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Congress of the United States
House of Representatives

February 27, 2012

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The Hon. Ben Bernanke
Chairman
Federal Reserve Board
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Dear Chairman Bernanke:

I am writing to you to urge you to carefully consider how you treat venture capital under the Volcker Rule. The Notice of Proposed Rulemaking issued by your agencies in October did not take a position on the issue, which I believe is fairly straightforward.

Congress passed the Volcker Rule in an attempt to limit highly risky activities by banks that threaten the safety and soundness of the U.S. financial system. Congress also clearly allowed for flexibility so the rule would not stifle other types of activities that are critical to our nation's economic health. I believe venture capital investing is exactly the type of activity we sought to exclude from this rule because it is critically necessary to America's economic recovery.

Venture capital investing helps startup companies around the country create jobs, build products, invest in research and development and generate life-changing solutions in fields like energy and life-sciences. The venture ecosystem is one of the bright spots in the U.S. economy. In 2010, venture-backed companies employed 11.9 million people and generated \$3.1 trillion in revenues. Therefore, it is vital that your agencies do not create an unnecessary barrier to future venture investing, especially because it does not carry the risks the Volcker Rule aimed to limit.

Again, I urge you to conclude in your final rules that venture capital funds are not covered by the Volcker rule or that they are a permitted activity under Section (d)(1)(J).

Thank you for considering my views on this matter.

Sincerely,

Bob Goodlatte
Member of Congress

RWG:br