

Remarks by  
Thomas J. Curry  
Comptroller of the Currency  
Before the  
Federal Deposit Insurance Corporation Board of Directors  
Regarding Regulations Implementing the Volcker Rule  
Washington, DC  
December 10, 2013

The Volcker rule was one of the most important measures Congress adopted in the Dodd-Frank Act to ensure the safety and soundness of the U.S. banking system, and I'm pleased that we are considering this final rule today.

I know it's been a long time coming, but this has been one of the most complex rulemakings I can remember being involved in. The statutory mandate included in the Dodd-Frank Act seemed simple enough on its face: prohibit proprietary trading by banking organizations and limit their ability to invest in hedge funds. But, in fact, the legislation itself was complex, a great number of agencies were involved in the rulemaking, and there were important implications for the industry and the marketplace.

In developing the final rule, we had to carefully consider the more than 18,000 comments received on the proposed rule from a diverse group of interests—including banks, securities firms, consumer and public interest groups, members of Congress and the general public, and even foreign governments. It was important to get the rule done

so that we could provide some certainty to the financial institutions that are required to comply with this provision of law, but it was more important to get it right.

I believe the final regulations strike the right balance. They prohibit banking entities from engaging in impermissible proprietary trading and limit their ability to invest in hedge funds or private equity funds, described as “covered funds” in the rule. The regulations make our financial system safer, while preserving market liquidity, and continuing to allow banks to provide important customer-oriented services.

One of my priorities was to make sure that the final regulations focused on the biggest players—those banking entities that are the most active in this space—without imposing additional burdens on community banks that do not engage in these activities. I think we’ve met that objective. The final regulations recognize that not all banking entities pose the same risk. So, a community bank that does not engage in any covered activity other than trading in certain government obligations has no compliance obligations whatsoever under the final regulations. Community banks that engage in additional covered activities will be subject to only minimal requirements.

On the other hand, the final rule is going to require significant changes for large banking entities that engage in trading and invest in covered funds. I can assure you that the final regulations will prohibit banks from engaging in the kinds of trading activities that caused JPMorgan Chase to lose several billion dollars, last year. Of course, issuing a final rule is only the beginning of the process. Equally important is how we will enforce it, and I want to be clear that the OCC will be especially vigilant in developing a robust examination and enforcement program that ensures our largest institutions will remain compliant with the Volcker Rule. During 2014, we will develop the necessary

examination procedures and training to ensure that our bank examiners have the tools they need to do the job.

The large banking concerns subject to the rule will need to have a robust compliance program and will be required to compile and report metrics that will give regulators the information we need to determine whether they are avoiding impermissible activities through their trading operations. Banking entities will not be able to use private funds to circumvent the proprietary trading restrictions, and they will not be able to bail out funds they sponsor or invest in.

I know that this final rule seems long. But I would like to point out that the regulation itself is a small part of the document before us. The rest of the document answers many questions about the regulation, describes in detail the comments we received, and discusses the differences between the proposed and final regulations.

Finally, I would like to thank the many people who worked on this regulation. We made a strong and successful effort to work together on an interagency basis, and the Department of Treasury played an important role in coordinating the process. But mostly I'd like to thank the staff of the OCC and the other agencies for their tireless efforts to bring this rulemaking to a close. They worked long days that ran into nights and weekends, and grappled with extraordinarily complex and important policy issues. While the list of staff who contributed to this effort is lengthy, they are represented here today by Ursula Pfeil. Ursula, you and your colleagues deserve our thanks—and probably a long vacation.

I will be signing this rule today on behalf of the Office of the Comptroller of the Currency, and I'm pleased to vote for it now as a director of the Federal Deposit Insurance Corporation.