



**Kay Ivey**  
Governor

**STATE OF ALABAMA**  
**STATE BANKING DEPARTMENT**

July 16, 2024



**Mike Hill**  
Superintendent of Banks

**MEMORANDUM**

**TO:** Chief Executive Officers of all State-Chartered, Alabama Banks

**FROM:** Mike Hill, Superintendent of Banks *Mike Hill*

**SUBJECT:** Repeal of State Banking Department Regulations No. 8 – Stock Purchase Plans and Stock Option Plans and No. 15 – Supervision by Banking Department of Mortgage Company Subsidiaries of State Banks

I have, with the concurrence of the State Banking Board assembled on July 9, 2024, repealed the two Regulations mentioned above. Comments on the proposed repeal of these regulations were requested in December of 2023. No comments were received.

As stated in the Notice of Repeal, Regulation No. 8 was effective January 12, 1966, and no substantive situations relating to the Department's statutory functions to which this regulation would apply have been encountered in a number of years. This repeal eliminates a regulation that is no longer viewed as relevant or needed by the Department in carrying out its functions.

As stated in the Notice of Repeal, Regulation No. 15 was effective August 1, 1988, to ensure compliance with a U.S. Department of Housing and Urban Development requirement which is no longer effective. This repeal eliminates a regulation that is no longer viewed as relevant.

In accordance with §§5-2A-8 and 5-2A-9, Code of Alabama, 1975, the Superintendent of Banks hereby gives notice of the repeal of SBD Regulations No. 8 and No. 15, effective July 9, 2024.

## **REGULATION NO. 8**

**WHEREAS**, Section 40(11) of Title 5 of the Code of Alabama of 1940 provides that the Superintendent of Banks may, with the concurrence of a majority of the members of the State Banking Board, promulgate reasonable rules and regulations;

**AND WHEREAS**, the Superintendent of Banks, with the concurrence of a majority of the members of the State Banking Board, recognizes the need of and desirability for rules and regulations pertaining to stock purchase plans and stock option plans for banks where such plans are reasonably designed to attract and hold capable and valuable personnel;

**NOW THEREFORE**, be it known that the State Banking Board in official meeting assembled on January 12, 1966, does hereby adopt the following resolution: RESOLVED, that the Superintendent of Banks will consider for approval stock purchase plans and stock option plans provided the following conditions are met:

(a) Application for approval shall be made to the Superintendent of Banks, Montgomery, Alabama, in the form of a letter accompanied by the following information:

- (1) A description of all material provisions of the plan.
- (2) Proposed notice of shareholders' meeting, proxy and proxy statement.
- (3) Number of shares of authorized but unissued stock to be allocated to the plan.
- (4) Proposed amendments to articles of association creating authorized but unissued stock and eliminating preemptive rights as to the shares reserved under the plan.

(b) The plan is administered by a committee, none of whose members may participate in the plan.

(c) The number of shares allocable to any person under the plan is reasonable in relation to the purpose of the plan and the needs of the bank.

(d) In the case of a stock option plan, the number of shares subject to the plan is not unreasonable in relation to the bank's capital structure and anticipated growth.

(e) After receipt of the approval of the Superintendent of Banks to the plan, said plan shall be adopted pursuant to the laws and statutes of Alabama pertaining thereto and certified copies of such proceedings shall be submitted to the Superintendent of Banks for final approval prior to the issuance of any shares thereunder.

As evidence of the adoption of the foregoing resolution, each member of the State Banking Board has hereunto set his hand on this the 12th day of January, 1966.

s/Robert M. Cleckler  
Chairman

s/Noel M. Dowling  
Member

## **REGULATION NO. 15**

**WHEREAS**, Section 5-2A-8 of the Alabama Banking Code provides that the Superintendent of Banks may, with the concurrence of a majority of the State Banking Board, promulgate reasonable regulations;

**WHEREAS**, the State Banking Department desires to assure competitive equality between state and national banks;

And, whereas, the U.S. Department of Housing and Urban Development requires mortgage company subsidiaries of Alabama state banks to be "supervised mortgagees" within the meaning of HUD regulations, and whereas, mortgage company subsidiaries of national banks located in Alabama are declared by HUD regulations to be "supervised mortgagees";

**NOW THEREFORE**, be it known that the Superintendent, with the concurrence of the State Banking Board, does hereby promulgate the following regulation:

Supervision by this Department of every Alabama state bank shall include supervision of any mortgage company subsidiary which is an affiliate of such bank. In addition, in all future examinations by examiners of the State Banking Department required by Section 5-3A-1, the examiner or examiners must also examine the books and records of any mortgage company subsidiary of every Alabama state bank.

This regulation shall be effective August 1, 1988.

s/Zack Thompson  
Superintendent of Banks  
State of Alabama