



February 7, 2012

Submitted via online submission

Jennifer J. Johnson
Secretary
Bd. of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Office of the Comptroller of the Currency
250 E Street, SW
Mail Stop 2-3
Washington, DC 20219

Re: Restrictions on Proprietary Trading and Certain Interests in, and Relationships with, Hedge Funds and Private Equity Funds

To Whom It May Concern,

I am writing on behalf of Physic Ventures, LP, a venture capital firm that invests in early-stage US-based health and sustainability companies. We have a successful track record building businesses that innovatively address some of the United States' most pressing problems, including diabetes and obesity, surging health care costs, energy efficiency, carbon reduction, and the increasing prevalence of toxic materials in consumer products. Our efforts have created positive societal impact and hundreds of new jobs during the past few years.

For example, one of our portfolio companies – Revolution Foods – is providing healthy meals and nutrition education to schools across the country, including in Washington D.C. Not only is this company helping make children healthier, it was recently named to Inc. Magazine's 2011 List of the Top 500 Fastest Growing Private Companies. Our portfolio is filled with promising startups that have the potential to improve our individual and collective health while also providing attractive long term returns to investors. I have provided a brief overview of some of our other portfolio companies on the attached sheet; for more details, please see www.physicventures.com.

We are now thick in the process of raising our second investment fund, and find ourselves with a considerable and unexpected set back linked to the Volcker rule.

I understand you are working with the regulatory agencies to ensure the Volcker rule is implemented in a way that will not harm our economy by artificially and unnecessarily restricting banks' ability to invest in venture capital funds. I am writing to commend you for that work and to offer Physic Ventures' experience to support your efforts.

We have spent many years building a relationship with an international bank that shares our focus on food, agriculture and sustainability. We have found many synergies with this potential investor, based on our shared intentions to improve the nation's food system and promote technologies that advance a much needed sustainability agenda.

We were very pleased when, late in the summer, this bank's investment committee approved a \$25M commitment to our second fund, Physic Ventures Fund II. However, the following week we were told the bank's counsel would not permit completion of this investment due to provisions in the Volcker Rule. This commitment represents a significant portion of our next fund, and losing it will inhibit our ability to reach the scale, momentum and impact required to continue our important work.

We believe the investing we do is in our Nation's interest. Physic Ventures brings a unique approach to venture capital by working closely with strategic limited partners to accelerate the scale and impact of our portfolio companies. Having this particular institutional bank as a partner would add significantly to our ability to innovate in the food, agriculture and sustainability sectors in the United States.

We appreciate the work you are doing to encourage the regulatory agencies to draw a clear distinction between venture capital funds, on the one hand, and private equity and hedge funds, on the other, in their final Volcker rule regulations. Grouping investors building high growth businesses in with hedge fund traders is not only unnecessary, it would inhibit startups' access to vital innovation capital and impede funds like Physic from building long term investment portfolios of high growth companies focused on solving the problems that face our country.

If there is anything we can do to help you in your work to provide clarity and permit continued bank investments in venture capital funds, please let me know.

Sincerely yours,



William B. Rosenzweig
Managing Director

Cc: The Honorable Timothy F. Geithner
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Physic Ventures: Select Portfolio Companies

	<p>Alliance Health Networks is an innovative social networking company whose mission is to improve health outcomes, lower costs and facilitate a more consumer-centric healthcare industry. The company owns and operates a growing portfolio of distinct social networking sites that today serve 750,000 registered members across 37 health conditions.</p>
	<p>Chromatin is a biotech company developing innovative technologies that benefit the agricultural, energy, chemical, nutritional, and pharmaceutical sectors. Chromatin is commercializing solutions which proactively address key societal challenges such as improving agricultural productivity and increasing renewable energy resources.</p>
	<p>Elixir Pharmaceuticals, a Cambridge, MA-based biopharmaceutical company focuses on developing and commercializing drugs to treat and prevent metabolic disease and age-related diseases, ultimately extending the quality and length of human life.</p>
	<p>EnergyHub is the consumer face of the Smart Grid, helping home owners reduce energy consumption and save money. EnergyHub produces smart, simple, and cost-effective energy management tools that strengthen the relationship between consumers and utilities and solve today's energy problems.</p>
	<p>Gazelle is the nation's largest reCommerce company, providing a practical, responsible, rewarding way for consumers to get value for used electronics. They accept products across a wide range of categories and have found a new home for more than 80,000 used electronics, while responsibly recycling thousands more.</p>
	<p>Merrimack Pharmaceuticals is an integrated, biopharmaceutical company committed to the innovation of life-enhancing medicines for the treatment of autoimmune disease and cancer.</p>
	<p>Novomer is a materials company pioneering the manufacture of novel materials from simple feedstocks. The company's catalyst technology enables the production of polymers and biodegradable plastics from renewable feedstocks, such as carbon dioxide and carbon monoxide.</p>
	<p>On-Q-ity is a next generation diagnostics company focused on transforming cancer treatment and improving treatment outcomes for cancer patients. The company is developing innovative diagnostics to identify the unique characteristics of an individual's cancer, predicting the response to therapies, and monitoring the progress of treatment.</p>
	<p>Pionetics, purchased by Rayne Corporation in 2009, is an innovative water technology company that develops smart water treatment products that produce great tasting, safe drinking water with less wastewater than traditional water treatment systems. Rayne Corporation brings an extensive water purification and softening dealership in the southwestern US focused on California and Arizona, areas of high water stress.</p>
	<p>Revolution Foods delivers tasty and healthy meals and nutrition education to schools and programs across the country. Every child's education should include healthy eating and learning about nutritious food. Revolution Foods provides healthy organic lunches and nutrition education advocacy in Northern and Southern California, Colorado, and the Washington DC Metropolitan area.</p>