

# **Texas Department of Banking**

## **Press Release**

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### **Department to Accept Filings for Applications for Interstate Merger and Branching Transactions for All State-Chartered Institutions**

Date: May 13, 1998

Texas Banking Commissioner Catherine A. Ghiglieri announced today that her office will accept filings for applications for interstate merger and branching transactions for all state-chartered institutions. Last week the United States District Court for the Northern District of Texas sided with the Comptroller of the Currency (OCC) in a merger application filed by NationsBank of North Carolina and NationsBank of Texas. NationsBank Texas is now a branch of NationsBank North Carolina and no longer pays franchise taxes and avoids other Texas laws.

As a result of the OCC's conclusion that the Texas law prohibiting interstate branching is ineffective to prevent cross-border mergers and branching, Commissioner Ghiglieri will permit state banks to operate offices under the same circumstances as national banks.

Commissioner Ghiglieri stated that "The courts did not uphold the desire of the Texas Legislature to opt out of interstate branching. Since the OCC will allow national banks to engage in interstate branching, we do not intend to place our state banks in a position of competitive inequality. I will entertain any application filed by a state bank to engage in interstate mergers or branching."

Commissioner Ghiglieri also urged banks holding public funds to review the requirements applicable to public fund depositories, if they intend to merge out of the state. Bank depositories for municipal funds must be "domiciled in this state." Bank depositories for county public funds must be "organized under the laws of this state," and a "school depository must be a bank located in this state."

Commissioner Ghiglieri is forming an Interstate Branching Task Force to review the state banking laws that may need amending in light of interstate branching and will make recommendations to the Texas Legislature when it convenes in January 1999. Anyone interested in serving on the task force should contact D'Ann Johnson at (512) 475-1327 or e-mail at [dann.johnson@dob.texas.gov](mailto:dann.johnson@dob.texas.gov)