

---

**Joint Release**

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

---

For Immediate Release

January 14, 2014

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

Five federal agencies on Tuesday 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 federal banking agencies on Tuesday also released a non-exclusive list of issuers that meet the requirements of the interim final rule.

The interim final rule defines Qualifying TruPS Collateral as any trust preferred security or subordinated debt instrument that was:

- issued prior to May 19, 2010, by a depository institution holding company that as of the end of any reporting period within 12 months immediately preceding the issuance of such trust preferred security or subordinated debt instrument had total consolidated assets of less than \$15 billion; or
- issued prior to May 19, 2010, by a mutual holding company.

Section 171 of the Dodd-Frank Act provides for the grandfathering of trust preferred securities issued before May 19, 2010, by certain depository institution holding

companies with total assets of less than \$15 billion as of December 31, 2009, and by mutual holding companies established as of May 19, 2010. The TruPS CDO structure was the vehicle that gave effect to the use of trust preferred securities as a regulatory capital instrument prior to May 19, 2010, and was part of the status quo that Congress preserved with the grandfathering provision of section 171.

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 interim final rule was 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 Commodity Futures Trading Commission, and the Securities and Exchange Commission, the same agencies that issued final rules to implement section 619. The agencies will accept comment on the interim final rule for 30 days following publication of the interim final rule in the Federal Register.

###

Attachments:

- [Interim Final Rule](#) - PDF ([PDF Help](#))
- [Non-Exclusive List of TruPS CDOs](#) - PDF ([PDF Help](#))

**Media Contacts:**

Federal Reserve Board	Barbara Hagenbaugh	(202) 452-2955
CFTC	Steve Adamske	(202) 418-5080
FDIC	Andrew Gray	(202) 898-7192
OCC	Bryan Hubbard	(202) 649-6870
SEC	Public Affairs	(202) 551-4120

**FDIC: PR-3-2014**