Congress of the United States
Washington, DC 20515

December 20, 2011

The Honorable Ben S. Bernanke
Chairman
Federal Reserve Board
20th Street & Constitution Avenue, NW
Washington, D.C. 20551

The Honorable Mary Schapiro
Chairman
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549

The Honorable Gary Gensler
Chairman
Commodity Futures Trading Commission
Three Lafayette Centre
1155 21st Street, NW
Washington, D.C. 20581

The Honorable Martin J. Gruenberg
Acting Chairman
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, D.C. 20429

Mr. John Walsh
Acting Comptroller of the Currency
Office of the Comptroller of the Currency
250 E Street, SW
Washington, D.C. 20429

Dear Sirs and Madam:

We are writing to express our initial views related to the proposed rule on Section 619 of Dodd-Frank, also known as the "Volcker Rule." Numerous questions have been raised about the proposal, as drafted, that must be carefully examined given the potential impact on capital formation for American businesses and a broader U.S. economic recovery.

Congress tasked your agencies with joint responsibility to draft rules prohibiting proprietary trading, while expressly including important exemptions for several activities that are vital to our capital markets, such as market making. The product of this joint undertaking is a proposed rule that is approximately 300 pages and includes a request for comment on more than 1,300 questions by mid-January. Furthermore, the U.S. Commodity Futures Trading Commission (CFTC) has not signed onto the proposal and may issue a separate proposal.

Given the short timeline for comment and the rapidly approaching July 2012 implementation deadline, concerns have been raised that affected stakeholders will not have a sufficient opportunity to examine the rule and provide meaningful comment, and that regulators will not have adequate time to digest these comments. The complexity of these issues necessitates a deliberative and thoughtful process that considers an appropriately tailored proposal to improve safety and soundness without disrupting market liquidity for investors and the flow of capital to American

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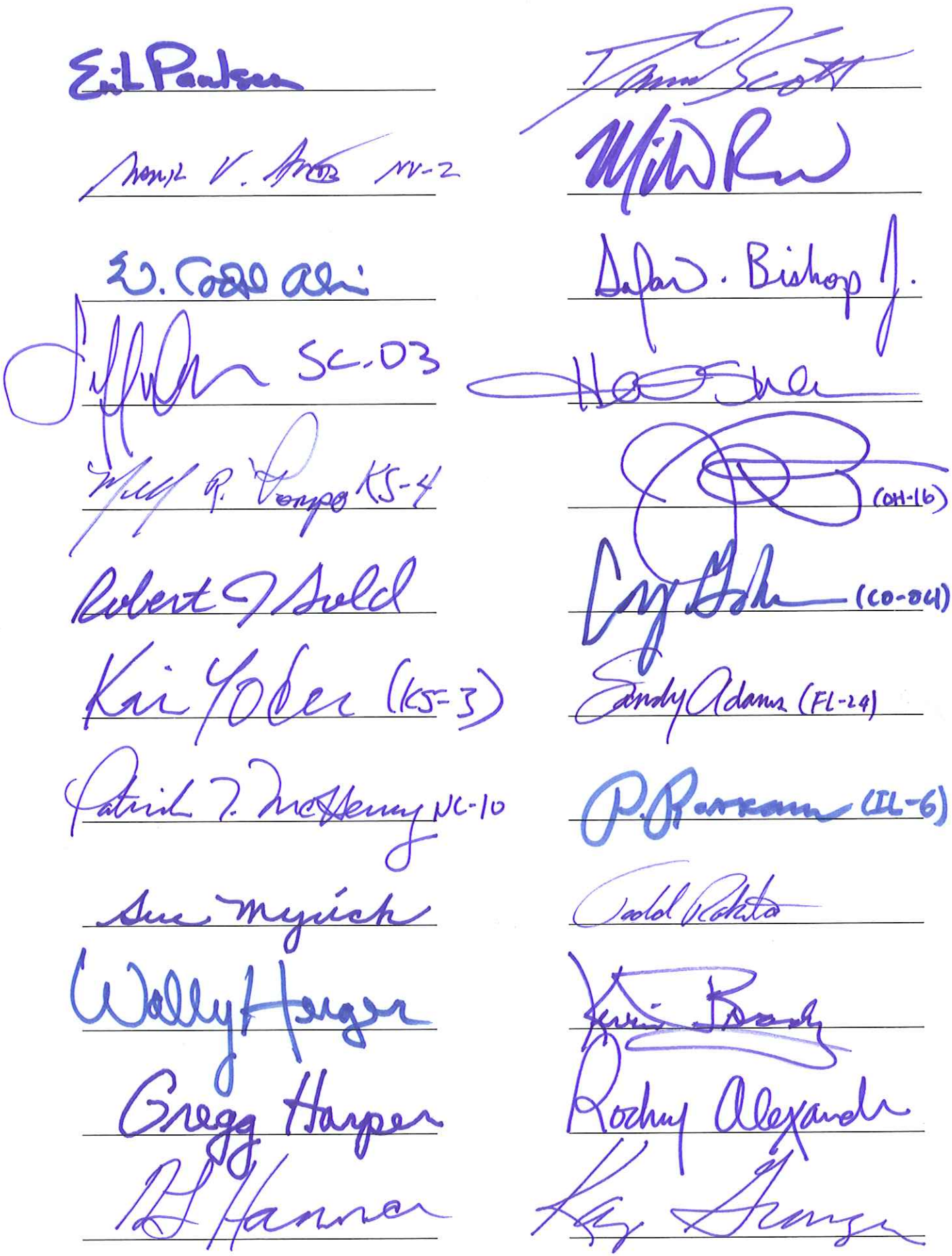
businesses. With these concerns in mind, we ask that, in accordance with the recent letter from Chairman Bachus, the regulators extend the comment period at least 30 days. Additionally, regulators should consider producing an interim proposed rule reflecting the comments from affected stakeholders and the CFTC, and extend the implementation deadline.

