



February 13, 2012

**Re: Restrictions on Proprietary Trading and Certain Interests in, and Relationships with, Hedge Funds and Private Equity Funds: Application to Securitization and Insurance-Linked Securities Transactions**

Ladies and Gentlemen:

The Financial Services Roundtable (the “Roundtable”)<sup>1</sup> appreciates the opportunity to provide the agencies (the “Agencies”)<sup>2</sup> charged with issuing rules implementing the new Section 13 of the Bank Holding Company Act of 1956, as amended, (the “Volcker Rule”) with our comments on the Agencies’ October 2011 proposed rulemaking regarding the Volcker Rule (the “Proposed Rules”). The Volcker Rule was added by Section 619 of the Wall Street Reform and Consumer Protection Act of 2010 (the “Dodd-Frank Act”).

It is critical that the Agencies understand the negative effects that the Proposed Rules will have on the asset-back securities and insurance-linked securities markets. To ensure the practical viability of the banking entity securitization and insurance-linked securities markets, the Agencies must exclude issuers of asset-backed securities<sup>3</sup> (“ABS Issuers”) and issuers of insurance-linked securities<sup>4</sup> (“ILS Issuers”) from the definition of “covered funds” under the Volcker Rule.

Today, the Securities Industry and Financial Markets Association (“SIFMA”) submitted a comment letter (the “SIFMA Securitization Letter”) addressing certain provisions of the Proposed Rules that affect the treatment of asset-backed securities and insurance-linked securities. The SIFMA Securitization Letter recommends that the Agencies modify the Proposed Rules to:

- (i) Exclude ABS Issuers from the Proposed Rules’ definition of “covered funds”, as intended by the Securitization Exclusion (as defined in the SIFMA Securitization Letter); and
- (ii) Exclude ILS Issuers from the Proposed Rules’ definition of “covered funds”.

Additionally, the SIFMA Securitization Letter outlines certain alternative modifications to the Proposed

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<sup>1</sup> The Financial Services Roundtable represents 100 of the largest integrated financial services companies providing banking, insurance, and investment products and services to the American consumer. Member companies participate through the Chief Executive Officer and other senior executives nominated by the CEO. Roundtable member companies provide fuel for America’s economic engine, accounting directly for \$92.7 trillion in managed assets, \$1.2 trillion in revenue, and 2.3 million jobs.

<sup>2</sup> The Agencies are the Office of the Comptroller of the Currency (the “OCC”), the Board of Governors of the Federal Reserve System (the “Board”), the Federal Deposit Insurance Corporation (the “FDIC”), the Securities and Exchange Commission (the “SEC”) and the Commodity Futures Trading Commission (the “CFTC”). The respective rule identifiers are Docket No. R-1432, RIN 7100-AD82 (Board), RIN 3064-AD85 (FDIC), Docket No. OCC-2011-0014, RIN 1557-AD44 (OCC), File Number S7-41-11, RIN 3235-AL07 (SEC), RIN 3038-AD05 (CFTC).

<sup>3</sup> As used herein, “asset-backed security” means a fixed-income or other security collateralized by any type of financial asset (including a loan or other extension of credit referred to herein, a lease, a mortgage, or a secured or unsecured receivable) that allows the holders of the security to receive payments that depend on the cash flow from the asset, and also includes asset-backed commercial paper and synthetic asset-backed securities. The definition is also intended to cover securities issued by so-called “repack” special purpose vehicles, which issue asset-backed securities that may be exposed primarily to corporate debt assets, but may be collateralized (directly or indirectly) by commercial real estate or corporate loan assets or certain nonfinancial assets such as aircraft, storage containers, equipment or other hard assets.

<sup>4</sup> As used herein, “insurance-linked security” means a fixed-income or other security that allows the holder to receive payments that depend on the occurrence or non-occurrence of a natural disaster, catastrophe, pandemic or other similar event but that do not primarily depend on the cash flow from assets that collateralize the security.

Rules, should the Agencies decline to exclude ABS Issuers and ILS Issuers from the definition of “covered funds” under the Volcker Rule.

The Roundtable fully supports the themes, analysis and recommendations outlined in the SIFMA Securitization Letter and believes that it is important that the industry speak with a single voice concerning these vital issues. Accordingly, we request that the Agencies consider The Roundtable a signatory to the SIFMA Securitization Letter.

The Roundtable and its members appreciate the opportunity to offer our perspectives on the Proposed Rules by joining the SIFMA Securitization Letter. If it would be helpful to discuss the Roundtable’s views on these issues, please contact me at [Rich@fsround.org](mailto:Rich@fsround.org) or Rich Foster at [Richard.Foster@fsround.org](mailto:Richard.Foster@fsround.org).

Sincerely yours,

A handwritten signature in black ink that reads "Richard M. Whiting". The signature is written in a cursive, slightly slanted style.

Richard M. Whiting  
Executive Director and General Counsel  
The Financial Services Roundtable

cc: Chris Killian  
Managing Director  
SIFMA