

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

April 23, 2012

To State Member Banks, Bank
Holding Companies, Financial Holding
Companies, Foreign Banking Offices and
Savings and Loan Holding Companies
in the Twelfth Federal Reserve District

Agencies Clarify Volcker Rule Conformance Period

The Federal Reserve Board on April 19, 2012 announced its approval of a statement clarifying that an entity covered by section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, or the so-called Volcker Rule, has the full two-year period provided by the statute to fully conform its activities and investments, unless the Board extends the conformance period. Section 619 generally requires banking entities to conform their activities and investments to the prohibitions and restrictions included in the statute on proprietary trading activities and on hedge fund and private equity fund activities and investments.

Section 619 required the Board to adopt rules governing the conformance periods for activities and investments restricted by that section, which the Board did on February 9, 2011. Subsequently, the Board received a number of requests for clarification of the manner in which this conformance period would apply and how the prohibitions will be enforced. The Board is issuing this statement to address this question.

The Board's conformance rule provides entities covered by section 619 of the Dodd-Frank Act a period of two years after the statutory effective date, which would be until July 21, 2014, to fully conform their activities and investments to the requirements of section 619 of the Dodd-Frank Act and any implementing rules adopted in final under that section, unless that period is extended by the Board.

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 (the agencies) plan to administer their oversight of banking entities under their respective jurisdictions in accordance with the Board's conformance rule and the attached statement. The agencies have invited public comment on a proposal to implement the Volcker rule, but have not adopted a final rule.

The statement is included in the attached *Federal Register* notice, publication of which is expected shortly.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's website, at <http://www.frbsf.org/banking/letters>.

For additional information, please contact:

Federal Reserve Bank of San Francisco
Banking Supervision and Regulation
(415) 974-2136

Attachment: [Statement of Policy Regarding the Conformance Period \(19 KB PDF\)](#)