# Press Release

FEDERAL RESERVE press release

Release Date: July 7, 2016

## For release at 2:30 p.m. EDT

Formalizing its prior commitment to facilitate the orderly implementation of section 619 of the Dodd-Frank Act, commonly known as the Volcker Rule, the Federal Reserve Board on Thursday announced that it will extend until July 21, 2017 the conformance period for banking entities to divest ownership in certain legacy investment funds and terminate relationships with funds that are prohibited under the rule. The Board announced in December 2014 that it would make this extension to provide for orderly divestitures and to prevent market disruptions. This is the final of the three one-year extensions that the Board is authorized to grant.

Section 619 generally prohibits insured depository institutions and any company affiliated with an insured depository institution from engaging in proprietary trading and from acquiring or retaining ownership interests in, sponsoring, or having certain relationships with a hedge fund or private equity fund. These prohibitions are subject to a number of statutory exemptions, restrictions, and definitions. The rules to implement section 619 were jointly finalized by the Board, the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC), the Securities and Exchange Commission (SEC), and the Commodity Futures Trading Commission (CFTC) in December 2013.

This extension would permit banking entities additional time to divest or conform only "legacy covered fund" investments, such as prohibited investments in hedge funds and private equity funds that were made prior to December 31, 2013. This extension does not apply to investments in and relationships with a covered fund made after December 31, 2013 or to proprietary trading activities; banking entities were required to conform those activities to the final rule by July 21, 2015.

The Board consulted with staffs of the other agencies charged with enforcing the requirements of section 619, including the OCC, the FDIC, the SEC, and the CFTC. The agencies plan to administer their oversight of banking entities under their respective jurisdictions in accordance with the Board's conformance rule and this extension of the conformance period.

Additionally, upon the application of a banking entity, the Board is permitted under section 619 to provide up to an additional five years to conform investments in certain illiquid funds, where the banking entity had a contractual commitment to invest in the fund as of May 1, 2010. The Board expects to provide more information in the near term as to how it will address such applications.

For media inquiries, call 202-452-2955.

Attachment (27 KB PDF)

Board Votes
2016 Banking and Consumer Regulatory Policy