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Jennifer J. Johnson
Secretary
Board of Governors of the
Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551
Docket No. R-1432
Regs.comments@federalreserve.gov

Robert E. Feldman
Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429
RIN:3064-AD85
comments@fdic.gov

Office of the Comptroller of the Currency
250 E Street, SW
Washington, DC 20219
Docket No. OCC-2011-0014
Regs.comments@occ.treas.gov

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549
File No. S7-41-11
Rule-comments@sec.gov

Dear Sirs / Madams:

The Province of British Columbia welcomes the opportunity to comment on the proposed Section 619 of the Dodd-Frank Act, issued jointly by the US Federal Reserve Board, Office of the Comptroller of the Currency, Federal Deposit Insurance Corporation and the Securities and Exchange Commission.

The Province of British Columbia is one of ten Canadian Provinces and is an active participant in the Canadian, US and international capital markets as a sub sovereign issuer.

The comments in this submission relate primarily to the impact of the decision to impose restrictions on proprietary trading of foreign government securities while including an exemption for US government securities. The Province is concerned that by imposing such a restriction on foreign government securities, liquidity will be negatively impacted, particularly for Canadian issuers due to the close inter-linkages between the US and Canadian financial markets. We therefore request that the exemption given to US government securities be extended to Canadian federal, provincial and municipal government securities reflecting the solid economic and fiscal strength of these respective Canadian government entities.

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The Province is concerned that the Volcker Rule may unintentionally negatively impact market-making activity both in the US and Canada, and possibly in other international financial centres, as banks that currently act as market makers may be reluctant to do so for fear that regulators would consider any unsold inventory as a proprietary trade. This will negatively impact liquidity in government securities markets. We therefore ask that the Rule not impede market makers from continuing to provide the current level of liquidity. Introducing inefficiencies into the capital markets risk raising materially the cost of transacting and financing.

The exemptions under the Volcker Rule raise serious concerns that the Rule will impact the behaviour of Canadian institutions in the Canadian capital markets. If this is the outcome, this is an infringement on Canadian regulatory jurisdiction and risks contravening Canadian regulation, adding unwanted uncertainties and potential inefficiencies in the Canadian capital markets.

In conclusion, while we appreciate the intention of the Volcker Rule and its contribution to the effective functioning and protection of the US financial markets we respectfully request that you take into account the issues and comments raised in this submission, particularly with respect to implications of the Rule on the liquidity of Canadian federal and provincial government securities, and the efficient functioning of the capital markets in the US, Canada and abroad.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kevin Falcon', with a stylized flourish at the end.

Kevin Falcon
Minister and Deputy Premier