



*Congress of the United States
House of Representatives
Washington, D.C. 20515*

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OFFICE OF LEGISLATIVE AFFAIRS

*Anna G. Eshoo
Fourteenth District
California*

December 13, 2011

The Honorable Ben S. Bernanke, Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

The Honorable Mary L. Schapiro, Chair
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

The Honorable John G. Walsh, Acting Comptroller
Office of the Comptroller of the Currency
250 E Street, S.W. Mail Stop 2-3
Washington, D.C. 20219

Mr. Martin J. Gruenberg, Acting Chairman
Federal Deposit Insurance Corporation Board of Directors
550 17th Street, N.W.
Washington, D.C. 20429

Dear Chairmen Bernanke, Schapiro, Gruenberg and Acting Comptroller Walsh,

I'm writing to you about the "Volcker Rule," a provision in the Dodd-Frank Wall Street Reform and Consumer Protection Act. This is an issue of extreme importance to the venture capital community.

I strongly supported the Dodd-Frank Wall Street Reform and Consumer Protection Act and the inclusion of the Volcker Rule. In fact, I actively worked on the Volcker Rule during negotiations on the bill. The Volcker Rule's intent is to eliminate risk-taking activities by banks and their affiliates, while at the same time preserving safe, sound investment activities that serve the public interest.

I believe the Volcker Rule, as intended by Congress does not, and should not, cover venture capital funds. In Title IV of Dodd-Frank, Congress made clear that private equity funds and venture capital funds are not the same. In the Volcker Rule, Congress consistently used the

specific term "private equity fund" – not the more general term "investment advisor." I believe these words matter, and that the Volcker Rule was both intended and written to reach only certain specific types of high-risk investing activities that require regulation under more rigid rules.

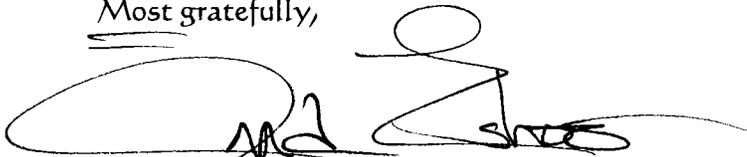
Chairman Dodd also addressed the question of whether the Volcker Rule should affect investments in venture capital funds during a floor statement on July 15, 2010. He stated, "properly conducted venture capital investment will not cause the harms at which the Volcker Rule is directed. In the event that properly conducted venture capital investment is excessively restricted by the provisions of Section 619, I would expect the appropriate federal regulators to exempt it using their authority under Section 619(j)."

I believe venture capital investments are critical to our economy and do not present the types of risk that the Volcker Rule is designed to protect against. Capital investments have been responsible for the creation of millions of jobs in the U.S. and the venture capital investments do not present systemic risk.

As you work on the final regulations for implementation, I urge you to clarify that banks may continue to invest in venture capital funds and that these investments are not restricted by the Volcker Rule.

Thank you for considering my views.

Most gratefully,

A handwritten signature in black ink, appearing to read 'Anna C. Eshoo', with a large, sweeping flourish extending to the right.

Anna C. Eshoo
Member of Congress