

**Banking Code.**

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

First paragraph, section 501, act of May 15, 1933, P. L. 624, amended June 21, 1935, P. L. 369, and September 11, 1959, P. L. 881, further amended.

Section 1. The first paragraph of section 501, act of May 15, 1933 (P. L. 624), known as the "Banking Code," amended June 21, 1935 (P. L. 369) and September 11, 1959 (P. L. 881), is amended to read:

Section 501. Number and Election of Directors and Trustees, Honorary or Emeriti Directors or Trustees; Executive Committee; Advisory Boards.—Subject to the provisions of this act, the number, qualifications, terms of office, manner of election, time and place of meeting, compensation, and powers and duties of the directors of a bank, or a bank and trust company, or a trust company, may be prescribed from time to time by the by-laws, *and the by-laws may also provide that a majority of all the directors may increase such number by not more than two in any one year between annual meetings of the shareholders and may elect directors to fill any vacancy so created: Provided, That any such increase shall remain in effect and any person so elected shall serve only until the next meeting of shareholders at which directors are elected.*

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Act effective immediately.

Section 2. This act shall take effect immediately.

APPROVED—The 11th day of June, A. D. 1963.

WILLIAM W. SCRANTON

No. 88

AN ACT

Amending the act of May 15, 1933 (P. L. 624), entitled, as amended, "An act relating to the business of banking, and to the exercise of fiduciary powers by corporations; providing for the organization of corporations with fiduciary powers, and of banking corporations, with or without fiduciary powers, including the conversion of National banks into State banks, and for the licensing of private bankers and employes' mutual banking associations; defining the rights, powers, duties, liabilities, and immunities of such corporations, of existent corporations authorized to engage in a banking business, with or without fiduciary powers, of private bankers and employes' mutual banking associations, and of the officers, directors, trustees, shareholders, attorneys, and other employes of all such corporations, employes' mutual banking associations or private bankers, or of affiliated corporations, associations, or persons; restricting the exercise of banking powers by any other corporation, association, or person, and of fiduciary powers by any other \*corporation; conferring powers and imposing duties upon the courts,

\* "corporations" in original.

prothonotaries, recorders of deeds, and certain State departments, commissions, and officers; imposing penalties; and repealing certain acts and parts of acts," providing for stock option and profit sharing plans.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows: Banking Code.

Section 1. Subsection A of section 411, act of May 15, 1933 (P. L. 624), known as the "Banking Code," amended May 27, 1957 (P. L. 195), is amended to read:

Subsection A, section 411, act of May 15, 1933, P. L. 624, amended May 27, 1957, P. L. 195, further amended.

Section 411. Increase of Authorized Capital.—A. A bank, a bank and trust company, or a trust company may amend its articles to increase its authorized capital, in the same manner and with the same approval as is required by this act for any amendment to the articles of a bank, a bank and trust company, or a trust company.

Such increase of authorized capital shall, however, become invalid and inoperative unless the actual increase of capital, which is authorized, shall be made within one year from the date of the issuance of the certificate of amendment, *except that in the case of an increase of capital authorized for the purpose of carrying out an employes' share purchase or option plan, established pursuant to the provisions of this act, the actual increase may be made within such period not exceeding ten years from the date of the issuance of the certificate of amendment as is specified in the amendment.* If any portion of such authorized capital shall be created and issued within [such one-year period] *the applicable period specified in the preceding sentence*, only such portion as remains unissued within such period shall become invalid and inoperative. [In the case of a bank, a bank and trust company, or a trust company, which, upon the effective date of this act, has an authorized capital which exceeds the par value of its outstanding shares, such one-year period shall date from the effective date of this act.] Such actual increase may be made from time to time within such *applicable period* [of one year], but no such increase shall be made until the shares shall be paid for in full, pursuant to the provisions of this act as to the creation or issuance of any share. Such increase may, however, be made by the declaration of a share dividend, in accordance with the provisions of this act concerning such share dividends.