Ultimately, the significance of any final rule for American businesses, and by extension American households, cannot be overstated given the direct impact on the U.S. capital markets, which today are the deepest and most liquid in the world. Initial reports from asset managers, mutual funds, pension plans and other stakeholders suggest that the rule, as drafted, would result in higher borrowing costs for American businesses, thereby impacting economic growth and job creation. For example, given the nearly $8 trillion corporate bond market, if the cost of borrowing increases by just one-quarter of a percent for investment-grade bonds, and one-and-a-quarter percent for high-yield bonds, the impact on the economy will be greater than $45 billion for corporate bonds alone. This estimate does not consider the costs associated with consumer lending (*e.g.* student loans, auto loans), commodities, or other impacted markets. The effects are expected to be most pronounced for small and medium-sized companies.

Accordingly, it is imperative that regulators and stakeholders have sufficient time to carefully examine this proposal and related comments to ensure that American businesses have access to capital in order to fund day-to-day operations and to preserve and create jobs. With the U.S. economy at a critical juncture, the stakes are simply too high to proceed with undue haste, and not ensure that the rule embraces congressional intent in a way that supports our recovery.

Sincerely,



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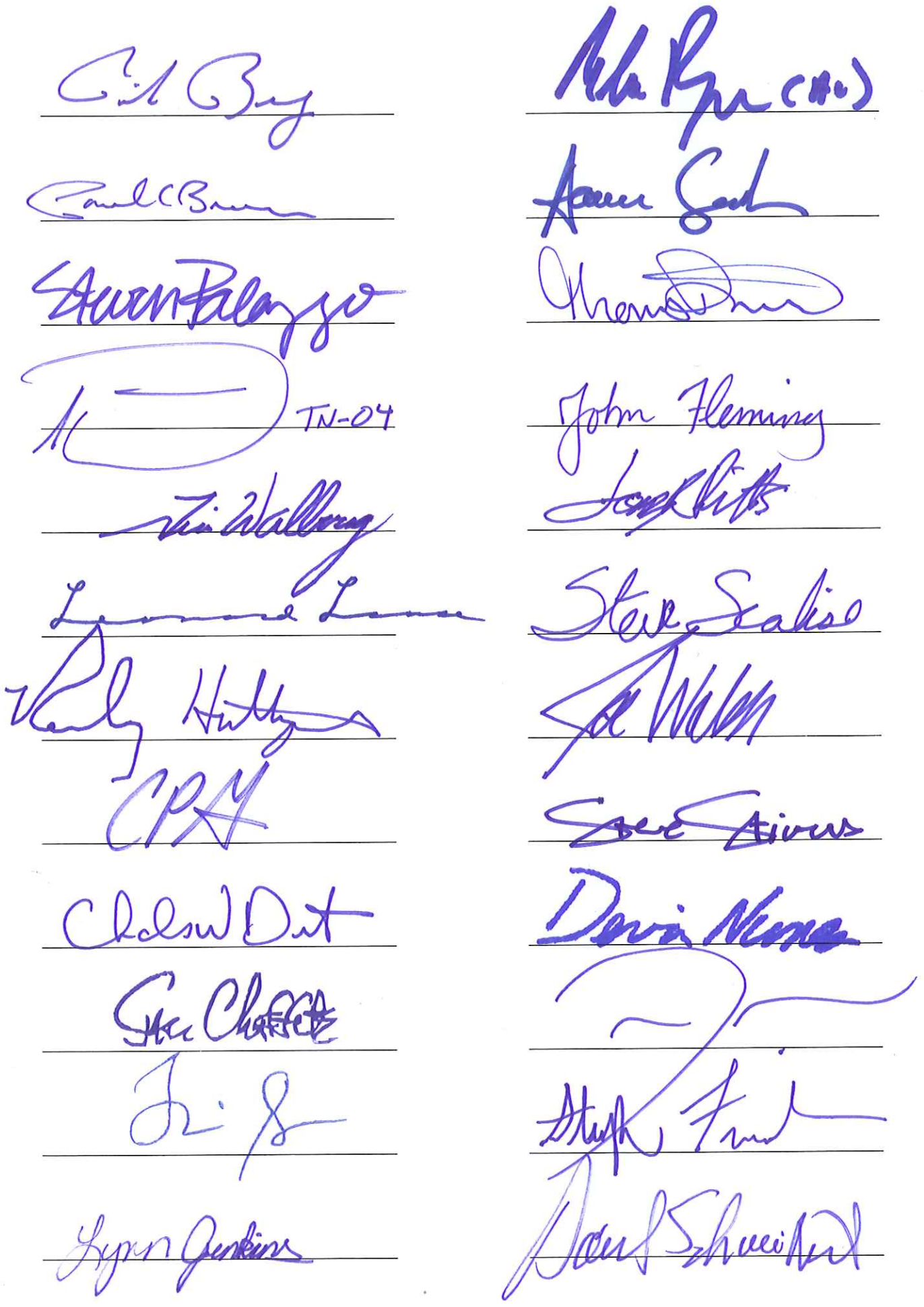
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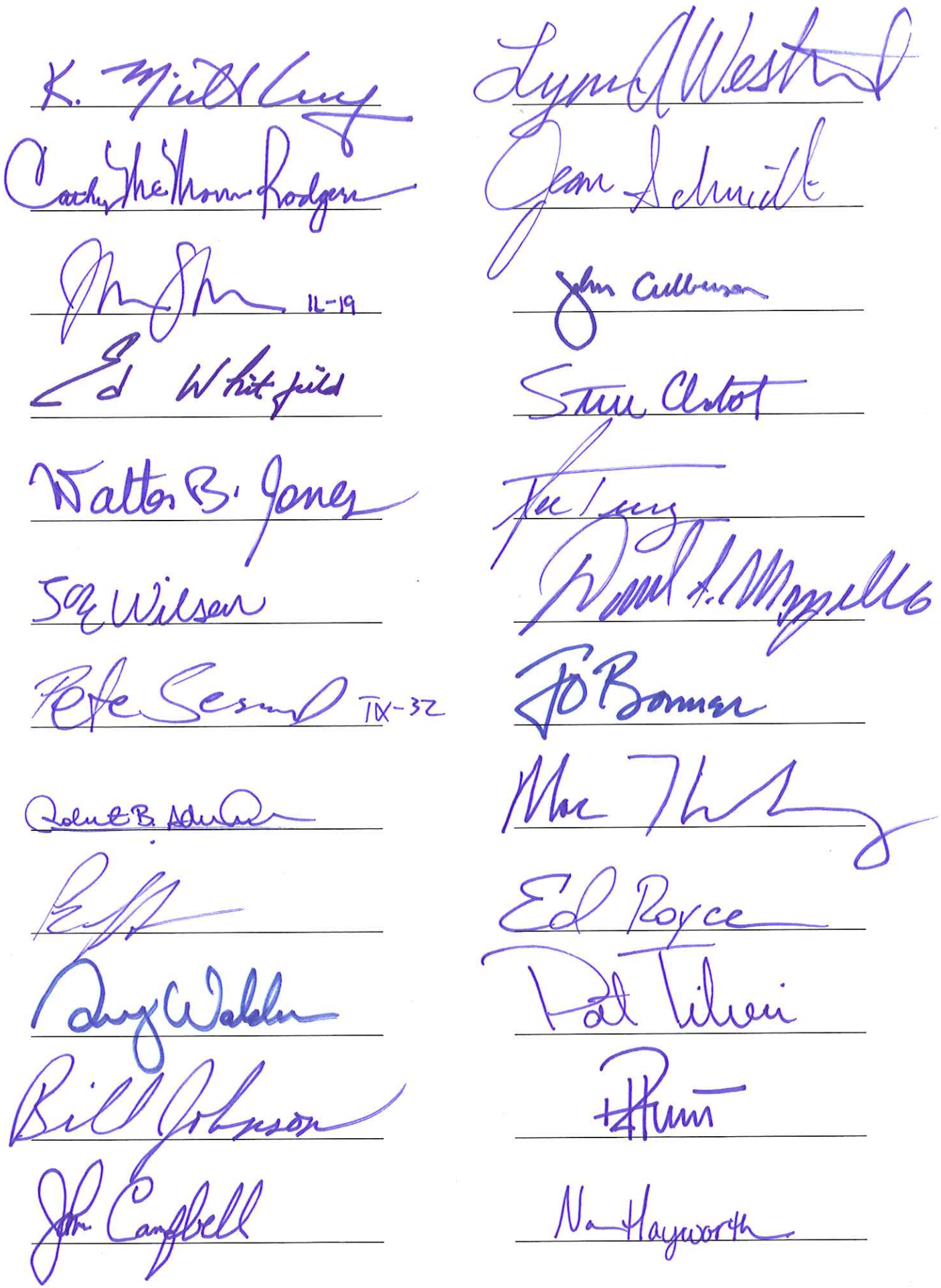
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