

# Proposed Rules

Federal Register

Vol. 77, No. 1

Tuesday, January 3, 2012

This section of the FEDERAL REGISTER contains notices to the public of the proposed issuance of rules and regulations. The purpose of these notices is to give interested persons an opportunity to participate in the rule making prior to the adoption of the final rules.

## DEPARTMENT OF THE TREASURY

### Office of the Comptroller of the Currency

#### 12 CFR Part 44

[Docket No. OCC-2011-0014]

RIN 1557-AD44

## FEDERAL RESERVE SYSTEM

#### 12 CFR Part 248

[Docket No. 2011-1432]

RIN 7100-AD 82

## FEDERAL DEPOSIT INSURANCE CORPORATION

#### 12 CFR Part 351

RIN 3064-AD85

## SECURITIES AND EXCHANGE COMMISSION

#### 17 CFR Part 255

[Release No. 34-66057; File No. S7-41-11]

RIN 3235-AL07

### Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and Relationships With, Hedge Funds and Private Equity Funds

**AGENCIES:** Office of the Comptroller of the Currency, Treasury (OCC); Board of Governors of the Federal Reserve System (Board); Federal Deposit Insurance Corporation (FDIC); and U.S. Securities and Exchange Commission (SEC).

**ACTION:** Proposed rule; extension of comment period.

**SUMMARY:** On November 7, 2011, the OCC, Board, FDIC, and SEC (collectively, the “Agencies”) published in the *Federal Register* a joint notice of proposed rulemaking for public comment to implement section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) which contains certain

prohibitions and restrictions on the ability of a banking entity and nonbank financial company supervised by the Board to engage in proprietary trading and have certain interests in, or relationships with, a hedge fund or private equity fund (“proposed rule”).

Due to the complexity of the issues involved and to facilitate coordination of the rulemaking among the responsible agencies as provided in section 619 of the Dodd-Frank Act, the Agencies have determined that an extension of the comment period until February 13, 2012 is appropriate. This action will allow interested persons additional time to analyze the proposed rules and prepare their comments.

**DATES:** Comments on the proposed rule must be received on or before February 13, 2012.

**ADDRESSES:** You may submit comments by any of the methods identified in the proposed rule.<sup>1</sup> Please submit your comments using only one method.

**FOR FURTHER INFORMATION CONTACT:**

**OCC:** Deborah Katz, Assistant Director, or Ursula Pfeil, Counsel, Legislative and Regulatory Activities Division, (202) 874-5090; Roman Goldstein, Senior Attorney, Securities and Corporate Practices Division, (202) 874-5210; Kurt Wilhelm, Director for Financial Markets Group, (202) 874-4660; Stephanie Boccio, Technical Expert for Asset Management Group, or Joel Miller, Group Leader for Asset Management Group, (202) 874-4660, Office of the Comptroller of the Currency, 250 E Street SW., Washington, DC 20219.

**Board:** Christopher M. Paridon, Counsel, Legal Division, (202) 452-3274; Sean D. Campbell, Deputy Associate Director, Division of Research and Statistics, (202) 452-3761; David Lynch, Manager, (202) 452-2081, or Jeremy R. Newell, Division of Bank Supervision and Regulation, (202) 452-3239, Board of Governors of the Federal Reserve System, 20th and C Streets NW., Washington, DC 20551.

**FDIC:** Bobby R. Bean, Associate Director, Capital Markets (202) 898-6705, or Karl R. Reitz, Senior Capital Markets Specialist, (202) 898-6775, Division of Risk Management Supervision; Michael B. Phillips, Counsel, (202) 898-3581, or Gregory

S. Feder, Counsel, (202) 898-8724, Legal Division, Federal Deposit Insurance Corporation, 550 17th Street NW., Washington, DC 20429-0002.

