

By: Slawson, Anchia

H.B. No. 3849

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the requirements for the regulation of state trust
3 companies.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 182.502(b), Finance Code, is amended to
6 read as follows:

7 (b) A trust institution applying to convert into a state
8 trust company may receive a certificate of authority to do business
9 as a state trust company if the banking commissioner finds that:

10 (1) the trust institution is not engaging in a pattern
11 or practice of unsafe and unsound fiduciary or banking practices;

12 (2) the trust institution has adequate capitalization
13 for a state trust company to act as a fiduciary at the same
14 locations as the trust institution is acting as a fiduciary before
15 the conversion;

16 (3) the trust institution can be expected to operate
17 profitably after the conversion;

18 (4) the officers and directors of the trust
19 institution as a group have sufficient fiduciary ~~[banking]~~
20 experience, ability, standing, competence, trustworthiness, and
21 integrity to justify a belief that the trust institution will
22 operate as a state trust company in compliance with law; and

23 (5) each principal shareholder has sufficient
24 experience, ability, standing, competence, trustworthiness, and

1 integrity to justify a belief that the trust institution will be
2 free from improper or unlawful influence or interference with
3 respect to the trust institution's operation as a state trust
4 company in compliance with law.

5 SECTION 2. Section [184.003\(e\)](#), Finance Code, is amended to
6 read as follows:

7 (e) Subject to the exercise of prudent judgment, a state
8 trust company may invest its secondary capital in real property.
9 The factors to be considered by a state trust company in exercise of
10 prudent judgment include the factors contained in Section
11 [184.101\(e\)](#) [~~[184.101\(f\)](#)~~].

12 SECTION 3. The change in law made by this Act to Section
13 [182.502\(b\)](#), Finance Code, applies only to an application for
14 conversion filed on or after the effective date of this Act. An
15 application for conversion filed before the effective date of this
16 Act is governed by the law in effect on the date the application was
17 filed, and the former law is continued in effect for that purpose.

18 SECTION 4. This Act takes effect September 1, 2021.