

Texas Department of Banking

Press Release

Interstate Branching Applications Approved In Texas

Date: October 1, 1998

Three interstate merger applications have been approved following the announcement on May 13, 1998 by Texas Banking Commissioner Catherine A. Ghiglieri that the Department of Banking would accept filings for interstate merger and branching transactions involving Texas state-chartered institutions. All three applications were from Alabama bank holding companies: Regions Bank, Birmingham, Alabama has merged seven Texas national banks into Regions Bank, its state-chartered lead bank in Alabama; Compass Bank, Birmingham, Alabama will merge its Texas bank in October, 1998; and Colonial Bank, Montgomery, Alabama branched First Bank Dallas on September 17, 1998.

Commissioner Ghiglieri formed the Interstate Branching Task Force to study which Texas laws need revision with the advent of interstate branching. One issue of concern to public depositories was whether they could deposit their funds with branches of Texas banks that were domiciled out-of-state. Commissioner Ghiglieri stated, "We have concluded that branches of banks which are domiciled in other states **may** hold deposits for public entities." The Commissioner has reviewed state and federal laws to determine the impact such mergers would have on deposit relationships, local school districts, counties, municipalities and other public entities may have with the banks that are becoming branches of out-of-state financial institutions. Federal law requires the application of Texas law to a branch of an out-of-state bank as if it were a bank with its main office in Texas. Consequently, following the mergers into out-of-state institutions, deposits of public funds held by Texas branches of out-of-state banks will continue to be in compliance with local laws.

Commissioner Ghiglieri stated, "The Interstate Branching Task Force is completing its work with a package of proposed changes that will modernize Texas banking laws. One of the recommendations will be to amend various public depository statutes to reflect the determination that branches of banks which are domiciled in other states **may** hold deposits for public entities. This package will be forwarded to the Texas Legislature when it convenes in January 1999, and when adopted, will fully implement interstate branching."