Thank you for the opportunity to comment on the proposed Volcker rule.

I see three problems in the first few pages of the rule.

**PROBLEM ONE: CLARIFY STATUS OF 'NONBANK FINANCIAL COMPANIES'

While the proposal 'generally prohibits any banking entity from engaging in proprietary trading or from acquiring or retaining an ownership interest in, sponsoring, or having certain relationships with a hedge fund or private equity fund ("covered fund"), the language that may extend this coverage to 'nonbank financial companies' is unclear.

It should be made clear that all the provisions of the proposed rule apply to all nonbank financial companies as well as any banking entity.

It should also be made clear that any institution which accepts deposits from the public or other institutions and/or lends money to any person or entity is considered a 'banking entity' or 'nonbank financial company' and is subject to the rules.

**PROBLEM TWO: Section 13 of the BHC Act.

While 'Section 13 of the BHC Act generally prohibits banking entities from engaging in proprietary trading or from acquiring or retaining any ownership interest in, or sponsoring, a covered fund,' the rule does not specify 'nonbank financial companies'.

This should be amended so that the rule applies to all 'banking entities' and 'nonbank financial companies'.

**PROBLEM THREE: EXEMPTIONS

Section 13(d)(1) of the BHC Act includes exemptions from these prohibitions for certain permitted activities, including:

'Trading in certain government obligations;
Underwriting and market making-related activities;

Risk-mitigating hedging activity;

Trading on behalf of customers;

Investments in Small Business Investment Companies (“SBICs”) and public interest investments;

Trading for the general account of insurance companies;

Organizing and offering a covered fund (including limited investments in such funds);

Foreign trading by non-U.S. banking entities; and

Foreign covered fund activities by non-U.S. banking entities.'

All these exemptions should be removed so that the rules apply to all 'banking entities' and 'nonbank financial companies'.

Allowing these exemptions will allow some 'banking entities' and 'nonbank financial companies' to circumvent its provisions and render the rule impotent. Such rendering of the rule will place the entire financial system at risk.

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Life is Short. Tell the Truth

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