

By: Slawson

H.B. No. 3850

A BILL TO BE ENTITLED

AN ACT

relating to 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:

Sec. 34. INVESTMENTS, LOANS, AND DEPOSITS.

(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

1 read as follows:

2           Sec. 35.002. CEASE AND DESIST ORDER. (a) The banking  
3 commissioner has grounds to issue a cease and desist order to a  
4 current or former [~~an~~] officer, employee, or director of a state  
5 bank, or the bank itself acting through an authorized person, if the  
6 banking commissioner determines from examination or other credible  
7 evidence that the bank or person directly or indirectly has:

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

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

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

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

14 or

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

18           SECTION 3. This Act takes effect immediately if it receives  
19 a vote of two-thirds of all the members elected to each house, as  
20 provided by Section 39, Article III, Texas Constitution. If this  
21 Act does not receive the vote necessary for immediate effect, this  
22 Act takes effect September 1, 2021.