**SEC:** Josephine Tao, Assistant Director, Elizabeth Sandoe, Senior Special Counsel, David Bloom, Branch Chief, or Angela Moudy, Attorney Advisor, Office of Trading Practices, Division of Trading and Markets, (202) 551-5720; Daniel S. Kahl, Assistant Director, Tram N. Nguyen, Branch Chief, Michael J. Spratt, Senior Counsel, Paul Schlichting, Senior Counsel, or Parisa Haghshenas, Law Clerk, Office of Investment Adviser Regulation, Division of Investment Management, (202) 551-6787, U.S. Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549.

**SUPPLEMENTARY INFORMATION:** On November 7, 2011, the proposed rule was published in the *Federal Register*.<sup>2</sup> The proposed rule implements section 619 of the Dodd-Frank Act which added a new section 13 to the Bank Holding Company Act of 1956 (“BHC Act”) and contains certain prohibitions and restrictions on the ability of a banking entity and nonbank financial company supervised by the Board to engage in proprietary trading and have certain interests in, or relationships with, a hedge fund or private equity fund.

In recognition of the complexities of the issues involved and the variety of considerations involved in its impact and implementation, the Agencies requested that commenters respond to numerous questions. The proposed rule stated that the public comment period would close on January 13, 2012.<sup>3</sup>

The Agencies have received requests from the public for an extension of the comment period to allow for additional time for comments related to the provisions of the proposed rule.<sup>4</sup> The Agencies believe that the additional period for comment will facilitate public comment on the provisions of the proposed rule and the questions posed by the Agencies, and coordination of the

<sup>2</sup> See *id.*

<sup>3</sup> See *id.*

<sup>4</sup> See, e.g., comment letters to the Agencies from Center for Capital Markets Competitiveness of the U.S. Chamber of Commerce (November 17, 2011); American Bankers Association *et al.* (November 30, 2011); and Representative Neugebauer *et al.* (December 20, 2011).

<sup>1</sup> See 76 FR 68846.

rulemaking among the responsible agencies as provided in section 619 of the Dodd-Frank Act. Therefore, the Agencies are extending the comment period for the proposed rule from January 13, 2012 to February 13, 2012.

Dated: December 22, 2011.

**John Walsh,**

*Acting Comptroller of the Currency.*

By order of the Board of Governors of the Federal Reserve System, acting through the Secretary under delegated authority, December 23, 2011.

**Jennifer J. Johnson,**

*Secretary of the Board.*

By delegated authority from the Board of Directors of the Federal Deposit Insurance Corporation.

Federal Deposit Insurance Corporation.

**Robert E. Feldman,**

*Executive Secretary.*

By the Securities and Exchange Commission.

Dated: December 23, 2011.

**Kevin M. O'Neill,**

*Deputy Secretary.*

[FR Doc. 2011-33623 Filed 12-30-11; 8:45 am]

BILLING CODE 4810-33-P; 6714-10-P; 6210-01-P

## SECURITIES AND EXCHANGE COMMISSION

### 17 CFR Part 230

[Release No. 34-66058; File No. S7-38-11]

RIN 3235-AL04

### Prohibition Against Conflicts of Interest in Certain Securitizations

**AGENCY:** Securities and Exchange Commission.

**ACTION:** Proposed rule; extension of comment period.

**SUMMARY:** The Securities and Exchange Commission is extending the comment period for a release proposing a new rule to implement Section 621 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Dodd-Frank Act") on material conflicts of interest in connection with certain securitizations (the "ABS Conflicts Proposal"). The original comment period for the ABS Conflicts Proposal was scheduled to end on December 19, 2011. On December 13, 2011, the comment period was extended until January 13, 2012. Today, the Commission is again extending the time period in which to provide the Commission with comments on the ABS Conflicts Proposal until February 13, 2012. This action will allow interested

persons additional time to analyze the issues and prepare their comments.

