

MEMO# 31261

June 26, 2018

Agencies Propose Volcker Rule Reforms; ICI Plans to Comment

[31261]

June 26, 2018 TO: Bank-Affiliated Member Advisory Committee

ICI Global Regulated Funds Committee

SEC Rules Committee RE: Agencies Propose Volcker Rule Reforms; ICI Plans to Comment

As anticipated, the five agencies (collectively, “Agencies”) responsible for implementing Section 619 of the Dodd-Frank Act, known as the “Volcker Rule,” recently issued a notice of proposed rulemaking (“NPR”) to amend the implementing regulations adopted in 2013.[\[1\]](#) The preamble to the NPR (“Preamble”) states that the amendments “are intended to provide banking entities with clarity about what activities are prohibited and to improve supervision and implementation of” the Volcker Rule. Comments on the NPR are due by 60 days after its publication in the Federal Register.

The NPR does not propose rule changes specific to regulated funds. Instead, the Preamble discusses, and poses questions regarding, regulated fund issues.[\[2\]](#) It also clarifies the intent, and affirms the continuing application, of Frequently Asked Questions (FAQs) issued by agency staff relating to regulated US funds and “foreign public funds.”[\[3\]](#)

ICI plans to submit a comment letter. Our letter will focus on Volcker Rule concerns for regulated US and non-US funds, such as those discussed in:

- ICI’s September 2017 letter responding to the OCC’s request for public input on possible improvements to the Volcker Rule implementing regulations;[\[4\]](#) and
- ICI’s submission to the agencies in May, proposing rule text to address (1) “banking entity” issues for regulated US and non-US funds and (2) the “foreign public fund” exclusion from the definition of “covered fund.” [\[5\]](#)

In developing our comments, we expect to work through the Bank-Affiliated Member Advisory Committee. We will circulate a draft of our letter to all three committees listed above.

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endnotes

[1] See *Proposed Revisions to Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and Relationships With, Hedge Funds and Private Equity Funds* (as issued by the U.S. Securities and Exchange Commission on June 5, 2018), available at <https://www.sec.gov/rules/proposed/2018/bhca-3.pdf>.

[2] See NPR at pp. 42-52 (issues related to definition of “banking entity”) and pp. 154-168 (issues related to definition of “foreign public fund.” (Page references are to version cited in note 1 above.)

[3] See FAQs 14 and 16, available at <https://www.federalreserve.gov/bankinfo/volcker-rule/faq.htm>.

[4] See ICI [Memorandum No. 30882](#) (Sept. 21, 2017).

[5] See ICI [Memorandum No. 31220](#) (May 24, 2018).