

as fiduciary in this state, may establish common trust funds for the purpose of furnishing investments to itself and its affiliated or related bank or trust company as fiduciary, or to itself and its affiliated or related bank or trust company, and others, as cofiduciaries; and may, as such fiduciary or cofiduciary, invest funds which it lawfully holds for investment in interests in such common trust funds, if such investment is not prohibited by the instrument, judgment, decree, or order creating such fiduciary relationship, and if, in the case of cofiduciaries, the bank or trust company procures the consent of its cofiduciary or cofiduciaries to such investment: PROVIDED, That any bank or trust company qualified to act as fiduciary in ~~((this))~~ the state of its charter, which is not a member of the federal reserve system, shall, in the operation of such common trust fund, comply with the rules and regulations as made from time to time by the supervisor of banking in the state where chartered and in Washington the supervisor is hereby authorized and empowered to make such rules and regulations as he may deem necessary and proper in the premises.

"Affiliated" as used in this section means two or more banks or trust companies:

(1) In which twenty-five percent or more of their voting shares, excluding shares owned by the United States or by any company wholly owned by the United States, are directly or indirectly owned or controlled by a holding company; or

(2) In which the election of a majority of the directors is controlled in any manner by a holding company.

Passed the House February 20, 1979.

Passed the Senate March 2, 1979.

Approved by the Governor March 23, 1979.

Filed in Office of Secretary of State March 23, 1979.

CHAPTER 106

[Substitute House Bill No. 803]

BANKS OR TRUST COMPANIES—CAPITAL STOCK, AUTHORIZATION, ISSUANCE—DEBENTURE CONVERSION—BRANCH RELOCATION, REDEVELOPMENT PROJECTS

AN ACT Relating to banking; amending section 1, chapter 140, Laws of 1965 and RCW 30.08.087; amending section 2, chapter 140, Laws of 1965 and RCW 30.08.088; amending section 30.12.080, chapter 33, Laws of 1955 as last amended by section 5, chapter 140, Laws of 1965 and RCW 30.12.080; amending section 4, chapter 140, Laws of 1965 and RCW 30.12.210; amending section 30.36.020, chapter 33, Laws of 1955 and RCW 30.36.020; amending section 7, chapter 53, Laws of 1973 1st ex. sess. and RCW 30.42.070; and adding a new section to chapter 30.40 RCW.

Be it enacted by the Legislature of the State of Washington:

Section 1. Section 1, chapter 140, Laws of 1965 and RCW 30.08.087 are each amended to read as follows:

~~((Solely to have shares of its capital stock available))~~ Any bank or trust company may provide in its articles of incorporation or amendments thereto for authorized but unissued shares of its capital stock for the following purposes;

(1) For issuance and sale pursuant to approved stock option plans ((:)), stock purchase plans, stock bonus plans, or other similar plans approved by the supervisor; ((or))

(2) For ((the purpose of)) issuing and selling minimum qualifying shares to new directors; ((any bank or trust company may provide in its articles of incorporation or amendments thereto for authorized but unissued shares of its capital stock, in an amount not to exceed ten percent of its authorized capital stock.))

(3) For any other purpose; when the total amount of such shares is not more than fifty percent of the currently issued and outstanding stock.

If such shares are issued pursuant to approved stock option plans, the consideration received for such shares shall not be less than the higher of par value or one hundred percent of fair market value of the shares at the time the option is granted. If such shares are issued pursuant to approved stock purchase plans, the consideration received for such shares shall not be less than the higher of par value or one hundred percent of fair market value of the shares at the time of purchase. If such shares are issued in order to qualify a new director of the corporation, the consideration received shall not be less than the higher of par value or ninety-five percent of the fair value of the shares at the time of the sale.

Sec. 2. Section 2, chapter 140, Laws of 1965 and RCW 30.08.088 are each amended to read as follows:

Any amendments to articles of incorporation which provide for authorized but unissued stock shall be made as provided in the case of a capital increase which is to be paid in full before becoming effective. However, the authorized but unissued shares shall not become a part of the capital stock except for the purposes hereof until they have been issued and paid for in cash. Prior to the issuance of authorized but unissued stock ~~((for the purpose of qualifying a new director))~~, the bank shall notify the supervisor of the proposed issuance and the consideration to be received therefor and receive the supervisor's approval thereof ((:)), except that such notification and such approval shall not be required if the authorized but unissued stock is issued to employees of the bank pursuant to approved stock option, stock purchase, stock bonus or other similar plans approved by the supervisor.

