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Summary of the Volcker Rule Study – Proprietary Trading

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The Financial Stability Oversight Council's ("**FSOC**" or the "**Council**") studyon the Volcker Rule calls for robust implementation of the core proprietary trading prohibition while acknowledging the existence of difficult gray areas, especially in the areas of market making and hedging. It also contemplates differential treatment of different asset classes. The study strongly supports the use of quantitative metrics as one compliance and supervisory tool and envisions the creation of a brand-new and strikingly intense compliance structure to constrain impermissible proprietary trading while also providing the regulatory authorities charged with implementing the Volcker Rule (collectively, the "**Agencies**") with the ability to engage in supervisory oversight and enforcement.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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