

# RESCINDED

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Transmittal – See OCC 2020-11

## Volcker Rule: Final Regulations

### Summary

On December 10, 2013, the Office of the Comptroller of the Currency (OCC), the Board of Governors of the Federal Reserve System (FRB), the Federal Deposit Insurance Corporation, the U.S. Securities and Exchange Commission, and the U.S. Commodity Futures Trading Commission issued jointly developed final regulations to implement section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, known as the Volcker Rule. The final regulations were published in the *Federal Register* on January 31, 2014, and become effective on April 1, 2014.

National banks (other than certain limited-purpose trust banks), federal savings associations, and federal branches and agencies of foreign banks (collectively, banks) are required to fully conform their activities and investments to the requirements of the final regulations by the end of the conformance period, which the FRB has extended to July 21, 2015.

### Highlights

#### The final regulations

- prohibit banks from engaging in short-term proprietary trading of certain securities, derivatives commodity futures, and options on these instruments for their own accounts.
- impose limits on banks' investments in, and other relationships with, hedge funds and private equity funds.
- provide exemptions for certain activities, including market making-related activities, underwriting, risk-mitigating hedging, trading in government obligations, insurance company activities, and organizing and offering hedge funds and private equity funds.
- clarify that certain activities are not prohibited, including acting as agent, broker, or custodian.
- scale compliance requirements based on the size of the bank and the scope of the activities. Larger banks are required to establish detailed compliance programs and their chief executive officers must attest to the OCC that the bank's programs are reasonably designed to achieve compliance with the final regulations. Smaller banks engaged in modest activities are subject to a simplified compliance program.

Banks with trading assets and liabilities of at least \$50 billion will be required to report metrics designed to monitor their permitted trading activities. These banks must

### To

Chief Executive Officers of All National Banks and Federal Savings Associations, Federal Branches and Agencies, Department and Division Heads, All Examining Personnel, and Other Interested Parties

- begin to measure and record the required metrics on a daily basis starting July 1, 2014, and report their daily metrics recorded during the month of July to the OCC by September 2, 2014.
- continue to report metrics data for each calendar month within 30 days of month-end through 2014, unless the OCC notifies them in writing that they must report on a different basis.
- beginning with information for the month of January 2015, report metrics within 10 days of the end of each calendar month, unless the OCC notifies the banks in writing that they must report on a different basis.

### **Note for Community Banks**

Banks that do not engage in covered activities or investments are not required to establish a compliance program under the final regulations. This exemption extends to trading activities in certain exempt government and municipal obligations. Smaller banks, with total consolidated assets of \$10 billion or less, engaged in modest proprietary trading activities for their own accounts are subject to a simplified compliance program. These banks may satisfy their compliance obligations under the final regulations by including in their existing policies and procedures appropriate references to the requirements of the final regulations. These policies and procedures should be appropriate to the size, scope, and complexity of the banks.

### **Further Information**

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### **Related Link**

- [Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and Relationships With, Hedge Funds and Private Equity Funds \(PDF\)](#)