Sec. 3. Section 30.12.080, chapter 33, Laws of 1955 as last amended by section 5, chapter 140, Laws of 1965 and RCW 30.12.080 are each amended to read as follows:

A director, officer or employee of a bank or trust company shall not:

(1) Have any interest, direct or indirect, in the profits of the corporation except to receive reasonable compensation for services actually rendered,

which, in the case of an officer or director, shall be determined by the board of directors; and except to receive dividends upon any stock of the corporation that he may own, the same as any other stockholder and under the same regulations and conditions; and except to receive interest upon deposits he may have with the corporation, the same as other like depositors and under the same regulations and conditions: PROVIDED, That nothing in this section shall be construed to prevent the payment to an employee of a salary bonus in addition to his normal salary, when such bonus is authorized by a resolution adopted by a vote of a majority of the board of directors of such corporation: PROVIDED FURTHER, That nothing in this section shall be construed to prevent the establishment by vote of the stockholders of such bank or trust company, of a profit-sharing retirement trust or plan and the making of contributions thereto by such bank or trust company: PROVIDED FURTHER, That nothing in this section shall be construed to prevent the establishment by the corporation of stock purchase option plans, stock purchase plans, stock bonus plans, or other similar plans as otherwise permitted by law.

(2) Become a member of the board of directors of any other bank or trust company or a national banking association, of which board enough other directors, officers or employees of the corporation are members to constitute with him a majority of its board of directors.

(3) Receive directly or indirectly and retain for his own use any commission or benefit from any loan made or other transaction had by the corporation, or any pay or emolument for services rendered to any borrower from the corporation or from any person transacting business with it, in connection with the loan or transaction, except that an attorney for the corporation, though he be a director thereof, may receive reasonable compensation for professional services rendered the borrower or other person.

Sec. 4. Section 4, chapter 140, Laws of 1965 and RCW 30.12.210 are each amended to read as follows:

Every bank or trust company incorporated under the laws of this state may grant options to purchase, and issue and sell, shares of its capital stock to its employees or officers or a trustee in their behalf upon the terms and conditions of a stock option plan, a stock purchase plan, a stock bonus plan, or other similar plan where such plan is adopted by its board of directors, approved by a vote of the stockholders representing two-thirds of its capital stock at a meeting where the approval is sought, and approved by the supervisor in writing. In the absence of actual fraud in the transaction and within the limits of the particular ((stock option)) plan, the judgment of the board of directors and of any committee provided for in the ((stock option)) plan as to the consideration for the issuance of the shares or options and the sufficiency thereof and as to the recipients of the shares or options shall be conclusive, subject to the provisions of RCW 30.08.087, as now or hereafter amended.

Sec. 5. Section 30.36.020, chapter 33, Laws of 1955 and RCW 30.36-.020 are each amended to read as follows:

With the approval of the supervisor, any bank, trust company or mutual savings bank may at any time, through action of its board of directors or trustees, issue and sell its capital notes or debentures. Such capital notes or debentures shall be subordinate to the claims of depositors and other creditors. The holders of capital notes or debentures issued by a bank or trust company shall have such conversion rights as may be provided in the articles of incorporation with the approval of the supervisor.

