

1-1 By: Slawson, Anchia (Senate Sponsor - Paxton) H.B. No. 3850
 1-2 (In the Senate - Received from the House April 26, 2021;
 1-3 May 4, 2021, read first time and referred to Committee on Business
 1-4 & Commerce; May 20, 2021, reported favorably by the following vote:
 1-5 Yeas 9, Nays 0; May 20, 2021, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7 Hancock	X			
1-8 Nichols	X			
1-9 Campbell	X			
1-10 Creighton	X			
1-11 Johnson	X			
1-12 Menéndez	X			
1-13 Paxton	X			
1-14 Schwertner	X			
1-15 Whitmire	X			

1-17 A BILL TO BE ENTITLED
 1-18 AN ACT

1-19 relating to the regulation of state banks.
 1-20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
 1-21 SECTION 1. Section 34.103(c), Finance Code, is amended to
 1-22 read as follows:
 1-23 (c) A state bank may not establish or acquire a subsidiary
 1-24 or a controlling interest in a subsidiary that engages in
 1-25 activities as principal in which the bank is prohibited from
 1-26 engaging directly unless:
 1-27 (1) the state bank's investment in the subsidiary has
 1-28 been allowed [~~approved~~] by the Federal Deposit Insurance
 1-29 Corporation under Section 24, Federal Deposit Insurance Act (12
 1-30 U.S.C. Section 1831a); or
 1-31 (2) with respect to a subsidiary engaged in activities
 1-32 as principal that a national bank may conduct only through a
 1-33 financial subsidiary, including firm underwriting of equity
 1-34 securities other than as permitted by Section 34.101, and not
 1-35 otherwise engaged in activities as principal that are impermissible
 1-36 for a state bank or a financial subsidiary of a national bank, the
 1-37 subsidiary's activities and the bank's investment are in compliance
 1-38 with the restrictions and requirements of Section 46, Federal
 1-39 Deposit Insurance Act (12 U.S.C. Section 1831w).
 1-40 SECTION 2. Section 35.002(a), Finance Code, is amended to
 1-41 read as follows:
 1-42 (a) The banking commissioner has grounds to issue a cease
 1-43 and desist order to a current or former [~~an~~] officer, employee, or
 1-44 director of a state bank, or the bank itself acting through an
 1-45 authorized person, if the banking commissioner determines from
 1-46 examination or other credible evidence that the bank or person
 1-47 directly or indirectly has:
 1-48 (1) violated this subtitle or another applicable law;
 1-49 (2) engaged in a breach of trust or other fiduciary
 1-50 duty;
 1-51 (3) refused to submit to examination or examination
 1-52 under oath;
 1-53 (4) conducted business in an unsafe or unsound manner;
 1-54 or
 1-55 (5) violated a condition of the bank's charter or an
 1-56 agreement between the bank or the person and the banking
 1-57 commissioner or the department.
 1-58 SECTION 3. Section 35.002(a), Finance Code, as amended by
 1-59 this Act, applies only to a violation that occurs on or after the
 1-60 effective date of this Act. A violation that occurs before the
 1-61 effective date of this Act is governed by the law in effect when the

2-1 violation occurred, and the former law is continued in effect for
2-2 that purpose.

2-3 SECTION 4. This Act takes effect September 1, 2021.

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