

**Congress of the United States**  
**Washington, DC 20515**

February 17, 2012

Honorable Ben Bernanke  
Chairman, Board of Governors  
Federal Reserve System  
Twentieth and Constitution Avenue, NW  
Washington, DC 20551

Honorable Martin Gruenberg  
Acting Chairman  
Federal Deposit Insurance Corporation  
550 Seventeenth Street, NW  
Washington, DC 20429

Honorable Gary Gensler  
Chairman  
Commodities Futures Trading Commission  
Twenty First Street, NW  
Washington, DC 20581

Honorable Mary Schapiro  
Chairman  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-0100

Honorable John Walsh  
Acting Comptroller of the Currency  
U.S. Department of Treasury  
250 E Street, SW Room 9048  
Washington, DC 20219

Dear Chairman Bernanke, Acting Chairman Gruenberg, Chairman Gensler, Chairman Schapiro,  
Acting Chairman Walsh:

As supporters of the intent of the Dodd-Frank Wall Street Reform and Consumer Protection Act, we are proud to have worked to enact strong financial regulations that will reduce systemic risk and increase transparency in the financial markets. In particular, we support the goals of Section 619 of the law, otherwise known as the "Volcker Rule," which was added to prohibit banks that have access to taxpayer funds from putting these funds at risk for their own benefit.

In order to ensure that banks can't simply shift their proprietary trading operations to a separate entity under its control, Section 619 also contains limitations on investing in or sponsoring hedge funds and private equity funds. Congress made very clear, however, that these restrictions should not impact investment in or sponsorship of venture capital funds. The text of the statute itself refers solely to hedge funds and private equity funds, specifically leaving out venture capital funds. This should be contrasted with Title IV of Dodd Frank, where Congress referred generally to private funds, which included venture capital funds in addition to hedge funds and private

equity funds. Congress did not explicitly reference venture capital funds in the same manner it referenced private equity and hedge funds, nor did it refer to private funds generally, because it was not congressional intent for the Volcker Rule restrictions to apply to venture capital funds. This understanding is reflected in a colloquy between Senator Dodd and Senator Boxer that took place as the Senate was debating approval of the Conference Report.

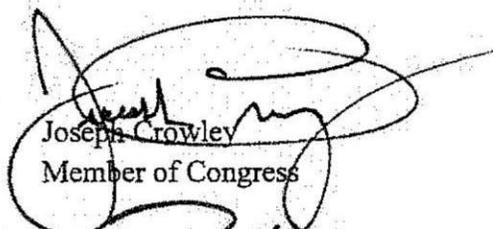
Congress treated venture capital funds differently than hedge funds and private equity funds because of the unique characteristics of their investment model. Venture funds are not highly leveraged, have set fund terms, and are generally invested in private companies. Over the past decade, the total amount of venture capital investment on an annual basis has ranged between \$20 billion to \$40 billion, or roughly 0.1% of the U.S. GDP. Hedge funds, in contrast, managed roughly \$1.5 trillion as of the first quarter of 2010. These characteristics mean that investment in venture capital funds does not pose a danger to the safety and soundness of the banking system or create systemic risk for the larger economy. Consistent with congressional intent, regulators should use the flexibility provided to implement the Volcker Rule with enough flexibility to avoid restricting access to venture funds and other types of illiquid funds.

We appreciate your agencies' leadership on this issue. We look forward to working with you in coordination with other agencies to create a balanced approach that mitigates risk in the markets while ensuring access to capital for U.S. companies and investors.

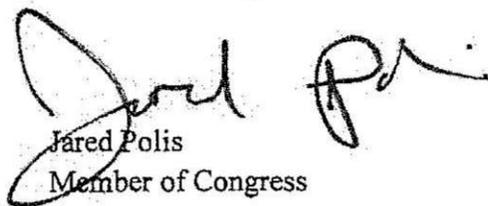
Sincerely,



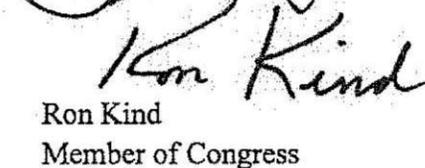
Gary C. Peters  
Member of Congress



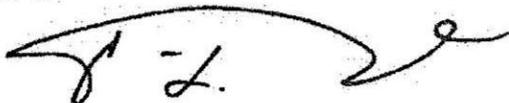
Joseph Crowley  
Member of Congress



Jared Polis  
Member of Congress



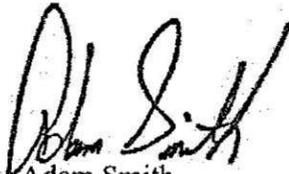
Ron Kind  
Member of Congress



Cedric L. Richmond  
Member of Congress



James P. Moran  
Member of Congress

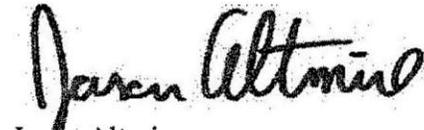
  
Adam Smith  
Member of Congress

  
Gwen Moore  
Member of Congress

  
Allyson Schwartz  
Member of Congress

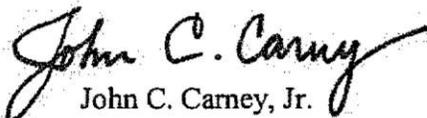
  
Carolyn McCarthy  
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William L. Owens  
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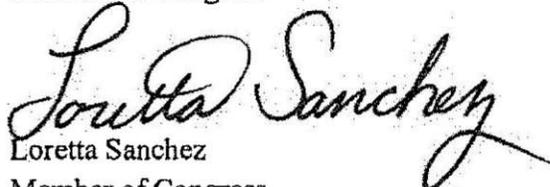
  
Jason Altmire  
Member of Congress

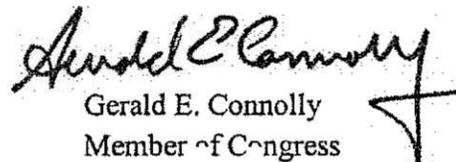
  
John Barrow  
Member of Congress

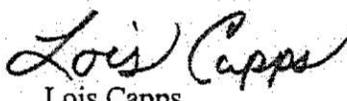
  
Russ Carnahan  
Member of Congress

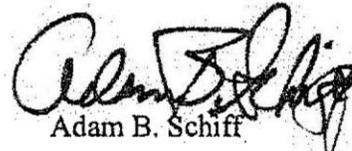
  
John C. Carney, Jr.  
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Ed Perlmutter  
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Loretta Sanchez  
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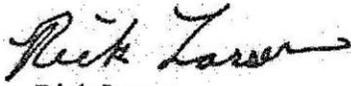
  
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Lois Capps  
Member of Congress

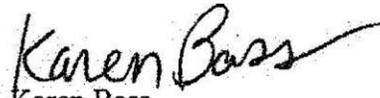
  
Adam B. Schiff  
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Kurt Schrader  
Member of Congress

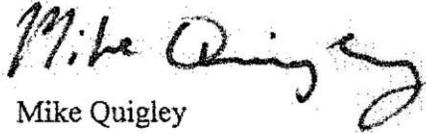
  
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Rick Larsen  
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Karen Bass  
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Mike Quigley  
Member of Congress