

CHAPTER 974

H.B. No. 2161

An Act relating to the purchase and sale of securities in the control of a financial institution as a trustee or as a custodian of an individual retirement account or employee benefit plan.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 113.053(a), Property Code, is amended to read as follows:

(a) Except as provided by Subsections (b), (c), (d), [~~and~~] (e), and (f) a trustee shall not directly or indirectly buy or sell trust property from or to:

- (1) the trustee or an affiliate;
- (2) a director, officer, or employee of the trustee or an affiliate;
- (3) a relative of the trustee; or
- (4) the trustee's employer, partner, or other business associate.

SECTION 2. Section 113.053, Property Code, is amended by adding Subsection (f) to read as follows:

(f) A national banking association, a state-chartered corporation, including a state-chartered bank or trust company, a state or federal savings and loan association that has the right to exercise trust powers and that is serving as trustee, or such an institution that is serving as custodian with respect to an individual retirement account, as defined by Section 408, Internal Revenue Code, or an employee benefit plan, as defined by Section 3(3), Employee Retirement Income Security Act of 1974 (29 U.S.C. Section 1002(3)), regardless of whether the custodial account is, or would otherwise be, considered a trust for purposes of this subtitle, may:

(1) employ an affiliate or division within a financial institution to provide brokerage services with respect to the purchase and sale of securities for the trust or custodial account and charge the trust or custodial account for the services; and

(2) receive compensation, directly or indirectly, on account of the brokerage services performed by the affiliate or division within the financial institution, whether in the form of shared commissions or otherwise, provided that any commissions charged by an affiliated brokerage service shall be at the lowest rate charged any customer by that brokerage service.

SECTION 3. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed by the House on May 2, 1985, by a non-record vote; House concurred in Senate amendments to H.B. No. 2161 on May 27, 1985, by a non-record vote; passed by the Senate, with amendments, on May 27, 1985, by a viva-voce vote.

Filed: June 16, 1985, without signature.

Effective: August 26, 1985