banking Capitol Complex

1. Effect of Proposed Rule	ANNUAL		FISCAL YEAR		
	Increase	Decrease	Current	Next	Thereafter
Estimated Total Cost	\$	\$	\$	\$	\$
Personal Services					
Current Expense					
Repairs and Alterations	NONE				
Equipment					
Other					

2. Explanation of above estimates:
 No impact upon public expenditures.

3. Objectives of these rules:

To bring state chartered banks and holding companies into parity with federal rules governing federally chartered counterparts, that is, to allow state chartered entities a "level playing field" with federal entities.

4. Explanation of Overall Economic Impact of Proposed Rule.

A. Economic Impact on State Government. None

B. Economic Impact on Political Subdivisions; Specific Industries; Specific groups of citizens.

State chartered banks and holding companies may achieve presently unascertainable, but probably small, collateral gains.

C. Economic Impact on Citizens/Public at Large.

None

Date: September 22, 1988

Signature of Agency Head or Authorized Representative

David S. Mudie

David S. Mudie, Deputy Commissioner of Banking

DATE: September 22, 1988

TO: LEGISLATIVE RULE-MAKING REVIEW COMMITTEE

FROM: West Virginia Department of Banking
Commissioner of Banking

LEGISLATIVE RULE TITLE:

1. Authorizing statute(s) citation Chapter 31A, Article 2,
Section 4(c)(11)

2. a. Date filed in State Register with Notice of Hearing:
September 22, 1988

b. What other notice, including advertising, did you
give of the hearing?

None

c. Date of hearing (s): N/A

d. Attach list of persons who appeared at hearing, comments
received, amendments, reasons for amendments.

Attached _____ No comments received X

e. Date you filed in State Register the agency approved
proposed Legislative Rule following public hearing:
(be exact)

NA - no public hearing

f. Name and phone number of agency person to contact
for additional information:

David S. Mudie

Deputy Commissioner of Banking

348-2294

3. If the statute under which you promulgated the submitted rules requires certain findings and determinations to be made as a condition precedent to their promulgation:

a. Give the date upon which you filed in the State Register a notice of the time and place of a hearing for the taking of evidence and a general description of the issues to be decided.

N/A

b. Date of hearing: N/A

c. On what date did you file in the State Register the findings and determinations required together with the reasons therefor?

N/A

d. Attach findings and determinations and reasons:

Attached N/A



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.

The reason for the rule is to bring state chartered banks and holding companies into parity with federal rules governing federally chartered counterparts, that is, to allow state chartered entities a "level playing field" with federal entities.

WEST VIRGINIA LEGISLATIVE RULE

COMMISSIONER OF BANKING

CHAPTER 31A

SERIES 6

FILED
1988 DEC - 2 AM 10:35
OFFICE OF THE
SECRETARY OF STATE

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 bank holding company as collateral for a loan or extensions of credit as long as the amount of the fair market value of such parent bank holding company stock held held as collateral will not exceed 10% of the capital and surplus of the parent bank holding company; and, further, as long as the aggregate amount of the fair market value of all such parent bank holding company stock held as collateral by all of such parent bank holding company's subsidiaries will not exceed 20% of its capital and surplus.~~

2.1 In the case of a state-chartered bank, such bank may accept the stock of its parent bank holding company as collateral for loans or extensions of credit as long as the aggregate amount of the fair market value of all such parent bank holding company stock held as collateral will not exceed 10% of the capital stock and surplus of the state-chartered bank.

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.

KEN HECHLER
Secretary of State

MARY P. RATLIFF
Deputy Secretary of State

BARBARA STARCHER
Deputy Secretary of State

RICHARD S. STEPHENSON
Deputy Secretary of State

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STATE OF WEST VIRGINIA
SECRETARY OF STATE

Charleston 25305

WILLIAM H. HARRINGTON
Chief of Staff

RICH O. HARTMAN
Director, Administrative Law

DONALD R. WILKES
Director, Corporations

VIRGINIA SKEEN
Special Assistant

(Plus all the volunteer
help we can get)

TO: SHARON BIAS: DEPARTMENT OF BANKING

FROM: RICH O. HARTMAN, DIR. ADMIN. LAW DIV.

DATE: JUNE 6, 1989

THE ATTACHED RULE(S) RECENTLY FILED BY YOUR AGENCY HAVE BEEN ENTERED INTO THE COMPUTER. PLEASE REVIEW AND PROOF AND RETURN WITH ANY CORRECTIONS. IF THERE ARE NO CORRECTIONS PLEASE SIGN THIS MEMO AND RETURN TO THIS OFFICE. YOU WILL BE SENT A FINAL VERSION OF YOUR RULE(S) FOR YOUR RECORDS.

PLEASE RETURN EITHER THE CORRECTED RULE OR THIS FORM WITHIN TEN (10) WORKING DAYS OF THE DATE YOU RECEIVED THIS REQUEST. CALL IF YOU HAVE ANY QUESTIONS.

SERIES 6; 13 & 14

THE ATTACHED RULE(S) HAVE BEEN REVIEWED AND ARE CORRECT.

SIGNED: Sharon J. Bias

TITLE OF PERSON SIGNING: Director, Charters and Investigations

DATE: June 7, 1989

THE ATTACHED RULE(S) HAVE BEEN REVIEWED AND NEEDS CORRECTED. THESE CORRECTIONS HAVE BEEN MARKED.

SIGNED: _____

TITLE OF PERSON SIGNING: _____

DATE: _____