

## OCC Seeks Input on Volcker Regulation Reforms

August 2, 2017

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The Office of the Comptroller of the Currency (**OCC**) issued a **Notice** today requesting public comment on potential changes to the regulations implementing the Volcker Rule. The Notice focuses on four topics, though makes clear that the OCC invites comments on all aspects of the Volcker Rule regulations and their administration. The four specific topics, about which the Notice includes more detailed questions, are as follows:

- **The scope of entities subject to the Volcker Rule**, focusing on the definition of banking entity as it relates to community banks and other institutions “engaged primarily in traditional banking activities” and not engaged in the sorts of activities that were meant to be restricted by the Volcker Rule.
- **The definition of proprietary trading and the scope of exemptions from that definition**, focusing on the appropriateness of the “purpose test” prong of the proprietary trading definition in the regulations and burdens currently imposed on market-making and other permitted activities.
- **The covered fund definition and the Super 23A provisions**, focusing on the breadth of the covered fund definition and the scope of the Super 23A provisions.
- **Compliance program and metrics**, focusing on how these requirements could be revised to make them more effective and less burdensome.

The OCC emphasizes that it is seeking specific recommendations on how the Volcker Rule regulations could be tailored to enhance their effectiveness and encourages commenters to provide “evidence demonstrating the nature and scope of the problems they identify and the likely efficacy of any solutions they propose.”

The Notice follows closely on the heels of other Volcker Rule reform discussions, including a [report issued by the Department of the Treasury](#) that includes recommendations on Volcker Rule reform and a [July 28 FSOC meeting](#) at which Volcker Rule regulatory reform was discussed by all five of the federal financial regulators responsible for implementing the Volcker Rule regulations. In a break from past practice, the OCC issued the Notice alone. The Volcker agencies have generally acted jointly when providing guidance under the Volcker Rule regulations, reflecting the statutory requirement for the OCC, Federal Reserve, and FDIC to jointly issue regulations to implement the Volcker Rule statutory provisions and for all five regulators to consult and coordinate in developing those regulations. The notice recognizes the need for joint and coordinated rulemaking by all five agencies and expresses the OCC’s hope that the information provided in response to the Notice will be “useful to inform the drafting of a proposed rule.”

Comments are due 45 days after the Notice is published in the *Federal Register*.

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

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