

FINANCE CODE

TITLE 3. FINANCIAL INSTITUTIONS AND BUSINESSES

SUBTITLE G. BANK HOLDING COMPANIES; INTERSTATE BANK OPERATIONS

CHAPTER 203. INTERSTATE BANK MERGERS AND BRANCHING

Sec. 203.001. INTERSTATE BRANCHING BY TEXAS STATE BANKS.

(a) With the prior approval of the commissioner, a Texas state bank may establish and maintain a de novo branch or acquire a branch in a state other than Texas pursuant to Section 32.203.

(b) With the prior approval of the commissioner, a Texas state bank may establish, maintain, and operate one or more branches in another state pursuant to an interstate merger transaction in which the Texas state bank is the resulting bank. Not later than the date on which the required application for the interstate merger transaction is filed with the responsible federal bank supervisory agency, the applicant Texas state bank shall file an application on a form prescribed by the commissioner and pay the fee prescribed by law. The applicant shall also comply with the applicable provisions of Sections 32.301-32.303. The commissioner shall approve the interstate merger transaction and the operation of branches outside of this state by the Texas state bank if the commissioner makes the findings required by Section 32.302(b). An interstate merger transaction may be consummated only after the applicant has received the commissioner's written approval.

Added by Acts 1999, 76th Leg., ch. 344, Sec. 1.001, eff. Sept. 1, 1999.

Sec. 203.002. CONDITIONS FOR ENTRY BY DE NOVO BRANCHING.

(a) An out-of-state bank may establish a de novo branch in this state if:

(1) the out-of-state bank confirms in writing to the commissioner that as long as it maintains a branch in this state, it will comply with all applicable laws of this state;

(2) the applicant provides satisfactory evidence to the commissioner of compliance with the applicable requirements of Section 201.102; and

(3) the commissioner, acting on or before the 30th day

after the date the commissioner receives notice of an application under Subsection (b), certifies to the responsible federal bank supervisory agency that the requirements of this subchapter have been met.

(b) An out-of-state bank desiring to establish and maintain a de novo branch shall provide written notice of the proposed transaction to the commissioner not later than the date on which the bank applies to the responsible federal bank supervisory agency for approval to establish the branch. The filing of the notice must be accompanied by the filing fee, if any, prescribed by the commissioner.

(c) A de novo branch may be established in this state through the acquisition of a branch of an existing Texas bank if the acquiring out-of-state bank complies with this section.

(d) A depository institution may not establish or maintain a branch in this state on the premises or property of an affiliate if the affiliate engages in commercial activities, except as provided by Section 92.063(d).

Added by Acts 1999, 76th Leg., ch. 344, Sec. 1.001, eff. Sept. 1, 1999.

Amended by:

Acts 2007, 80th Leg., R.S., Ch. 217 (H.B. 944), Sec. 4, eff. May 25, 2007.

Acts 2013, 83rd Leg., R.S., Ch. 940 (H.B. 1664), Sec. 23, eff. June 14, 2013.

Sec. 203.003. ENTRY BY INTERSTATE MERGER TRANSACTION.

(a) Subject to Section 203.004, one or more Texas banks may enter into an interstate merger transaction with one or more out-of-state banks under this chapter, and an out-of-state bank resulting from the transaction may maintain and operate the branches in this state of a Texas bank that participated in the transaction. An out-of-state bank that will be the resulting bank in the interstate merger transaction shall comply with Section 201.102.

(b) An out-of-state bank that will be the resulting bank pursuant to an interstate merger transaction involving a Texas state bank shall notify the commissioner of the proposed merger not

later than the date on which it files an application for an interstate merger transaction with the responsible federal bank supervisory agency, and shall submit a copy of that application to the commissioner and pay the filing fee, if any, required by the commissioner. A Texas state bank that is a party to the interstate merger transaction shall comply with Chapter 32 and with other applicable state and federal laws. An out-of-state bank that will be the resulting bank in the interstate merger transaction shall provide satisfactory evidence to the commissioner of compliance with Section 201.102.

(c) Repealed by Acts 2013, 83rd Leg., R.S., Ch. 940, Sec. 26, eff. June 14, 2013.

Added by Acts 1999, 76th Leg., ch. 344, Sec. 1.001, eff. Sept. 1, 1999.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 940 (H.B. 1664), Sec. 24, eff. June 14, 2013.

Acts 2013, 83rd Leg., R.S., Ch. 940 (H.B. 1664), Sec. 26, eff. June 14, 2013.

Sec. 203.004. LIMITATION ON CONTROL OF DEPOSITS. (a) An interstate merger transaction is not permitted if, on consummation of the transaction, the resulting bank, including all depository institution affiliates of the resulting bank, would control 20 percent or more of the total amount of deposits in this state held by all depository institutions in this state.

(b) The commissioner may request and the applicant shall provide supplemental information to the commissioner to aid in a determination under this section, including information that is more current than or in addition to information in the most recently available summary of deposits, reports of condition, or similar reports filed with or produced by state or federal authorities.

Added by Acts 1999, 76th Leg., ch. 344, Sec. 1.001, eff. Sept. 1, 1999.

Sec. 203.006. ADDITIONAL BRANCHES. An out-of-state bank that has established or acquired a branch in this state under this

chapter may establish or acquire additional branches in this state to the same extent that a Texas state bank may establish or acquire a branch in this state under applicable state and federal law. Added by Acts 1999, 76th Leg., ch. 344, Sec. 1.001, eff. Sept. 1, 1999.

Sec. 203.007. EXAMINATIONS. (a) With respect to an interstate branch maintained by an out-of-state state bank in this state, the banking commissioner:

(1) with written notice to the home state regulator and subject to the terms of any applicable cooperative agreement with the home state regulator, may examine the branch for the purpose of determining whether the branch is in compliance with the laws of this state that are applicable under Section 24(j), Federal Deposit Insurance Act (12 U.S.C. Section 1831a(j)), including laws governing community reinvestment, fair lending, and consumer protection; and

(2) if expressly permitted under and subject to the terms of any cooperative agreement with the home state regulator, or if the bank has been determined to be in a troubled condition by the home state regulator or the bank's appropriate federal banking agency, may participate in the examination of the bank by the home state regulator to ascertain whether the activities of the branch in this state are being conducted in an unsafe or unsound manner.

(b) For purposes of this section, a bank is considered to be in a troubled condition if the bank:

(1) has a composite rating, as determined in the bank's most recent report of examination, of four or five under the Uniform Financial Institutions Ratings System;

(2) is subject to a proceeding initiated by the Federal Deposit Insurance Corporation for termination or suspension of deposit insurance; or

(3) is subject to a proceeding initiated by the home state regulator to:

(A) vacate, revoke, or terminate the bank's charter;

(B) liquidate the bank; or

(C) appoint a receiver for the bank.

Added by Acts 1999, 76th Leg., ch. 344, Sec. 1.001, eff. Sept. 1, 1999.

Amended by:

Acts 2013, 83rd Leg., R.S., Ch. 940 (H.B. [1664](#)), Sec. 25, eff. June 14, 2013.