
Joint Release

**Board of Governors of the Federal Reserve
System
Commodity Futures Trading Commission
Federal Deposit Insurance Corporation
Office of Comptroller of the Currency
Securities and Exchange Commission**

For immediate release

January 30, 2020

Agencies Propose Changes to Modify "Covered Funds" Restrictions of Volcker Rule

Five federal financial regulatory agencies on Thursday invited public comment on a proposal to modify regulations implementing the Volcker rule's general prohibition on banking entities investing in or sponsoring hedge funds or private equity funds – known as "covered funds."

Since the regulations implementing the Volcker rule were finalized in 2013, the rule has created compliance uncertainty and imposed limits on certain banking services and activities that the Volcker rule was not intended to restrict. To address these concerns, the agencies simplified requirements for the proprietary trading restrictions in November 2019. Today's proposal would modify the restrictions for banking entities investing in, sponsoring, or having certain relationships with covered funds.

In particular, the joint agency proposal would improve and streamline the covered funds portion of the rule, address the treatment of certain foreign funds, and permit banking entities to offer financial services and engage in other permissible activities that do not raise concerns that the Volcker rule was intended to address.

The proposed changes were jointly developed by the Federal Reserve Board, the Commodity Futures Trading Commission, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, and the Securities and Exchange Commission.

Comments will be accepted until April 1, 2020.

Attachments:

[Notice of Proposed Rulemaking: Proposed Revisions to Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and Relationships with, Hedge Funds and Private Equity Funds](#)

[Fact Sheet: Financial Regulators Amend Volcker 'Covered Fund' Provisions to Support Capital Formation](#)

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