

## **BILL ANALYSIS**

Senate Research Center  
87R14632 SRA-F

H.B. 3850  
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Business & Commerce  
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Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

It has been suggested that Texas needs to update its regulation of state banks. H.B. 3850 seeks to provide for the modernization of state law relating to the regulation of state banks.

H.B. 3850 establishes that a state bank's investment in a subsidiary only be allowed, rather than approved, by the Federal Deposit Insurance Corporation under applicable federal law in order for the bank to establish or acquire a subsidiary or obtain a controlling interest in a subsidiary that engages in activities as principal in which the bank is prohibited from engaging directly.

H.B. 3850 amends current law relating to the regulation of state banks.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 34.103(c), Finance Code, as follows:

(c) Prohibits a state bank from establishing or acquiring 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, rather than has been approved, by the Federal Deposit Insurance Corporation under Section 24, Federal Deposit Insurance Act (12 U.S.C. Section 1831a); or

(2) makes no changes to this subdivision.

SECTION 2. Amends Section 35.002(a), Finance Code, as follows:

(a) Provides that the banking commissioner has grounds to issue a cease and desist order to a current or former officer, employee, or director of a state bank, rather than to issue a cease and desist order to an officer, employee, or director of a state bank, or the bank itself acting through an authorized person, if the banking commissioner determines from examination or other credible evidence that the bank or person directly or indirectly has committed certain actions.

SECTION 3. Makes application of Section 35.002(a), Finance Code, as amended by this Act, prospective.

SECTION 4. Effective date: September 1, 2021.