

REVISOR OF STATUTES OFFICE

300 S.W. 10th Street, Ste. 010-E

Topeka, KS 66612-1592

Telephone 785-296-2321

Fax 785-296-6668

MEMORANDUM

To: Chairman Knox and members of the House Financial Institutions Committee
From: Matt Sterling, Assistant Revisor of Statutes
Date: February 1, 2012
Subject: House Bill 2505

HB 2505 is a bill concerning limitations on loans and borrowing. The bill would amend the definition of “loan” to include “any credit exposure to a borrower arising from a derivative transaction, repurchase agreement, reverse repurchase agreement, securities lending transaction or securities borrowing transaction between a bank and that borrower.”

The bill would also define "derivative transaction" as “any transaction that is a contract, agreement, swap, warrant, note or option that is based in whole, or in part, on the value of any interest in, or any quantitative measure or the occurrence of any event relating to, one or more commodities, securities, currencies, interest or other rates, indices or other assets.

The change in the definition of a “loan” would make derivative transactions made by a bank subject to the limitations on loans and borrowing.