Sec. 6. Section 7, chapter 53, Laws of 1973 1st ex. sess. and RCW 30-.42.070 are each amended to read as follows:

The capital allocated as required in RCW 30.42.060(3) shall be maintained within this state at all times in cash or in supervisor approved interest bearing bonds, notes, debentures, or other obligations of the United States or of any agency or instrumentality thereof, or guaranteed by the United States; or of this state, or of a city, county, town, or other municipal corporation, or instrumentality of this state or guaranteed by this state. Such capital shall be deposited with a bank qualified to do business in and having its principal place of business within this state, or in a national bank qualified to engage in banking in this state. Such bank shall issue a written receipt addressed and delivered to the supervisor reciting that such deposit is being held for the sole benefit of the United States domiciled creditors of such alien bank's Washington office and that the same is subject to his order without offset for the payment of such creditors. For the purposes of this section, the term "creditor" shall not include any other offices, branches, subsidiaries, or affiliates of such alien bank. Subject to the approval of the supervisor, reasonable arrangements may be made for substitution of securities. So long as it shall continue business in this state in conformance with this chapter and shall remain solvent, such alien bank shall be permitted to collect all interest and/or income from the assets constituting such allocated capital.

Should any securities so depreciate in market value and/or quality as to reduce the deposit below the amount required, additional money or securities shall be deposited promptly in amounts sufficient to meet such requirements. The supervisor may make an investigation of the market value and of the quality of any security deposited at the time such security is presented for deposit or at any time thereafter. The supervisor may make such charge as may be reasonable and proper for such investigation.

NEW SECTION. Sec. 7. There is added to chapter 30.40 RCW a new section to read as follows:

Notwithstanding any provision of RCW 30.40.020, a bank which on the effective date of this act, is operating in the central business district of a city having a population of forty-five thousand or more a branch banking office which includes a drive-in facility, both of which are operated as a single

branch office although they are physically divided by a city street, may, if a major redevelopment project for upgrading the central business district pursuant to a redevelopment plan is adopted or approved by a duly constituted municipal planning body or other appropriate governmental authority and concurred in by the supervisor of banking, petition the supervisor of banking for the relocation of the branch office to a location within such redevelopment project not in excess of eight hundred feet from the former location of the branch office, and such branch office may retain and operate the single drive-in facility at its existing location as a separate facility: PROVIDED, That such drive-in facility shall be limited to the customary paying and receiving functions, shall not be considered as a branch in and of itself, and shall not engage in any other banking business: PROVIDED FURTHER, That any action sought to be taken pursuant to the authority of this section, whether by a national bank or a state-chartered bank, shall be subject, in its entirety, to the prior approval of the supervisor of banking, who shall base his approval or disapproval of such action upon the protection of public and private funds and the public safety and welfare.

NEW SECTION. Sec. 8. There is added to chapter 30.12 RCW a new section to read as follows:

The articles of incorporation of any bank or trust company organized under this title may limit or permit the preemptive rights of a shareholder to acquire unissued shares of the corporation and may thereafter by amendment limit, deny, or grant to shareholders of any class of stock the preemptive right to acquire additional shares of the corporation whether then or thereafter authorized.

Passed the House March 7, 1979.

Passed the Senate March 2, 1979.

Approved by the Governor March 23, 1979.

Filed in Office of Secretary of State March 23, 1979.

CHAPTER 107

[House Bill No. 846]

DEPARTMENT OF REVENUE—STATUTORY DEVOLUTION

AN ACT Relating to state government; amending section 1, chapter 286, Laws of 1957 as amended by section 20, chapter 26, Laws of 1967 ex. sess. and RCW 19.91.010; amending section 19, chapter 286, Laws of 1957 as amended by section 1, chapter 172, Laws of 1959 and RCW 19.91.190; amending section 1, chapter 165, Laws of 1975 1st ex. sess. and RCW 33.20.035; amending section 43.30.010, chapter 8, Laws of 1965 and RCW 43.30.010; amending section 43.30.120, chapter 8, Laws of 1965 and RCW 43.30.120; amending section 1, chapter 385, Laws of 1955 as amended by section 27, chapter 26, Laws of 1967 ex. sess. and RCW 63.28.070; amending section 1, chapter 140, Laws of 1953 and RCW 76.40.015; amending section 13, chapter 140, Laws of 1953 and RCW 76.40.016; amending section 82.02.010, chapter 15, Laws of 1961 as amended by section 14, chapter 26, Laws of 1967 ex. sess. and RCW 82.02.010; amending section 82.44.010, chapter 15, Laws of 1961 as last amended by section 54, chapter 299, Laws of 1971 ex. sess. and RCW 82.44.010; amending section 82.50.010, chapter 15, Laws of 1961 as last