

Beyond FinTech: The OCC's Special Purpose National Bank Charter

December 9, 2016 | Client Update

The OCC's proposed framework for granting special purpose national bank charters could hold significant promise by providing the benefits of federal preemption and a stable regulatory structure for those business models that are willing to accept the regulatory and supervisory burdens of the national bank charter. It is a very important and innovative step and, notably, is also broader than expected. The special purpose charter has potential applicability for not only what are commonly referred to as FinTech companies, but also other companies that engage in payment services, lending or other bank-like activities. It is thus important to read the proposal in light of its potential application to a broad range of business models.

The path forward for those considering a special purpose charter is also marked by uncertainty and potential regulatory pitfalls, which require careful consideration. For many business models or early stage companies, the regulatory and supervisory burdens of the special purpose charter may outweigh its benefits. This memorandum provides an overview of the key takeaways from the OCC's proposal and how a special purpose charter might, or might not, work for different business models. It is also available on [BeyondSandbox](#), a cross-disciplinary Davis Polk blog and resources website exploring the crossroads of financial regulation and technology.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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