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OCC Proposes Streamlined Approach for National Banks
To Engage in New Activities through Financial Subsidiaries

WASHINGTON, D.C. -- The Office of the Comptroller of the Currency will publish in tomorrow's Federal Register a proposed rule implementing the financial subsidiary provisions of the Gramm-Leach-Bliley Act (GLBA).

"We are proposing a streamlined approach for national banks that undertake new activities in a financial subsidiary," said Comptroller of the Currency John D. Hawke, Jr.

"We intend to have a final rule in place as soon as the new law becomes effective," the Comptroller added. The effective date of the financial subsidiary provisions of the GLBA is March 11, 2000.

Under the Gramm-Leach-Bliley Act, national banks are permitted to own a new type of entity -- a financial subsidiary -- that may engage in a variety of expanded financial activities, including securities underwriting, that are not permissible for the parent bank.

The OCC's proposed rule would establish an expedited filing process for national banks that seek to acquire a financial subsidiary or engage in expanded activities through one. The rule would give national banks two options.

Under the first option, a national bank could certify in advance that both it and its depository institution affiliates are well capitalized and managed. Thereafter, the bank would file a notice with the OCC when it acquires a financial subsidiary, or begins a type of expanded financial activity permitted in a financial subsidiary. The notice would describe the activities of the financial subsidiary, assert that the bank's certification remains valid and that the conditions set forth in the Gramm-Leach-Bliley Act for a financial subsidiary are met.

The second option would permit national banks to file a combined certification and notice for a financial subsidiary at the same time, at least five days prior to acquiring a financial subsidiary or beginning an expanded financial activity in a financial subsidiary. The information required would be the same as under the first option.
The OCC charters, regulates and examines approximately 2,400 national banks and 59 federal branches and agencies of foreign banks in the United States, accounting for 59 percent of the nation's banking assets. Its mission is to ensure a safe, sound and competitive national banking system that supports the citizens, communities and economy of the United States.