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## FISCAL IMPACT REPORT

SPONSOR Soules ORIGINAL DATE 02/11/14  
LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Separation of Commercial and Investment Banking SM 37

ANALYST Martinez

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY14	FY15	FY16	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		NFI				

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Regulation and Licensing Department (RLD)

### SUMMARY

#### Synopsis of Bill

Senate Memorial 37 urges that congress and the president of the United States enact legislation that would reinstate the separation of commercial and investment banking functions that were in effect under the federal Banking Act of 1933, most recently referred to as “Glass Steagell lite.”

### FISCAL IMPLICATIONS

No Fiscal Impact

### SIGNIFICANT ISSUES

The RLD writes:

SM 37 addresses the progeny of the Glass-Steagall Act of 1933, most recently referred to as “Glass Steagell lite,” also known as The Volcker Rule of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“the Rule”). Effective April 1, 2014, “the Rule” restricts U.S. Banks from certain kinds of speculative investments, sometimes referred to as a ban on proprietary trading by commercial banks where deposits are used to trade on the bank’s own accounts. Although the Rule is applicable to New Mexico state-chartered community banking

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entities of less than \$10 billion in total assets, the majority of New Mexico state-chartered community banking entities are not involved in prohibited proprietary trading or investment activities in covered funds. To the extent New Mexico state-chartered community banks are not engaging in covered activities, New Mexico state-chartered community banks do not have any compliance obligations under the Rule.

RM/svb