



NEWS RELEASE

Comptroller of the Currency
Administrator of National Banks

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Contact: Robert M. Garsson
(202) 874-5770

Comptroller Hawke Tells Congress that New Capital Proposal Would Permit Continued Investment in Small Business

WASHINGTON -- Comptroller of the Currency John D. Hawke, Jr. told a Congressional panel today that a revised capital proposal for merchant banking investment activities would permit continued investment in small business while preserving bank safety and soundness.

“The OCC’s primary objective in the development of regulatory capital rules for merchant banking activities was to protect the existing capital and regulatory infrastructure surrounding SBICs, which reflect the long-standing Congressional preference for these entities,” Mr. Hawke said in a hearing conducted by two subcommittees of the House Committee on Financial Services.

The Comptroller also noted that the financial modernization law limited new merchant banking activities to holding company subsidiaries for the first five years after enactment. “The OCC believes that the elimination of the disparate treatment for banks and bank holding companies in this area is appropriate no later than the end of the GLBA-imposed moratorium,” he said.

Mr. Hawke said that permitting banks to provide expanded venture capital financing to customers, within prudent limits, would serve to lessen the concentration of bank earnings in traditional loan income. Prudent bank supervision, he said, emphasizes the need to diversify the revenue streams of banks, so as to reduce the heavy dependence of banks on net interest margins.

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The OCC charters, regulates and examines approximately 2,200 national banks and 56 federal branches of foreign banks in the U.S., accounting for more than 55 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.

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