

Press Release

January 14, 2014

Federal Reserve Board seeks comment to help inform consideration of physical commodity activities by financial holding companies

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The Federal Reserve Board on Tuesday sought comment to help inform its consideration of physical commodity activities conducted by financial holding companies, including current authorizations of these activities and the appropriateness of further restrictions.

The Board is considering whether additional restrictions would help ensure that physical commodities activities authorized for financial holding companies are conducted in a safe and sound manner and do not pose a threat to financial stability. The Board, in an advance notice of proposed rulemaking, addresses commodity activities conducted under different sections of the Bank Holding Company Act, including section 4(k) complementary authority, section 4(o) grandfathered authority, as well as merchant banking authority.

The topics covered by the advance notice include:

- the nature of risks that physical commodity activities could pose to the safety and soundness of financial holding companies and to financial stability more broadly;
- the potential conflicts of interest and other adverse effects of engagement by financial holding companies in physical commodity activities;
- and the potential risks and benefits of imposing additional capital

requirements or other restrictions on the commodity activities of financial holding companies.

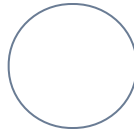
Comments are welcome through March 15, 2014. After reviewing the comments, the Board will consider what further action, including a rulemaking, is warranted. Comments on a proposal would also be considered before a final rule would be issued.

For media inquiries, call 202-452-2955.

Federal Register notice: [HTML](#) | [PDF](#)

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