

§ 686. Aggregate limitations on amount of assistance to any single enterprise

(a) Percentage limitation on private capital

If any small business investment company has obtained financing from the Administrator and such financing remains outstanding, the aggregate amount of securities acquired and for which commitments may be issued by such company under the provisions of this subchapter for any single enterprise shall not, without the approval of the Administrator, exceed 10 percent of the sum of—

- (1) the private capital of such company; and
- (2) the total amount of leverage projected by the company in the company's business plan that was approved by the Administrator at the time of the grant of the company's license.

(b) Repealed. Pub. L. 92-595, § 2(f), Oct. 27, 1972, 86 Stat. 1316

(c) Application of provisions to commitments incurred prior to effective date of section

With respect to obligations or securities acquired prior to the effective date of the Small Business Investment Act Amendments of 1967, and with respect to legally binding commitments issued prior to such date, the provisions of this section as in effect immediately prior to such effective date shall continue to apply.

(Pub. L. 85-699, title III, §306, Aug. 21, 1958, 72 Stat. 694; Pub. L. 87-341, §7(a), Oct. 3, 1961, 75 Stat. 753; Pub. L. 88-273, §4, Feb. 28, 1964, 78 Stat. 146; Pub. L. 90-104, title II, §207, Oct. 11, 1967, 81 Stat. 271; Pub. L. 92-595, §2(f), Oct. 27, 1972, 86 Stat. 1316; Pub. L. 102-366, title IV, §408(a), Sept. 4, 1992, 106 Stat. 1016; Pub. L. 111-5, div. A, title V, §505(b), Feb. 17, 2009, 123 Stat. 156.)

REFERENCES IN TEXT

For effective date of the Small Business Investment Act Amendments of 1967, referred to in subsec. (c), see Effective Date of 1967 Amendment note set out under section 681 of this title.

AMENDMENTS

2009—Subsec. (a). Pub. L. 111-5 amended subsec. (a) generally. Prior to amendment, text read as follows: "If any small business investment company has obtained financing from the Administration and such financing remains outstanding, the aggregate amount of obligations and securities acquired and for which commitments may be issued by such company under the provisions of this subchapter for any single enterprise shall not exceed 20 per centum of the private capital of such company, without the approval of the Administration."

1992—Subsec. (a). Pub. L. 102-366 amended subsec. (a) generally. Prior to amendment, subsec. (a) read as follows: "Without the approval of the Administration, the aggregate amount of obligations and securities acquired and for which commitments may be issued by any small business investment company under the provisions of this chapter for any single enterprise shall not exceed 20 percent of the combined private paid-in capital and paid-in surplus of such company."

1972—Subsec. (a). Pub. L. 92-595, §2(f)(1), substituted "combined private paid-in capital" for "combined paid-in capital".

Subsec. (b). Pub. L. 92-595, §2(f)(2), repealed subsec. (b) which enumerated the items making up the combined paid-in capital and paid-in surplus of companies licensed prior to January 1, 1968.

1967—Subsec. (a). Pub. L. 90-104 substituted "paid-in capital and paid-in surplus of such company" for "cap-

ital and surplus of such small business investment company authorized by this chapter".

Subsecs. (b), (c). Pub. L. 90-104 added subsecs. (b) and (c).

1964—Pub. L. 88-273 struck out the \$500,000 limitation on amount of assistance to any single enterprise.

1961—Pub. L. 87-341 inserted "or (2) \$500,000, whichever is the lesser".

EFFECTIVE DATE OF 1967 AMENDMENT

Amendment by Pub. L. 90-104 effective Jan. 1, 1968, see section 211 of Pub. L. 90-104, set out as a note under section 681 of this title.

EFFECTIVE DATE OF 1961 AMENDMENT

Pub. L. 87-341, §7(b), Oct. 3, 1961, 75 Stat. 753, provided that: "The amendment made by subsection (a) [amending this section] shall apply only with respect to obligations and securities acquired by a small business investment company on or after the date of the enactment of this Act [Oct. 3, 1961]; except that such amendment shall not apply with respect to any obligations or securities so acquired pursuant to a commitment issued before such date."

EFFECT OF SMALL BUSINESS EQUITY ENHANCEMENT ACT OF 1992 ON SECURITIES LAWS

Nothing in amendment by Pub. L. 102-366 to be construed to affect applicability of securities laws or to otherwise supersede or limit jurisdiction of Securities and Exchange Commission, see section 418 of Pub. L. 102-366, set out as a note under section 661 of this title.

§ 687. Operation and regulation of companies

(a) Cooperation with banks and other financial institutions

Wherever practicable the operations of a small business investment company, including the generation of business, may be undertaken in cooperation with banks or other investors or lenders, incorporated or unincorporated, and any servicing or initial investigation required for loans or acquisitions of securities by the company under the provisions of this chapter may be handled through such banks or other investors or lenders on a fee basis. Any small business investment company may receive fees for services rendered to such banks and other investors and lenders.

(b) Use of advisory services; depository or fiscal agents; investment of funds

Each small business investment company may make use, wherever practicable, of the advisory services of the Federal Reserve System and of the Department of Commerce which are available for and useful to industrial and commercial businesses, and may provide consulting and advisory services on a fee basis and have on its staff persons competent to provide such services. Any Federal Reserve bank is authorized to act as a depository or fiscal agent for any company operating under provisions of this chapter. Any such company that is licensed before October 1, 2004 and has outstanding financings is authorized to invest funds not needed for its operations—

(1) in direct obligations of, or obligations guaranteed as to principal and interest by, the United States;

(2) in certificates of deposit or other accounts of federally insured banks or other federally insured depository institutions, if the certificates or other accounts mature or are