Statement on Amendments to the Volcker Rule

Chairman Jay Clayton

Sept. 18, 2019

Today, the Commission joined the OCC, FDIC and CFTC in adopting amendments to the rules under section 13 of the Bank Holding Company Act, commonly known as the "Volcker Rule."[1] The Volcker Rule is an important prudential component of the Dodd-Frank Act. It is intended to restrict high-risk, speculative trading activity by banking entities, while preserving their ability to engage in important customer-oriented financial services, such as underwriting, market making and asset management services. That mandate is straightforward in concept, yet in our multifaceted, highly interconnected, global and ever-changing financial markets, it is challenging to design a rule that effectively and efficiently implements this statutory mandate. As the primary regulator of U.S. securities markets, it is our job to work with our fellow regulatory agencies to help ensure that jointly-issued regulations effectively implement statutory mandates without imposing undue burdens on participants in our markets, including imposing unnecessary costs or reducing access to capital and liquidity. Experience with the application of the Volcker Rule has shown that the initial implementing regulations can be improved.

The amendments the Commission has adopted today draw on the Volcker Rule agencies' collective experience in implementing the rule and overseeing compliance in our complex marketplace over a number of years. These amendments further the Volcker Rule's statutory objectives, while simplifying, clarifying and better tailoring the application of the rule.[2] For example, our SEC-registered, bank affiliated dealers will remain subject to the existing "dealer prong" defining the scope of their trading account for Volcker Rule purposes, but will have greater certainty regarding whether their underwriting, market making and hedging activities comply with the exemptions for these statutorily permitted activities.

The amendments the Commission adopted were the result of a cooperative, rigorous, pragmatic and information-rich interagency effort. I would like to thank the many members of our staff across multiple divisions and offices within the Commission, and the staffs of the OCC, Federal Reserve, FDIC and CFTC for their substantial efforts and collaboration in developing the final amendments. I look forward to continuing the productive interagency collaboration as we consider amendments to better tailor the application of the covered fund provisions of the implementing regulations.