

## TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS

## TDHCA Governing Board Approved Draft of

## §1.16, Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers

**Disclaimer**

Attached is a proposed rule action for 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.16, Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers. This action was approved by the TDHCA Governing Board on February 5, 2026. This rule action, including its preamble, is expected to be published in the February 20, 2026, edition of the *Texas Register* and that published version will constitute the official version for purposes of public comment and can be found at the following link: <https://www.sos.texas.gov/texreg/index.shtml>.

In compliance with §2001.023, Texas Government Code, a summary of the proposed action follows:

The Department last amended 10 TAC §1.16, Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers, in 2022. Therefore, under Tex. Gov't Code §2001.039, which requires that state agencies review a rule every four years to assess whether the reasons for initially adopting the rule continue to exist, the rule is due to be evaluated in 2026. Staff has determined that there is a continuing need for this rule to exist. Staff has also identified revisions that are needed to bring the rule into greater compliance with Tex. Gov't Code Chapters 2263, 2270, and 2252 as it relates to the conduct applicable to financial advisors or service providers and with the exception provided for in Tex. Gov't Code §2270.0002 which became effective September 2025.

**Public Comment**

**Public Comment Period:** Start: 8:00 a.m. Austin local time on February 20, 2026

End: 5:00 p.m. Austin local time on March 22, 2026

Comments received after 5:00 p.m. Austin local time on March 22, 2026, will not be accepted. Written comments may be submitted electronically within the designated public comment period to: [brooke.boston@tdhca.state.tx.us](mailto:brooke.boston@tdhca.state.tx.us).

Those making public comment are encouraged to reference the specific draft rule, policy, or plan related to their comment as well as a specific reference or cite associated with each comment. Please be aware that all comments submitted to the TDHCA will be considered public information.

**TEXAS DEPARTMENT OF HOUSING AND COMMUNITY AFFAIRS**

Street Address: 221 East 11th Street, Austin, TX 78701

Mailing Address: PO Box 13941, Austin, TX 78711-3941  
Main Number: 512-475-3800 Toll Free: 1-800-525-0657  
Email: [info@tdhca.state.tx.us](mailto:info@tdhca.state.tx.us) Web: [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)

Borrador aprobado por la Junta Directiva del TDHCA de la sección [§] 1.16 [“Requisitos de ética y divulgación para proveedores de servicios y asesores financieros externos”]

### **Descargo de responsabilidad**

Se adjunta una acción reglamentaria propuesta respecto a la sección [§] 1.16 [“Requisitos de ética y divulgación para proveedores de servicios y asesores financieros externos”] del subcapítulo A [“Políticas y procedimientos generales”] del capítulo 1 [“Administración”] del título 10 del Código Administrativo de Texas (TAC). Esta acción recibió aprobación por parte de la Junta Directiva del Departamento de Vivienda y Asuntos Comunitarios de Texas (TDHCA) el 5 de febrero de 2026. Espera que esta acción reglamentaria, incluyendo su preámbulo, se publique en la edición del *Texas Register* del 20 de febrero de 2026. Esa versión publicada constituirá la versión oficial para fines de comentarios del público y se puede encontrar en el siguiente enlace: <https://www.sos.texas.gov/texreg/index.shtml>.

De conformidad con la sección [§] 2001.023 del Código de Gobierno de Texas, se incluye a continuación un resumen de la regla propuesta:

El Departamento modificó por última vez la sección [§] 1.16 [“Requisitos de ética y divulgación para proveedores de servicios y asesores financieros externos”] del título 10 del Código Administrativo de Texas (TAC) en 2022. Por lo tanto, en virtud de la sección [§] 2001.039 del Código de Gobierno de Texas, que exige que las agencias estatales revisen una regla cada cuatro años para evaluar si continúan existiendo las razones para adoptar inicialmente la regla, la evaluación de esta regla está prevista para el año 2026. El personal ha determinado que sigue siendo necesario que esta regla exista. El personal también ha identificado modificaciones que son necesarias para que la regla acate en mejor medida los capítulos 2263, 2270 y 2252 del Código del Gobierno de Texas en lo que se refiere a la conducta aplicable a asesores financieros o proveedores de servicios y con la excepción prevista en la sección [§] 2270.0002 del Código del Gobierno de Texas, que entró en vigor en septiembre de 2025.

