

Corporate & Financial Weekly Digest

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Federal Reserve Clarifies Extension of Conformance Period for the Volcker Rule

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On February 8, the U.S. Federal Reserve Board adopted a final rule to implement the conformance period for compliance with the Volcker Rule, which generally prohibits banking entities from engaging in proprietary trading and from investing in, sponsoring, or having certain relationships with a hedge fund or private equity fund. The Volcker Rule generally provides banking entities two years to bring their activities and investments into compliance and allows the Board to extend this conformance period under certain conditions. The prohibitions and restrictions of the Volcker Rule take effect on the earlier of July 21, 2012, or 12 months after the issuance of final regulations. The conformance period will generally extend through the date that is two years after the effective date, and this period may be extended by the Board for up to three additional one-year periods if the Board determines that such extension(s) would not be detrimental to the public interest. The Board clarified that it will not grant all three one-year extensions at a single time as requested by several commenters, but will instead grant up to three separate one-year extensions of the general conformance period.

To read the Federal Reserve adopting release, click [here](#).

To read the Federal Reserve press release, click [here](#).

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