

Ropes & Gray LLP Joins Firms in Volcker Rule Interpretation on Parallel Fund Structure

Last week, Ropes & Gray, along with 14 other major law firms actively representing private fund sponsors and investors, signed this [consensus interpretation memorandum](#), prepared under the auspices of the Private Equity Growth Capital Council. The memorandum provides that the Volcker Rule should not require the integration of private funds offered and sold by non-bank sponsors to non-U.S. banking entities with parallel funds offered to U.S. investors. Such integration would effectively bar investment by non-US banking entities in parallel fund structures established by U.S. fund sponsors. Our view, shared by the other signatories to the memorandum, is that investments in such parallel funds by non-U.S. banking entities should not be prohibited by the Volcker Rule, and such arrangements are not evasions of the Volcker Rule. Our interpretation is based on the recently adopted Volcker Rule final implementing rules and related regulatory narrative. By reaching agreement on this important Volcker Rule interpretative issue, the firms intend to ease concern over the integration issue, which has slowed the development of Volcker Rule compliant structures for new private funds seeking investment by non-U.S. banking entities and the restructuring of legacy investments into Volcker Rule compliant structures. Subsequent rulemaking, written interpretations or guidance may, of course, require Ropes & Gray and the other signatories to revise their views on the current state of the law.

Questions about this development can be directed to [Mark Nuccio](#) (mark.nuccio@ropesgray.com) or the Ropes & Gray attorney who usually advises you.