

1-1 By: Van de Putte S.B. No. 1318
1-2 (In the Senate - Filed March 12, 2003; March 19, 2003, read
1-3 first time and referred to Committee on State Affairs;
1-4 March 26, 2003, re-referred to Committee on Business and Commerce;
1-5 April 24, 2003, reported adversely, with favorable Committee
1-6 Substitute by the following vote: Yeas 6, Nays 0; April 24, 2003,
1-7 sent to printer.)

1-8 COMMITTEE SUBSTITUTE FOR S.B. No. 1318 By: Van de Putte

1-9 A BILL TO BE ENTITLED
1-10 AN ACT

1-11 relating to the authorization of securities lending for
1-12 governmental entities.

1-13 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-14 SECTION 1. Subchapter A, Chapter 2256, Government Code, is
1-15 amended by adding Section 2256.0111 to read as follows:

1-16 Sec. 2256.0111. AUTHORIZED INVESTMENTS: SECURITIES
1-17 LENDING PROGRAM. A fully collateralized securities lending program
1-18 is an authorized investment under this subchapter if:

1-19 (1) the value of securities loaned under this
1-20 subchapter is at least 100 percent collateralized, including
1-21 accrued income;

1-22 (2) the loan may be terminated at any time;

1-23 (3) the loan is secured by United States securities,
1-24 irrevocable letters of credit issued by a bank organized and
1-25 existing under the laws of the United States or any state, or cash
1-26 invested in accordance with Section 2256.009, 2256.013, 2256.014,
1-27 or 2256.016;

1-28 (4) the loan requires the securities being held as
1-29 collateral to be pledged to the entity, held in the entity's name,
1-30 and deposited at the time the investment is made with the entity or
1-31 with a third party selected and approved by the entity; and

1-32 (5) the loan is placed through a primary government
1-33 securities dealer, as defined by the Federal Reserve, or a
1-34 financial institution doing business in this state.

1-35 SECTION 2. This Act takes effect September 1, 2003.

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