

AUGUSTCAPITAL

February 13, 2012

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

Via Internet: www.regulations.gov

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

Dear Ladies and Gentlemen:

Thank you for the opportunity to submit comments in response to your Agencies' joint notice of proposed rulemaking on the "Volcker Rule," which was passed as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act. In this letter, we focus on Question 310, which concerns the appropriate treatment of venture capital funds under the rule.

To implement the Volcker Rule in a manner that addresses the legitimate problems it was created to solve, we urge you make explicit and appropriate distinctions among various forms of investing activity. Specifically, we ask you to conclude that "private equity funds" do not include venture capital funds, and to further conclude that banks may sponsor and invest in venture capital funds as a "permitted activity" under the Act.

Venture Capital firms, unlike private equity firms, make long-term investments in growing businesses, without the use of substantial leverage. They do not engage in short-term "trading." They do not pose systemic risk to our financial system and do not hinder the safety and soundness of our banking institutions.

In fact, venture investing promotes bank safety and soundness and overall financial stability by helping create strong, growing and relatively unleveraged companies (and borrowers), and by promoting counter-cyclical investment strategies that help mitigate periods of financial and economic instability. A sound banking system needs the kinds of vigorous start-up activity that only venture capital stimulates.

That venture capital also invigorates the economy by creating jobs and stimulating innovation might not be directly relevant to matters related to bank balance sheets, but we do respectfully suggest that it should contribute to a bias toward actions that would affect that asset class positively and a corresponding bias against those that would be deleterious.

AUGUSTCAPITAL

As background on our organization, August Capital was founded in 1995 in Menlo Park, California, to invest in companies differentiated by technical innovation and entrepreneurial excellence. To date, the August Capital funds total \$2.0 billion. August Capital's seven partners have more than a century of combined venture experience and together have invested in more than 80 companies across the technology spectrum. These companies represent an aggregate market capitalization of well over \$250 billion and generate in excess of \$75 billion in annual revenue. The partners at August Capital were the earliest investors in a number of ground breaking technology companies, most of them located in California, including Intuit, Seagate, Microsoft, Atheros Communications, Silicon Image, Sun Microsystems, Skype, Compaq, Symantec, Sybase and many more. We have seen how, with the right backing, an entrepreneur can take an idea and turn it into a company, creating thousands of jobs and helping build the future of America.

Startup companies need adequate "smart" capital, and our country needs those companies – to build our economy, discover new ways to treat diseases and illnesses in an aging population, create new ways of sharing and using information, and develop new, clean energy solutions. Venture capital funds are not private equity funds, and they should not be regulated as such.

Thank you for your consideration.

A handwritten signature in black ink, consisting of a long horizontal stroke followed by a stylized, looped flourish.

Andy Rappaport