### **Comentarios del público**

#### **Periodo de comentarios del público:**

Inicio: 8:00 a. m., hora local de Austin, del 20 de febrero de 2026

Finalización: 5:00 p. m., hora local de Austin, del 22 de marzo de

2026

No se aceptarán los comentarios que se reciban después de las 5:00 p. m., hora local de Austin, del 22 de marzo de 2026. Los comentarios por escrito pueden enviarse de manera electrónica dentro del período designado de comentarios del público a [brooke.boston@tdhca.state.tx.us](mailto:brooke.boston@tdhca.state.tx.us).

Se anima a quienes formulen comentarios públicos a que hagan referencia al borrador de la regla, política o plan específico relacionado con su comentario, así como una referencia o cita específica asociada a cada comentario. Tenga en cuenta que todos los comentarios enviados al TDHCA se considerarán información pública.

**DEPARTAMENTO DE VIVIENDA Y ASUNTOS COMUNITARIOS DE TEXAS**

Dirección física: 221 East 11<sup>th</sup> Street, Austin, TX 78701

Dirección de correspondencia: P.O. Box 13941, Austin, TX 78711-3941

Número principal: 512-475-3800 Número gratuito: 1-800-525-0657

Correo electrónico: [info@tdhca.state.tx.us](mailto:info@tdhca.state.tx.us) Sitio web: [www.tdhca.state.tx.us](http://www.tdhca.state.tx.us)

**Attachment 1: Preamble, including required analysis, for the proposed amendment of 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.16, Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers**

The Texas Department of Housing and Community Affairs (the Department) proposes the amendment of 10 TAC Chapter 1, Administration, Subchapter A, General Policies and Procedures, §1.16, Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers. The rule is required to comply with Tex. Gov't Code Chapters 2263, 2270, and 2252 as it relates to the conduct applicable to financial advisors or service providers. The purpose of the amendment is to bring the rule into greater alignment with these Chapters and refer to the Comptroller's Texas Procurement and Contract Management Guide, Appendix 24.

Tex. Gov't Code §2001.0045(b) does not apply to the rule proposed for action because it was determined that no costs are associated with this action, and therefore no costs warrant being offset.

The Department has analyzed this rulemaking and the analysis is described below for each category of analysis performed.

a. GOVERNMENT GROWTH IMPACT STATEMENT REQUIRED BY TEX. GOV'T CODE §2001.0221.

Mr. Bobby Wilkinson has determined that, for the first five years the amended section would be in effect:

1. The amended section does not create or eliminate a government program but relates to the conduct applicable to financial advisors or service providers.
2. The amended section does not require a change in work that would require the creation of new employee positions, nor are the rule changes significant enough to reduce work load to a degree that eliminates any existing employee positions.
3. The amended section does not require additional future legislative appropriations.
4. The amended section will not result in an increase in fees paid to the Department, nor in a decrease in fees paid to the Department.
5. The amended section does not create a new regulation.
6. The amended section will not expand nor contract an existing regulation.
7. The amended section will not increase or decrease the number of individuals subject to the rule's applicability.
8. The amended section will not negatively or positively affect the state's economy.

b. ADVERSE ECONOMIC IMPACT ON SMALL OR MICRO-BUSINESSES OR RURAL COMMUNITIES AND REGULATORY FLEXIBILITY REQUIRED BY TEX. GOV'T CODE §2006.002.

The Department has evaluated the amended section and determined that the action will not create an economic effect on small or micro-businesses or rural communities.

c. TAKINGS IMPACT ASSESSMENT REQUIRED BY TEX. GOV'T CODE §2007.043. The amended section does not contemplate or authorize a taking by the Department; therefore, no Takings Impact Assessment is required.

d. LOCAL EMPLOYMENT IMPACT STATEMENTS REQUIRED BY TEX. GOV'T CODE §2001.024(a)(6).

The Department has evaluated the amended section as to its possible effect on local economies and has determined that for the first five years the rule would be in effect there would be no economic effect on

local employment; therefore, no local employment impact statement is required to be prepared for the rule.

e. PUBLIC BENEFIT/COST NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(5). Mr. Wilkinson has determined that, for each year of the first five years the amended section is in effect, the public benefit anticipated as a result of the amended section would be an updated and more compliant rule. There will not be economic costs to individuals required to comply with the amended section.

f. FISCAL NOTE REQUIRED BY TEX. GOV'T CODE §2001.024(a)(4). Mr. Wilkinson also has determined that for each year of the first five years the amended section is in effect, enforcing or administering the rule does not have any foreseeable implications related to costs or revenues of the state or local governments.

