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Wall Street Banks Cleared by Texas AG After Leaving NZBA.

- **Ken Paxton has dropped long-time review of several lenders**
- **Decision follows banks' exit from Net-Zero Banking Alliance**

Texas Attorney General Ken Paxton dropped his threat to cut off big US banks from municipal-bond deals after a slew of Wall Street firms exited a controversial climate-finance alliance.

In 2023, his office announced that it was reviewing the policies of finance companies that were members of the Net-Zero Banking Alliance, which he has repeatedly criticized. That stemmed from Texas legislation that sought to punish financial firms for engaging in what it viewed as a "boycott" of the oil and gas industries. In recent weeks, JPMorgan Chase & Co., Bank of America Corp., Morgan Stanley and Wells Fargo & Co. have said they're quitting the alliance.

Paxton's office said late Tuesday that its reviews of Wells Fargo, Bank of America, Morgan Stanley, and JPMorgan will be closed. Those firms are major underwriters of state and local debt in Texas, one of the biggest markets for muni deals. The Texas attorney general's office approves most public bond offerings before they're able to close, giving Paxton influence over which banks can participate in such transactions.

Still, the attorney general's office said in a different notice that Bank of America and JPMorgan are still under review over their firearm policies. A separate GOP law restricts government work with companies that "discriminate" against firearm entities.

Lauren Bianchi, a spokesperson for JPMorgan, said in a statement that the firm is proud of its role supporting the state's energy sector and economy. "We look forward to continuing to help drive growth and prosperity in the state," the statement said.

Representatives for Wells Fargo, Bank of America and Morgan Stanley declined to comment.

In a statement, Paxton's office said the alliance pushes members to advance "destructive climate goals regardless of their obligations to consumers and investors."

"The NZBA seeks to undermine our vital oil and gas industries, and membership could potentially prevent banks from being able to enter into contracts with Texas governmental entities," Paxton said.

Separately, a group of state attorneys general, led by Paxton, sued BlackRock Inc., Vanguard Group Inc. and State Street Corp. in November for allegedly breaking antitrust laws by boosting electricity prices through their investment policies.

After the suit was filed, BlackRock said the notion that it would invest "money in companies with the goal of harming those companies is baseless and defies common sense."

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