

BILL ANALYSIS

Senate Research Center

S.B. 652
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Economic Development
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As Filed

DIGEST

Currently, Section 9.105(a)(9), Business & Commerce Code, does not include certificates of deposit (CDs) within the definition of "instrument" in regard to secured transactions. A security interest in a certificate of deposit is currently perfected by filing a financial statement. Lenders often do a lien search before such a filing. The consequences of both is additional costs to business transactions involving CDs. If the CDs were included within the definition of "instrument," then a security interest in a CD could be perfected by possession. This bill would amend the definition of "instrument" to include a CD, for purposes of a secured transaction.

PURPOSE

As proposed, S.B. 652 amends the definition of "instrument," which can be perfected by possession for purposes of secured transactions, to include certificates of deposit.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 9.105(a)(9), Business & Commerce Code, to redefine "instrument" as a certificate of deposit (defined in Section 3.104) that is not a negotiable instrument, including a receipt for a book entry certificate of deposit, among others.

SECTION 2. Effective date: September 1, 1997.
Makes application of this Act prospective.

SECTION 3. Emergency clause.