

“(i) UNIFORM APPLICABILITY.—Any regulation issued by the Administration to implement section 303(e) of the Small Business Investment Act of 1958 [15 U.S.C. 683(e)] that applies to any licensee with outstanding leverage obtained before the effective date of that regulation, shall apply uniformly to all licensees with outstanding leverage obtained before that effective date.

“(ii) DEFINITIONS.—For purposes of this subparagraph, the terms ‘Administration’, ‘leverage’ and ‘licensee’ have the same meanings as in section 103 of the Small Business Investment Act of 1958 [15 U.S.C. 662].”

**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.

**§ 684. Equity capital for small-business concerns**

**(a) Function of investment companies**

It shall be a function of each small business investment company to provide a source of equity capital for incorporated and unincorporated small-business concerns, in such manner and under such terms as the small business investment company may fix in accordance with the regulations of the Administration.

**(b) Conditions**

Before any capital is provided to a small-business concern under this section—

(1) the company may require such concern to refinance any or all of its outstanding indebtedness so that the company is the only holder of any evidence of indebtedness of such concern; and

(2) except as provided in regulations issued by the Administration, such concern shall agree that it will not thereafter incur any indebtedness without first securing the approval of the company and giving the company the first opportunity to finance such indebtedness.

**(c) Repealed. Pub. L. 90-104, title II, § 206, Oct. 11, 1967, 81 Stat. 271**

**(d) Direct or cooperative provision of capital**

Equity capital provided to incorporated small business concerns under this section may be provided directly or in cooperation with other investors, incorporated or unincorporated, through agreements to participate on an immediate basis.

(Pub. L. 85-699, title III, §304, Aug. 21, 1958, 72 Stat. 693; Pub. L. 86-502, §6, June 11, 1960, 74 Stat. 196; Pub. L. 87-341, §5, Oct. 3, 1961, 75 Stat. 752; Pub. L. 90-104, title II, §206, Oct. 11, 1967, 81 Stat. 271; Pub. L. 92-595, §2(e), Oct. 27, 1972, 86 Stat. 1316.)

**Editorial Notes**

AMENDMENTS

1972—Subsec. (a). Pub. L. 92-595 extended the function of small business investment companies to provide a source of equity capital to unincorporated business concerns.

1967—Subsec. (c). Pub. L. 90-104 repealed subsec. (c) which authorized purchase of stock of investment companies by small-business concerns in an amount equal to 5 per centum of capital provided.

1961—Subsec. (d). Pub. L. 87-341 added subsec. (d).

1960—Subsec. (a). Pub. L. 86-502 struck out “primary” before “function”, and substituted “a source of equity capital for incorporated small-business concerns, in such manner and under such terms as the small business investment company may fix in accordance with the regulations of the Administration” for “a source of needed equity capital for small-business concerns in the manner and subject to the conditions described in this section”.

Subsec. (b). Pub. L. 86-502 redesignated subsec. (c) as (b), and repealed former subsec. (b) which required capital to be secured only through the purchase of debenture bonds.

Subsecs. (c), (d). Pub. L. 86-502 redesignated subsec. (d) as (c), and substituted “such concern shall have the right, exercisable in whole or in such part as such concern may elect, to become a stockholder-proprietor by investing in the capital stock of the company 5 per centum” for “such concern shall be required to become a stockholder-proprietor of the company by investing in the capital stock of the company, in an amount equal to not less than 2 percent nor more than 5 percent”. Former subsec. (c) redesignated (b).

**Statutory Notes and Related Subsidiaries**

EFFECTIVE DATE OF 1967 AMENDMENT

Amendment by Pub. L. 90-104 effective 90 days after Oct. 11, 1967, see section 211 of Pub. L. 90-104, set out as a note under section 681 of this title.

**§ 685. Long-term loans to small-business concerns**

**(a) Authorization**

Each company is authorized to make loans, in the manner and subject to the conditions described in this section, to incorporated and unincorporated small-business concerns in order to provide such concerns with funds needed for sound financing, growth, modernization, and expansion.

**(b) Direct loans; loans on participation basis**

Loans made under this section may be made directly or in cooperation with other lenders, incorporated or unincorporated, through agreements to participate on an immediate or deferred basis.

**(c) Maximum rate of interest**

The maximum rate of interest for the company’s share of any loan made under this section shall be determined by the Administration: *Provided*, That the Administration also shall permit those companies which have issued debentures pursuant to this chapter to charge a maximum rate of interest based upon the coupon rate of interest on the outstanding debentures, determined on an annual basis, plus such other expenses of the company as may be approved by the Administration.

**(d) Maturity**

Any loan made under this section shall have a maturity not exceeding twenty years.

**(e) Soundness of loan; security**

Any loan made under this section shall be of such sound value, or so secured, as reasonably to assure repayment.

**(f) Extension or renewal**

Any company which has made a loan to a small-business concern under this section is authorized to extend the maturity of or renew such loan for additional periods, not exceeding ten