REQUEST FOR PUBLIC COMMENT AND INFORMATION RELATED TO COST, BENEFIT OR EFFECT. The Department requests comments on the rule and also requests information related to the cost, benefit, or effect of the proposed rule, including any applicable data, research, or analysis from any person required to comply with the proposed rule or any other interested person. The public comment period will be held February 20, 2026, to March 22, 2026, to receive input on the newly proposed rule. Written comments may be submitted to the Texas Department of Housing and Community Affairs, Attn: Brooke Boston at [brooke.boston@tdhca.texas.gov](mailto:brooke.boston@tdhca.texas.gov). ALL COMMENTS MUST BE RECEIVED BY 5:00 p.m., Austin (Central) local time, MARCH 22, 2026.

STATUTORY AUTHORITY. The proposed amended section is made pursuant to Tex. Gov't Code §2306.053, which authorizes the Department to adopt rules. Except as described herein the proposed new section affects no other code, article, or statute.

## §1.16. Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers

(a) Purpose. The purpose of this section is to establish standards of conduct applicable to financial advisors or service providers in accordance with Tex. Gov't Code Chapters 2263, 2270, and 2252.

(b) Definitions. The following words and terms, when used in this section, shall have the following meanings, unless the context clearly indicates otherwise.

(1) Department--The Texas Department of Housing and Community Affairs, (the "Department").

(2) Board--The Governing Board of the Department.

(3) Financial advisor or service provider--A person or business entity who acts as a financial advisor, financial consultant, money or investment manager, or broker who:

(A) may reasonably be expected to receive, directly or indirectly, more than \$10,000 in compensation from the Department during a fiscal year; or

(B) renders important investment or funds management advice to the Department or a member of the Board.

(c) Financial advisors and service providers will be contracted under, and required to comply with, all applicable provisions, disclosures and verifications as set out in the current version of the Texas Procurement and Contract Management Guide, Appendix 24. These provisions include, but are not limited to: verification regarding not boycotting energy companies or Israel, not engaging in business with Iran, Sudan, or foreign terrorist organizations, and not discriminating against firearm entities or trade associations, unless a statutory exception applies.

(e) Exemption from Disclosure of Interested Parties. Financial advisors and service providers are required to comply with the requirements of Tex. Gov't Code Chapter 2252. Financial advisors and service providers that make a representation that their firm (including any wholly owned subsidiary, majority-owned subsidiary, parent company, or affiliate) is a publicly traded business entity are exempt from Tex. Gov't Code §2252.908.

(f) Disclosures and Statement.

(1) A financial advisor or service provider shall disclose in writing to the Executive Director of the Department and to the state auditor:

(A) any relationship the financial advisor or service provider has with any party to a transaction with the Department, other than a relationship necessary to the investment or funds management services that the financial advisor or service provider performs for the Department, if a reasonable person could expect the relationship to diminish the financial advisor's or service provider's independence of judgment in the performance of the person's responsibilities to the Department; and

(B) all direct or indirect pecuniary interests the financial advisor or service provider has in any party to a transaction with the Department, if the transaction is connected with any financial advice or service the

financial advisor or service provider provides to the Department or to a member of the Board in connection with the management or investment of state funds.

(2) The financial advisor or service provider shall disclose a relationship described by this subsection without regard to whether the relationship is a direct, indirect, personal, private, commercial, or business relationship.

(3) A financial advisor or service provider shall file annually a statement with the Executive Director of the Department and with the state auditor. The statement must disclose each relationship and pecuniary interest described by this subsection, or if no relationship or pecuniary interest described by that subsection existed during the disclosure period, the statement must affirmatively state that fact.

(4) The annual statement must be filed not later than April 15 in the following form. The statement must cover the reporting period of the previous calendar year.

[Attached Graphic](#)

(5) The financial advisor or service provider shall promptly file a new or amended statement with the Executive Director of the Department and with the state auditor whenever there is new information to report under this subsection.

(6) A contract under which a financial advisor or service provider renders financial services or advice to the Department or a member of the Board is voidable by the Department if the financial advisor or service provider violates a standard of conduct adopted under this section.