

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

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

Agencies Approve Interim Final Rule Authorizing Retention of Interests in and Sponsorship of Collateralized Debt Obligations Backed Primarily by Bank-Issued Trust Preferred Securities

On January 14, 2014, the Federal Reserve and four other federal agencies [approved an interim final rule](#) to permit banking entities to retain interests in certain collateralized debt obligations backed primarily by trust preferred securities (TruPS CDOs) from the investment prohibitions of section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act, known as the Volcker rule.

Under the interim final rule, the agencies permit the retention of an interest in or sponsorship of covered funds by banking entities if the following qualifications are met:

- the TruPS CDO was established, and the interest was issued, before May 19, 2010;
- the banking entity reasonably believes that the offering proceeds received by the TruPS CDO were invested primarily in Qualifying TruPS Collateral; and
- the banking entity's interest in the TruPS CDO was acquired on or before December 10, 2013, the date the agencies issued final rules implementing section 619 of the Dodd-Frank Act.

The interim final rule provides a definition of Qualifying TruPS Collateral, and the agencies also released a non-exclusive list of issuers that meet the requirements of the interim final rule.

The interim final rule also provides clarification that the relief relating to these TruPS CDOs extends to activities of the banking entity as a sponsor or trustee for these securitizations and that banking entities may continue to act as market makers in TruPS CDOs.

The agencies will accept comment on the interim final rule for 30 days following publication of the interim final rule in the Federal Register.

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-supervision/publications/district-circular-letters/>.

For additional information, please contact:

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Attachments:

[Interim Final Rule](#)
[Non-exclusive List of Issuers](#)