FOR IMMEDIATE RELEASE
January 09, 2003

Contact: Dean DeBuck
(202) 874-5770

OCC Proposed Rule Encourages Public Welfare Investments by National Banks

WASHINGTON – The OCC proposes to amend its regulation governing national bank investments that are designed primarily to promote the public welfare. National banks and their community partners committed $995 million to public welfare investments in 2001. In order to encourage additional public welfare investments by national banks, the proposal simplifies the regulation and reduces unnecessary burden associated with these investments.

The proposal streamlines the OCC’s processes for notification and prior approval of the investments. Under the proposal, an eligible national bank may make a public welfare investment without prior notification if the bank submits an after-the-fact notice to the OCC that simply describes the investment, the amount of the investment, and the percentage of the bank’s capital and surplus represented by the bank’s total public welfare investments. A bank that is not eligible for after-the-fact notice procedures may make a public welfare investment after submitting an application that contains the same information and obtaining the OCC’s prior approval.

The proposal also eliminates the requirement that a bank demonstrate specific types of community support for the investment. This requirement is not mandated by statute or comparable rules, and the OCC’s experience in implementing the regulation suggests that the majority of community development investments include various forms of community support or participation.

The proposed rule updates the definition section of the regulation to reflect the additional types of public welfare investment structures that have become more common in recent years and that are permissible under the governing statute. The proposal also provides an extensive list of additional examples of eligible public welfare investments, organized by type of activity for ease of reference.

The OCC invites public comment on the proposal after publication in tomorrow’s Federal Register. The comment period closes on March 11.

# # #

The OCC charters, regulates and examines approximately 2,100 national banks and 52 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.