However, a bank, a bank and trust company, or a trust company may issue common shares to provide for the concurrent retirement of shares of any class other than common shares. Such common shares shall be issued for a consideration of not less than the par value of such shares and in all other respects shall be subject to all of the requirements for, and limitations upon, the issuance of common shares prescribed by this act,

except that, if such common shares are issued pursuant to the declaration of a share dividend, with the approval of the Department of Banking, and in accordance with the provisions of this act concerning such share dividends, and if such issuance of common shares shall not effect an increase or decrease of capital, no meeting of the shareholders, nor their vote, need be required. The bank, the bank and trust company, or the trust company shall, upon effecting such issuance of common shares and the retirement of shares of another class, file articles of amendment in the manner provided in this act, except that such articles need not state that advertisement has been made, or notice given, or action taken by the shareholders.

\* \* \* \* \*

Section 511 of the act amended by adding a new subsection G.

Section 2. Section 511 of the act is amended by adding, at the end thereof, a new subsection to read:

Section 511. Officers of Institutions; Removal; Compensation.—

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*G. Unless otherwise provided in its articles and with the approval of the Department of Banking, every incorporated institution may provide and carry out a plan for the sale of, or the granting of, options with respect to its shares to some or all of its officers and employes, or the officers and employes of any subsidiary corporation, or to a trustee on their behalf, without first offering such shares to its shareholders, upon such terms and conditions and in such manner as shall be provided by the board of directors with the written consent or affirmative vote of the holders of at least two thirds of the shares entitled to vote. Such shares may be sold or optioned as an incentive to service or continued service with the incorporated institution or such subsidiary corporation, or for such other consideration or purpose, or upon such other terms as its directors, including directors who may benefit by their action, shall deem advantageous to the incorporated institution, and in the absence of fraud in the transaction and subject to the approval of the Department of Banking. The judgment of the board of directors as to the adequacy of the consideration received for any rights or options to purchase shares under such a plan shall be conclusive. Stock options issued shall qualify as restricted stock options under the provisions of the Federal Internal Revenue Code.*

General repeal.

Section 3. The act of August 19, 1953 (P. L. 1075), entitled "An act authorizing corporations to grant stock options, pensions and allowances, under certain cir-

cumstances; and validating stock options, pensions and allowances heretofore granted," is repealed in so far as it is inconsistent herewith.

Section 4. This act shall take effect immediately.

Act effective immediately.

APPROVED—The 11th day of June, A. D. 1963.

WILLIAM W. SCRANTON

No. 89

AN ACT

Amending the act of April 29, 1959 (P. L. 58), entitled "An act consolidating and revising the Vehicle Code, the Tractor Code, the Motor Vehicle Financial Responsibility Act and other acts relating to the ownership, possession and use of vehicles and tractors," changing the permitted length of vehicles transporting school children.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

The Vehicle Code.

Section 1. The first paragraph of subsection (c) of section 902, act of April 29, 1959 (P. L. 58), known as "The Vehicle Code," amended August 23, 1961 (P. L. 1118), is amended to read:

First paragraph, subsection (c), section 902, act of April 29, 1959, P. L. 58, amended August 23, 1961, P. L. 1118, further amended.

Section 902. Size of Vehicles, Tractors and Loads.—

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(c) No motor vehicle or tractor, except motor buses, motor omnibuses and fire department equipment, shall exceed a total maximum length, including any load thereon, of four hundred twenty (420) inches, *except that motor vehicles operated under contract with any school district, private school or parochial school for the transportation of school children and motor vehicles owned and operated by school districts, private schools and parochial schools in the transportation of school children, may exceed such total maximum length by sixty (60) inches.* No trailer or semi-trailer shall exceed a total maximum length including any load thereon of four hundred eighty (480) inches, excepting that a refrigerating device attached to the front exterior of a semi-trailer shall be disregarded in measuring the length of the semi-trailer, if the presence or absence of such device would not affect the length of the combination of vehicles in which such semi-trailer is operated. No combination of two (2) vehicles or tractors, inclusive of load and bumpers coupled together, shall exceed a total maximum length of six hundred (600) inches, excepting that until but not after January 1, 1967, a combination of a