United States Senate

WASHINGTON, DC 20510

August 2, 2018

The Honorable Jerome H. Powell
Chairman
Board of Governors of the Federal Reserve
System
20th Street and Constitution Avenue NW
Washington, DC 20551

The Honorable Jelena McWilliams
Chair
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

The Honorable Joseph M. Otting
Comptroller
Office of the Comptroller of the Currency
400 7th Street SW
Washington, DC 20219

The Honorable Jay Clayton
Chairman
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

The Honorable J. Christopher Giancarlo
Chairman
U.S. Commodity Futures Trading
Commission
1155 21st Street NW
Washington, DC 20581

Dear Chairman Powell, Chair McWilliams, Comptroller Otting, Chairman Clayton, and
Chairman Giancarlo:

We write to express our strong disappointment with the recent effort to weaken the
Volcker Rule, which prohibits risky trading practices at federally-backed institutions. We are
concerned that the proposed rule released on May 30 by the Federal Reserve would undermine a
fundamental provision of the Dodd-Frank Wall Street Reform Act that prevents taxpayers from
being asked to bail out financial institutions that make high-risk trades.

Reckless gambling on Wall Street played a major role in the financial crisis and resulted
in massive taxpayer bailouts. To protect taxpayers and the economy, Congress enacted the
Volcker Rule to separate traditional banking from these risky trading practices. The Volcker
Rule's ban on high-risk trading by large, federally insured banks was a key provision of the
Dodd-Frank Wall Street Reform Act intended to ensure that American taxpayers would never
again be on the hook when Wall Street banks gamble.

The proposed rule issued by the federal banking regulators is not a minor change or an
attempt to cut red tape for community banks and credit unions. Instead, it creates potentially
major loopholes for Wall Street banks to avoid complying with a core protection put in place by
Congress to protect taxpayers and investors. Loosening the Volcker Rule for Wall Street banks
opens the door for them to once again engage in risky trading behavior and put the financial
stability of our economy at risk.

As you consider any potential changes to the Volcker Rule, we urge you to consider the potential ramifications of risky trading practices at federally insured institutions.
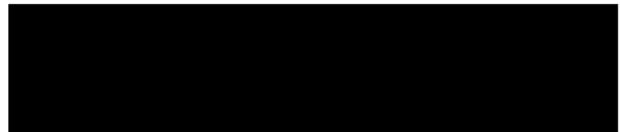
Sincerely,
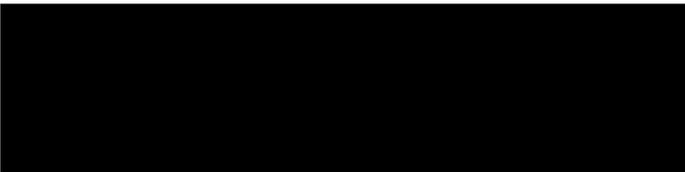
Jeffrey A. Merkley
United States Senator

Jeanne Shaheen
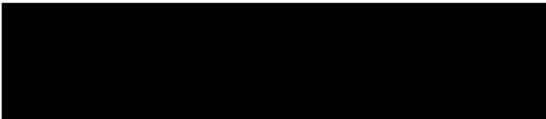United States Senator

Kirsten Gillibrand
United States Senator

Dianne Feinstein
United States Senator

Elizabeth Warren
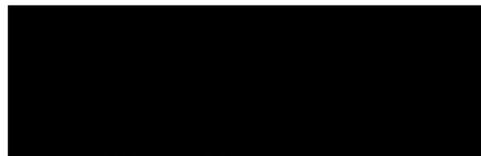United States Senator

Tina Smith
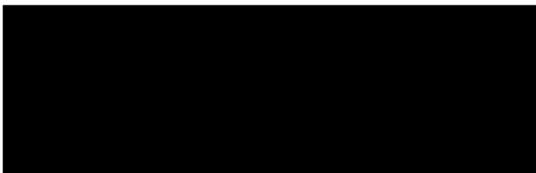United States Senator

Cory A. Booker
United States Senator

Chris Van Hollen
United States Senator

Richard Blumenthal
United States Senator

Sherrod Brown
United States Senator

Kamala D. Harris
United States Senator

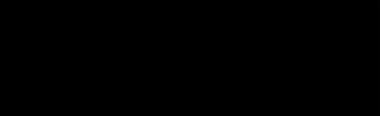Edward J. Markey
United States Senator
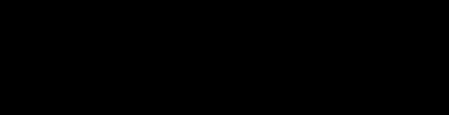
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Robert P. Casey Jr.
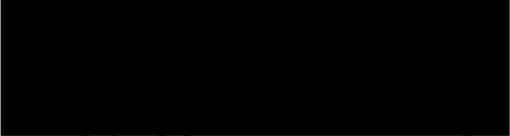United States Senator

Margaret Wood Hassan
United States Senator

Ron Wyden
United States Senator

Robert Menendez
United States Senator

Maria Cantwell
United States Senator

Mazie K. Hirono
United States Senator

Benjamin L. Cardin
United States Senator

Bernard Sanders
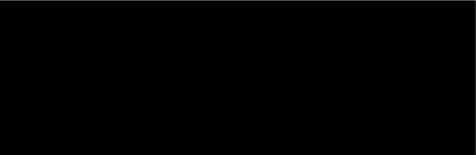United States Senator

Patrick J. Leahy
United States Senator

Tammy Baldwin
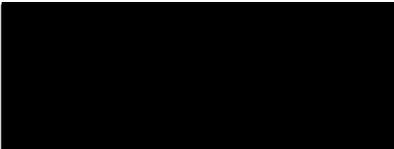United States Senator

Brian Schatz
United States Senator
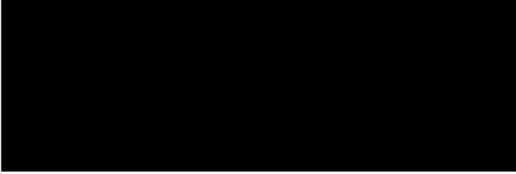
Catherine Cortez Masto
United States Senator

Jack Reed
United States Senator
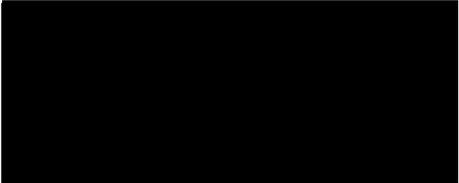
Richard J. Durbin
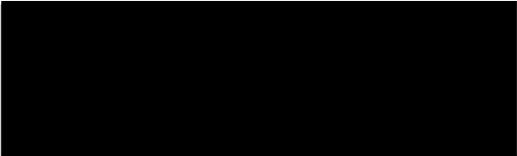United States Senator

Tom Udall
United States Senator

Amy Klobuchar
United States Senator

Sheldon Whitehouse
United States Senator

Martin Heinrich
United States Senator

Bill Nelson
United States Senator