

NR 99-100  
FOR IMMEDIATE RELEASE  
Contact: Robert M. Garsson  
November 3, 1999  
202-874-5770

OCC Permits National Bank of Commerce Operating Subsidiary  
To Underwrite and Deal in Corporate Bonds and other Debt  
Securities

WASHINGTON -- The Office of the Comptroller of the Currency today approved an application permitting National Bank of Commerce, Memphis, to expand the activities of its operating subsidiary, NBC Capital Markets Group, Inc., to include corporate bonds and other debt securities.

Under the OCC approval, the operating subsidiary may underwrite and deal in corporate bonds; deal in and privately place trust preferred securities; and buy and sell collateralized mortgage obligations.

While the approval was granted under the special operating subsidiary provisions of Part 5 of the OCC's regulations, it is consistent with the standards for newly authorized financial subsidiaries set out in the pending Gramm-Leach-Bliley financial modernization legislation. The financial subsidiary authority will supersede the special operating subsidiary authority once the new legislation is effective.

"This approval illustrates the tangible benefits that will flow from financial modernization," said Comptroller of the Currency John D. Hawke, Jr. "As banks expand into the securities business, they will increase competition for underwriting services, thereby lowering borrowing costs and underwriting fees for corporate customers."

In addition, Mr. Hawke said, the pending financial modernization legislation will increase funding options for smaller businesses that currently have limited access to the capital markets

due to high underwriting costs and the lack of investment banker interest in small distributions.

"Investors, particularly smaller institutional investors, will benefit as well, by increasing their investment opportunities in the primary corporate bond market," the Comptroller added.

NBC Capital Markets is a registered broker-dealer currently engaged in a variety of securities activities. The unit currently underwrites and deals in U.S. government, agency and municipal securities, and engages in securities brokerage activities.

In addition, the OCC last year authorized the subsidiary to underwrite and deal in municipal revenue bonds, to a limited

extent. The OCC determined that underwriting and dealing in municipal revenue bonds is part of the business of banking and is permitted for national bank operating subsidiaries under the Glass-Steagall Act.

In its consideration of the application, the OCC determined that the proposed activities were consistent with banking law and would enhance the safety and soundness of the bank. National banks have long-standing experience underwriting and dealing in debt securities, such as general obligation bonds, and have demonstrated the ability to perform comparable functions.

The securities activities, including the underwriting and dealing activities, of the National Bank of Commerce subsidiary will be subject to full functional regulation by the Securities and Exchange Commission and the National Association of Securities Dealers.

# # #

The OCC charters, regulates and examines approximately 2,400 national banks and 59 federal branches of foreign banks in the U.S., accounting for more than 58 percent of the nation's banking assets. Its mission is to ensure a safe and sound and competitive national banking system that supports the citizens, communities and economy of the United States.

Related Link:

[Conditional Approval #331](#)