

BILL ANALYSIS

Senate Research Center
78R2000 ATP-D

S.B. 625
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State Affairs
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As Filed

DIGEST AND PURPOSE

Current Texas law prohibits any bank merger or acquisition that would result in a single institution and its affiliates having control over twenty percent or more of the total deposits in the state. As proposed, S.B. 625 further limits a bank's ability to grow through mergers and acquisitions by decreasing the percentage of total deposits which a bank may control following a merger or acquisition from twenty percent to fifteen percent.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Provides that the legislature's intent in limiting the amount of deposits that a financial institution may control as a result of a merger or acquisition is to ensure access to financial services throughout the state and to stimulate competition and increase financial markets.

SECTION 2. Amends Section 32.304(a), Finance Code, to prohibit a merger under this subchapter if consummation of the transaction would give the resulting state bank and its affiliates control over 15 percent or more, rather than 20 percent or more, of the total amount of deposits in this state held by all insured depository institutions in this state.

SECTION 3. Amends Section 32.406(a), Finance Code, to prohibit a purchase of assets under Section 32.401 if consummation of the transaction would give the acquiring state bank and its affiliates control over 15 percent or more, rather than 20 percent or more, of the total amount of deposits in this state held by all insured depository institutions in this state.

SECTION 4. Amends Section 202.002(a), Finance Code, to prohibit the banking commissioner from approving an acquisition if consummation of the transaction would give the applicant and its affiliates control over 15 percent or more, rather than 20 percent or more, of the total amount of deposits in this state held by depository institutions in this state.

SECTION 5. Amends Section 203.004(a), Finance Code, to prohibit an interstate merger transaction if consummation of the transaction would give the resulting bank its affiliates control over 15 percent or more, rather than 20 percent or more, of the total amount of deposits in this state held by all depository institutions in this state.

SECTION 6. Effective date: September 1, 2003.