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MEMORANDUM

February 10, 2011

To Our Clients and Friends

Re: Volcker Rule Compliance Period

The Federal Reserve Board (“Board”) has adopted a final rule implementing provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) that gives banking entities and nonbank financial companies supervised by the Board a period of time to bring their activities and investments into compliance with the Volcker Rule.

The Volcker Rule generally prohibits banking entities from engaging in proprietary trading or from investing in, sponsoring, or having certain relationships with hedge funds or private equity funds. The Volcker Rule also subjects nonbank financial companies supervised by the Board that engage in such activities or possess such investments to additional capital requirements, quantitative limits or other restrictions.

Under the Board’s rule, a banking entity is required to fully comply with the Volcker Rule not later than two years after the earlier of:

- July 21, 2012, or
- 12 months after the applicable agency issues final rules implementing the Volcker Rule

The Board reserves the ability to extend the conformance period for up to three one-year periods if it determines that an extension is consistent with the purposes of the Volcker Rule and would not be detrimental to the public interest. The final rule also indicates the circumstances under which the Board may further extend the conformance period during which a banking entity may acquire or retain an ownership interest or provide additional capital to a private equity fund or hedge fund.

A nonbank financial company supervised by the Board is required to fully comply with the Volcker Rule not later than two years after the date the company became supervised by the Board, subject to extension.

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The Board's rule will become effective on April 1, 2011.

A copy of the final rule can be found at our website at
<http://www.schwartzandballen.com/news.html>

If you have any questions, please call Gilbert Schwartz, Robert Ballen, Tom Fox
Heidi Wicker, or Lauren Bianchini at (202) 776-0700.