

February 13, 2012

**By Electronic Mail**

Office of the Comptroller of the Currency  
250 E Street SW, Mail Stop 2-3  
Washington, D.C. 20219

Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue NW  
Washington, D.C. 20551

Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street N.W.  
Washington, D.C. 20429

Securities and Exchange Commission  
100 F Street N.E.  
Washington, D.C. 20549-1090

Commodity Futures Trading Commission  
Three Lafayette Centre  
1155 21<sup>st</sup> Street, N.W.  
Washington, D.C. 20581

Dear Sirs/Madams:

**Re: Restrictions on Proprietary Trading and Certain Interests In, and Relationships with, Hedge Funds and Private Equity Funds - Proposed Rule - Federal Reserve Docket No. R-1432 and RIN 7100 AD 82; OCC Docket ID OCC-2011-14; FDIC RIN 36064-AD85; SEC File No. S7-41-11**

The Canadian Bankers Association (“CBA”) works on behalf of 53 domestic banks, foreign bank subsidiaries and foreign bank branches operating in Canada and their 267,000 employees. The CBA advocates for effective public policies that contribute to a sound, successful banking system that benefits Canadians and Canada’s economy. The CBA also promotes financial literacy to help Canadians make informed financial decisions and works with banks and law enforcement to help protect customers against financial crime and promote fraud awareness.

We appreciate the opportunity to participate in the stakeholder consultation regarding the proposed U.S. rulemaking<sup>1</sup> implementing Section 619 of the *Dodd-Frank Wall Street Reform and Consumer Protection Act*,<sup>2</sup> commonly known as the “Volcker Rule.”<sup>3</sup> In this regard, we wish to express our support for the positions advocated by Bank of Montreal, The Bank of Nova Scotia, Canadian Imperial Bank of Commerce, National Bank of Canada, Royal Bank of Canada and The Toronto-Dominion Bank (collectively, the “**Banks**”) in their comment letters responding to the Volcker Rule proposal.<sup>4</sup>

We support the comments of the Banks for the following reasons. The Volcker Rule, as currently drafted, will apply to any global banking entity, including any Canadian banking organization with a branch, agency or bank subsidiary in the United States, and all of its affiliates and subsidiaries in Canada and elsewhere. The Volcker Rule prohibits proprietary trading, and sponsorship of or ownership in private equity funds and hedge funds. The Volcker Rule does contain numerous exemptions, including for trading, or for fund sponsorship or ownership, activities that are “solely outside of the United States”. The proposed exemptions, however, are too narrow to be relied upon by the affected Canadian banks. The Volcker Rule would result in substantial negative impacts on the liquidity of Canadian government and corporate securities, the business model of the Canadian fund industry, the competitiveness and efficiency of Canadian financial institutions and financial markets, and the ability of the Canadian regulators to supervise the Canadian financial markets and Canadian banking entities on a worldwide consolidated basis. The Banks’ letters provide greater detail regarding these impacts with which the CBA is in agreement.

We appreciate the opportunity to participate in the stakeholder consultations regarding the Volcker Rule and would be pleased to answer any questions regarding our comments.

Yours truly,

A handwritten signature in black ink, appearing to read "J. Campbell", written in a cursive style.

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<sup>1</sup> The proposal was initially issued in October 2011 by the Board of Governors of the Federal Reserve System (the “**Federal Reserve**”), the Office of Comptroller of the Currency (“**OCC**”), the Federal Deposit Insurance Corporation (“**FDIC**”) and the Securities and Exchange Commission (“**SEC**”) and published in the Federal Register in November 2011: see *Restrictions on Proprietary Trading and Certain Interests In, and Relationships With, Hedge Funds and Private Equity Funds*, 76 Fed. Reg. 68846 (November 7, 2011). On January 13, 2012, the Commodity Futures and Exchange Commission (“**CFTC**”, and together with the Federal Reserve, OCC, FDIC and SEC, the “**Agencies**”) issued its own version of the proposal for institutions for which it is the primary federal financial regulator which has not yet been published in the Federal Register.

<sup>2</sup> Codified as new Section 13 of the Bank Holding Company Act of 1956.

<sup>3</sup> The Volcker Rule was issued by the U.S. Agencies.

<sup>4</sup> Reference is made to the comment letters by the Banks to the Agencies dated January 19, 2012 and February 13, 2012 (collectively, the “**Banks’ Letters**”).