
Joint Release

**Board of Governors of the Federal Reserve
System
Federal Deposit Insurance Corporation
Office of the Comptroller of the Currency**

For Immediate Release

December 19, 2013

Agencies Issue FAQ Document Regarding Collateralized Debt Obligations Backed by Trust Preferred Securities under Final Rules Implementing the “Volcker Rule”

Three federal financial institution regulatory agencies today issued a FAQ (Frequently Asked Questions) document to provide clarification and guidance to banking entities regarding investments in “Covered Funds” and whether collateralized debt obligations backed by trust preferred securities (TruPS CDOs) could be determined to be Covered Funds under the final rules to implement section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.

The FAQs are intended to clarify that banking entities that have holdings in TruPS CDOs are not required to sell these holdings immediately under the final rules, but instead may use the conformance period to determine if they can be brought into conformance by the end of the conformance period, which is July 21, 2015.

The document released by the agencies provides an overview of some of the key legal issues banking entities should consider in determining whether holdings of TruPS CDOs are subject to the provision of the final rules implementing section 619, commonly known as the Volcker Rule. The issues identified and discussed in the document are whether a TruPS CDO qualifies in its current form as a Covered Fund under the final rules; whether it can be restructured or otherwise conformed to the final rules by the end of the conformance period of July 21, 2015; and whether a bank’s investment in the CDO constitutes an ownership interest.

The final rules were approved by the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Securities and Exchange Commission, and the Commodity Futures Trading Commission on December 10, 2013.

###

Attachment:

FAQ Regarding Collateralized Debt Obligations Backed by Trust Preferred Securities under the Final Volcker Rule - PDF (PDF Help)

Media Contacts:

Federal Reserve Board
FDIC
OCC

Barbara Hagenbaugh
Andrew Gray
Robert M. Garsson

(202) 452-2955
(202) 898-7192
(202) 649-6870

FDIC: PR-123-2013