

## Board of Governors of the Federal Reserve System

<a href="#">About the Fed</a>	<a href="#">News &amp; Events</a>	<a href="#">Monetary Policy</a>	<a href="#">Banking Information &amp; Regulation</a>	<a href="#">Payment Systems</a>	<a href="#">Economic Research &amp; Data</a>	<a href="#">Consumer Information</a>	<a href="#">Community Development</a>	<a href="#">Reporting Forms</a>	<a href="#">Publications</a>
-------------------------------	-----------------------------------	---------------------------------	--	---------------------------------	--	--------------------------------------	---------------------------------------	---------------------------------	------------------------------

[+ Testimony and Speeches](#)[+ Press Releases](#)[■ Regulatory Reform](#)[■ Conferences](#)[■ Other Public Communication](#)[Home](#) > [New s & Events](#) > [2014 Banking and Consumer Regulatory Policy](#)

## Press Release

*Release Date: December 18, 2014***For release at 3:00 p.m. EST**

The Federal Reserve Board announced on Thursday that it has acted under section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, commonly known as the Volcker Rule, to give banking entities until July 21, 2016, to conform investments in and relationships with covered funds and foreign funds that were in place prior to December 31, 2013 ("legacy covered funds"). The Board also announced its intention to act next year to grant banking entities an additional one-year extension of the conformance period until July 21, 2017, to conform ownership interests in and relationships with legacy covered funds.

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 adopt section 619 were implemented by the Board, the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Securities and Exchange Commission, and the Commodity Futures Trading Commission in December 2013.

Section 619 of the Dodd-Frank Act provided banking entities a grace period until July 21, 2014 to conform to its requirements. Section 619 also authorizes the Board to extend the conformance period for one year at a time, and not more than three additional years in total. The Board previously extended the conformance period to July 21, 2015, when the agencies adopted rules to implement section 619. The Board also previously issued a statement in April 2014 indicating that it intended to grant two additional one-year extensions of the conformance period for banking entities to conform ownership interests in and sponsorship activities of collateralized loan obligations ("CLOs") that are backed in part by non-loan assets and that were in place as of December 31, 2013. Today's action is consistent with the Board's previous announcement regarding CLOs and extends the conformance period for other types of legacy covered funds.

This extension would permit banking entities additional time to divest or conform only legacy covered fund investments. All investments and relationships in a covered fund made after December 31, 2013, must be in conformance with section 619 of the Dodd-Frank Act and implementing rule by July 21, 2015. This extension would not apply to proprietary trading activities, and banking entities must conform proprietary trading activities to the final rule by July 21, 2015.

The Federal Reserve Board consulted with staffs of the other agencies charged with enforcing the requirements of section 619, including the Office of the Comptroller of the Currency, the Federal Deposit Insurance Corporation, the Securities and Exchange Commission, and the Commodity Futures Trading Commission, and 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.

For media inquiries, call 202-452-2955.

[Attachment \(40 KB PDF\)](#)

[Board Votes](#)

[2014 Banking and Consumer Regulatory Policy](#)

**Last update: December 18, 2014**

[Home](#) | [News & Events](#)

[Accessibility](#) [Contact Us](#) [Disclaimer](#) [Website Policies](#) [FOIA](#)

PDF Reader