

By: Slawson, Anchia

H.B. No. 3850

A BILL TO BE ENTITLED

AN ACT

relating to the regulation of state banks.

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

SECTION 1. Section 34.103(c), Finance Code, is amended to read as follows:

(c) A state bank may not establish or acquire a subsidiary or a controlling interest in a subsidiary that engages in activities as principal in which the bank is prohibited from engaging directly unless:

(1) the state bank's investment in the subsidiary has been allowed [~~approved~~] by the Federal Deposit Insurance Corporation under Section 24, Federal Deposit Insurance Act (12 U.S.C. Section 1831a); or

(2) with respect to a subsidiary engaged in activities as principal that a national bank may conduct only through a financial subsidiary, including firm underwriting of equity securities other than as permitted by Section 34.101, and not otherwise engaged in activities as principal that are impermissible for a state bank or a financial subsidiary of a national bank, the subsidiary's activities and the bank's investment are in compliance with the restrictions and requirements of Section 46, Federal Deposit Insurance Act (12 U.S.C. Section 1831w).

SECTION 2. Section 35.002(a), Finance Code, is amended to read as follows:

1 (a) The banking commissioner has grounds to issue a cease
2 and desist order to a current or former ~~[an]~~ officer, employee, or
3 director of a state bank, or the bank itself acting through an
4 authorized person, if the banking commissioner determines from
5 examination or other credible evidence that the bank or person
6 directly or indirectly has:

7 (1) violated this subtitle or another applicable law;

8 (2) engaged in a breach of trust or other fiduciary
9 duty;

10 (3) refused to submit to examination or examination
11 under oath;

12 (4) conducted business in an unsafe or unsound manner;
13 or

14 (5) violated a condition of the bank's charter or an
15 agreement between the bank or the person and the banking
16 commissioner or the department.

17 SECTION 3. Section 35.002(a), Finance Code, as amended by
18 this Act, applies only to a violation that occurs on or after the
19 effective date of this Act. A violation that occurs before the
20 effective date of this Act is governed by the law in effect when the
21 violation occurred, and the former law is continued in effect for
22 that purpose.

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