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Comptroller of the Currency  
Administrator of National Banks

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Washington, DC 20219

August 15, 2001

**Interpretive Letter #915**  
**September 2001**  
**12 USC 24(7)**

Dear [ ]:

You inquired whether national banks may underwrite and deal in municipal revenue bonds issued by or on behalf of Puerto Rico. Section 151 of the Gramm Leach Bliley Act of 1999 (“section 151”) amended Section 24(Seventh) to provide that well-capitalized national banks may underwrite and deal in revenue bonds “issued by or on behalf of any State.” Under Section 24(Seventh), the term “state” includes Puerto Rico for purposes of these provisions. Thus, well-capitalized national banks may underwrite Puerto Rican municipal revenue bonds

**I. Discussion**

Section 24(Seventh), as amended by section 151,<sup>1</sup> permits well-capitalized national banks to underwrite and deal in municipal revenue bonds of “states” and “political subdivisions” of states. The term “states” in Section 24(Seventh) includes Puerto Rico. Section 5 of Public Law 93-100, enacted in 1973, permits national banks to own stock issued by any State housing corporation.<sup>2</sup> Section 5 amended several statutes, including Section 24(Seventh). Section 5 provides that

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<sup>1</sup> Section 151 provides:

. . . . [T]he limitations and restrictions contained in this paragraph as to dealing in, underwriting, and purchasing investment securities for the national bank's own account shall not apply to obligations . . . . issued by or on behalf of any State or political subdivision of a State, including any municipal corporate instrumentality of 1 or more States, or any public agency or authority of any State or political subdivision of a State, if the national bank is well capitalized (as defined in section 38 of the Federal Deposit Insurance Act).

<sup>2</sup> Pub. L. 93-100 § 5(c), 87 Stat. 344 (Aug. 16, 1973).

[f]or purposes of this section *and any Act amended by this section*. . . . the term ‘State’ means any State, the District of Columbia, the Commonwealth of Puerto Rico, and the Virgin Islands.”<sup>3</sup>

Since Section 5 amends Section 24(Seventh), the term “state” in Section 24(Seventh) includes Puerto Rico.<sup>4</sup>

## **II. Conclusion**

Under Section 24(Seventh), well-capitalized national banks may underwrite and deal in revenue bonds issued by Puerto Rico.

Sincerely,

**-signed-**

Nancy Worth  
Senior Attorney  
Securities and Corporate Practices Division

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<sup>3</sup> Emphasis added. This provision in Section 5 of Pub. L. 93-100 is codified as 12 U.S.C. § 1470.

<sup>4</sup> Congress has authority to enact and amend statutes in ways that change the scope or effect of an existing statute. *See* 1A Sutherland Stat. Const. § 22.01 (5<sup>th</sup>ed.)(Clark Boardman Callaghan 1995).