

Furthermore, a short colloquy during the Senate's consideration of the Dodd-Frank Act on July 15, 2010, unambiguously defines Congressional intent. The coauthor of the Dodd-Frank Act and then-Chairman of the Senate Committee on Banking, Senator Christopher Dodd, responded to an inquiry from Senator Barbara Boxer clarifying the intent of the Volcker Rule, Section 619, specifically regarding venture capital investments:

"The purpose of the Volcker rule is to eliminate excessive risk taking activities by banks and their affiliates while at the same time preserving safe, sound investment activities that serve the public interest. It prohibits proprietary trading and limits bank investment in hedge funds and private equity for that reason. But properly conducted venture capital investment will not cause the harms at which the Volcker rule is directed. In the event that properly conducted venture capital investment is excessively restricted by the provisions of section 619, I would expect the appropriate Federal regulators to exempt it using their authority under section 619(J)."

Our nation has worked hard for years to rebuild our economy. We have seen firsthand the destructive power that high risk investment activities can have on our financial system. Properly conducted venture capital investments, however, do not pose the same systemic hazard. As a representative of Silicon Valley, I can attest that venture capital is essential to our nation's economic growth as it spurs innovation and creates new jobs and industries.

Section 619 of the Dodd-Frank Act, the Volcker Rule, was clearly written and intended to further regulate only specific types of high risk investment activities. I urge you to clarify in your final regulations implementing the Volcker Rule that banks may continue to invest in venture capital funds under the current safety and soundness regulations, and not be subject to the Volcker Rule. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, reading "Michael M. Honda". The signature is written in a cursive, flowing style with a long horizontal line extending to the right.

Michael M. Honda
Member of Congress