

BILL ANALYSIS

S.B. 714
By: Seliger
Investments & Financial Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties assert that certain requirements relating to the way in which financial institutions must make certain disclosures to a customer opening an account at the institution are onerous and confusing. S.B. 714 seeks to revise these disclosure requirements.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 714 amends the Estates Code to add an acknowledgment provision and a signature line to the uniform account form a financial institution may use to establish the type of account selected by the signer. The bill changes the time at which a financial institution is required to disclose the information provided in such a form to a customer from the time at which the customer selects or modifies an account to before the customer selects or modifies an account. The bill revises the conditions under which a financial institution using such a form is considered to have so disclosed such information by replacing the condition that the customer place the customer's initials to the right of each paragraph of the form with the condition that the customer sign the acknowledgment provided at the end of the form.

S.B. 714 clarifies that a financial institution that varies the format of the form may disclose the information provided in such form as part of other account documentation if the disclosures are the first items of the documentation and removes requirements relating to the timing, format, and language of such disclosure. The bill specifies that a financial institution's duty to notify a customer of the type of account the customer selected is satisfied by providing the customer with a copy of the account opening or modification documentation, as appropriate, in paper or electronic format. The bill establishes that a financial institution is not required to make a disclosure about a type of multi-party account that is not available from the financial institution.

S.B. 714 exempts from these disclosure provisions an account that is opened or modified by a customer who is a legal entity, including a governmental entity, or who is acting as a legal representative for another person.

EFFECTIVE DATE

September 1, 2017.