

# Summary of Manager's Amendment to the March Dodd Bill

March 23, 2010 | Client Update

## Bank Holding Company Amendments (Title VI)

### Volcker Rule

- All purely technical and uninteresting, except for the following changes (insertions underlined):
- Definition of proprietary trading. The definition of proprietary trading, which is purchasing or selling securities for the trading book of the company, is expanded to include “for the trading book (or such other portfolio as the Federal banking agencies may determine)”.
- Discretion to implement restrictions on exceptions. A similar change is made to the exceptions to the definition. While proprietary trading does not include certain purchases or sales of securities, this is now qualified by “subject to such restrictions as the Federal banking agencies may determine”.
- Hedging exception. The exception from the definition of proprietary trading for “hedging activities” is now specifically “risk-mitigating hedging activities”.
- Insurance carve out. The Council study should also study how the Volcker Rule would “appropriately accommodate” the business of insurance which is regulated by state insurance company investment laws.

Securities holding company regime. Clarifies that the supervisory, capital, and risk management provisions of the securities holding company regime shall not apply to banks.

Broader limits on lending to insiders will take effect two years after the bill's enactment.

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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