BlueRun ventures

February 8, 2012

Jennifer J. Johnson
Secretary
Bd. of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

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

Via Internet: www.regulations.gov

Re: Restrictions on Proprietary Trading and Certain Interests in, and Relationships with, Hedge Funds and Private Equity Funds

Dear Ladies and Gentlemen:

Thank you for the opportunity to submit comments in response to your Agencies' joint notice of proposed rulemaking on the "Volcker Rule," which was passed as part of the Dodd-Frank Wall Street Reform and Consumer Protection Act. In this letter, we focus on Question 310, which concerns the appropriate treatment of venture capital funds under the rule.

Although portions of the Volcker Rule address legitimate problems, it is critical that the regulators implement it consistently with its language and its purpose. Specifically, we urge you either to conclude that "private equity funds" do not include venture capital funds, or to conclude that banks may sponsor and invest in venture capital funds as a "permitted activity" under the Act.

If the regulatory bodies were to apply the provisions restricting investments in private equity funds so broadly as to include venture capital funds, they could severely damage one of the most vibrant sectors of our economy. Venture capital funds create jobs, foster innovation, and help our nation compete with the rest of the world. They do this by making long-term investments in growing businesses, without the use of substantial leverage. They do not engage in short-term "trading." They do not pose systemic risk to our financial system and do not hinder the safety and soundness of our banking institutions.

In fact, quite the opposite is true. Venture investing promotes bank safety and soundness and overall financial stability by helping create strong, growing companies (and borrowers), a strong economy based upon innovation rather than trading, and sustained job creation; by aggregating capital and allocating it to promising long term investments in innovative new technologies; and by promoting counter-cyclical investment strategies that help mitigate periods of financial and economic instability.

We urge you to recognize these fundamental distinctions and preserve the ability of bank affiliates to provide capital to high growth technology companies by investing in and sponsoring venture funds.

BlueRun Ventures is a venture capital firm. We invest in technology companies at their earliest of stages. In so doing, we have helped entrepreneurs transform ideas into businesses that have created thousands of jobs and helped build the future of America. As an example, we were the first institutional investor in PayPal, now one of the largest online payments companies in the world. Our investment helped a small number of entrepreneurs grow an idea into one of the most recognized technology companies in the world.

Startup companies need adequate "smart" capital, and our country needs those companies – to build our economy, discover new ways to treat diseases and illnesses in an aging population, create new ways of sharing and using information, and develop new, clean energy solutions. Venture capital funds are not private equity funds, and they should not be regulated as such.

Thank you for your consideration.

Andrew Thornborrow
Operating Partner
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