**DATES:** Comments should be received on or before February 13, 2012.

**ADDRESSES:** Comments may be submitted by any of the following methods:

#### Electronic Comments

Use the Commission's Internet comment form (<http://www.sec.gov/rules/proposed.shtml>);

- Send an email to [rule-comments@sec.gov](mailto:rule-comments@sec.gov). Please include File Number S7-38-11 on the subject line; or
- Use the Federal Rulemaking Portal (<http://www.regulations.gov>). Follow the instructions for submitting comments.

#### Paper Comments

- Send paper comments in triplicate to Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, 100 F Street NE., Washington, DC 20549-1090.

All submissions should refer to File Number S7-38-11. This file number should be included on the subject line if email is used. To help us process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (<http://www.sec.gov/rules/proposed.shtml>). Comments are also available for Web site viewing and printing in the Commission's Public Reference Room, 100 F Street NE., Washington, DC 20549, on official business days between the hours of 10 a.m. and 3 p.m. All comments received will be posted without change; we do not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly.

#### FOR FURTHER INFORMATION CONTACT:

Elizabeth Sandoe, Senior Special Counsel, Anthony Kelly, Special Counsel, or Barry O'Connell, Attorney Advisor, Office of Trading Practices, Division of Trading and Markets, at (202) 551-5720, and David Beaning, Special Counsel and Katherine Hsu, Chief, Office of Structured Finance, Division of Corporation Finance, at (202) 551-3850.

**SUPPLEMENTARY INFORMATION:** The Commission has requested comment on Proposed Rule 127B under the Securities Act of 1933 ("Securities Act") in the ABS Conflicts Proposal to implement Section 621 of the Dodd-Frank Act.<sup>1</sup> Proposed Rule 127B under

the Securities Act would prohibit certain persons who create and distribute an asset-backed security, including a synthetic asset-backed security, from engaging in transactions, within one year after the date of the first closing of the sale of the asset-backed security, that would involve or result in a material conflict of interest with respect to any investor in the asset-backed security. The proposed rule also would provide exceptions from this prohibition for certain risk-mitigating hedging activities, liquidity commitments, and bona fide market-making. The ABS Conflicts Proposal was published in the **Federal Register** on September 28, 2011.

The Commission originally requested that comments on the ABS Conflicts Proposal be received by December 19, 2011, including comment about any potential interplay<sup>2</sup> between Proposed Rule 127B and the "Volcker Rule Proposal."<sup>3</sup> The Volcker Rule Proposal would implement Section 619 of the Dodd-Frank Act concerning prohibitions and restrictions on proprietary trading and certain interests in, and relationships with, hedge funds and private equity funds. The original comment period for the Volcker Rule Proposal was scheduled to end on January 13, 2012.

On December 13, 2011, the Commission extended the ABS Conflicts Proposal comment period from December 19, 2011 to January 13, 2012 to coincide with the end of the comment period for the Volcker Rule Proposal. The Commission extended the Volcker Rule Proposal comment period until February 13, 2012.<sup>4</sup> In an effort to provide the public with a better opportunity to consider any potential interplay between the ABS Conflicts and Volcker Rule Proposals, the Commission is also extending the ABS Conflicts Proposal comment period until February 13, 2012.

The Commission has determined to provide the public additional time to consider simultaneously the ABS Conflicts and the Volcker Rule Proposals. This extended opportunity to submit comprehensive comments regarding the ABS Conflicts Proposal and any potential interplay with the Volcker Rule Proposal would benefit the Commission in its consideration of any final rules. Therefore, the Commission is again extending the comment period for the ABS Conflicts Proposal until February 13, 2012 to coincide with the

<sup>2</sup> See, e.g., 76 FR 60320, 60341.

<sup>1</sup> Exchange Act Release No. 34-65355 (September 19, 2011), 76 FR 60320 (September 28, 2011).

<sup>3</sup> Exchange Act Release No. 34-65545 (October 12, 2011), 76 FR 68846 (November 7, 2011).

<sup>4</sup> Exchange Act Release No. 34-66057.