February 14, 2012

Ms. Jennifer Johnson
Secretary
Board of Governors of the Federal Reserve
20^{th} Street and Constitution Avenue
Washington, DC 20551

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

Mr. David Stawick
Secretary
Commodities and Futures Trading Commission
Three Lafayette Square
1155 21st Street, NW
Washington, DC 20581

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

Office of the Comptroller of the Currency
250 E Street, SW
Washington, DC 20219

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

Dear Chairman Bernanke, Acting Chairman Gruenberg, Chairman Schapiro, Acting Comptroller Walsh, and Chairman Gensler:

The undersigned companies and organizations, representing a diverse range of industries, believe that the Volcker Rule will have far-reaching negative consequences that will impede our ability to raise capital and manage risk. As such, we urge regulators to refrain from implementing the rule in its current form, hold a roundtable with stakeholders representing different market participants, and re-propose the Volcker Rule to provide additional time to identify unintended consequences and craft policies to avoid them.

Congress, in enacting the Volcker Rule ban on proprietary trading, exempted market making and underwriting activities that are crucial for businesses to issue bonds and securities. While the effects of these restrictions on Wall Street have been much-discussed, it appears from the proposed rule that its impact on end-users of financial markets may have been overlooked. The extensive and granular infrastructure created by the 298 page draft rule runs the risk of restricting financial institutions from providing businesses with the beneficial market making and underwriting functions that are needed to raise debt, issue equities, and manage risk.

Under the proposed Volcker Rule, five separate regulatory bodies may investigate activities on a trade-by-trade basis to determine if they fall within these exceptions. The proposed Volcker Rule is likely to severely curtail these essential capital raising and risk management services and result in the following negative **consequences for businesses**:

Impairment of Corporate Liquidity and Restricted Cash Management Activities: We are concerned that the Byzantine regulatory regime envisioned by the proposed Volcker Rule may force financial institutions to curtail their participation in markets in order to avoid accidentally violating this complex and unwieldy law. This would undoubtedly result in a curtailing of useful market-making activities such as commercial and municipal debt underwriting, holding inventory in order to make secondary markets, sweep accounts, commercial paper issuance, and foreign exchange services. A reduction of such activities would cause market liquidity to dry up, payments to be slower, companies to have greater difficulty managing cash flows, and counterparty risks to possibly increase dramatically.

Reduced Ability of Businesses to Raise Capital for Long-Term Growth: The Volcker Rule would effectively reduce the marketplace for corporate debt and equities. Investors are likely to divert investment dollars only to those large firms that they feel are less likely to represent a liquidity risk. The result would be a severe restriction of the debt markets for small and mid-size companies, resulting in reduced availability of both short and long-term funding mechanisms and forcing them to turn to other higher-cost sources of funding. In addition, the Volcker Rule would restrict investments in entities that finance growing firms and innovative solutions to societal problems.

Higher Costs for Both Borrowers and Investors: We are also concerned that, with the reduced market liquidity imposed by the Volcker Rule, typical transaction spreads would widen. Companies that issue debt would need to pay higher rates as a result in order to clear the market. Investors, on the other hand, would have higher costs when they sell their investments into a less liquid market. This will also result in slower executions and force businesses to address borrowing needs over a longer time horizon and hold more cash in reserves hampering growth opportunities.

Undermining U.S. Competitiveness: Because no other nation is imposing such a regulatory infrastructure on their markets, businesses accessing U.S. capital markets will be placed at a competitive disadvantage. This will hit all such businesses, but will be most problematic for narrow margin companies for whom increased costs could decimate their ability to compete with their foreign competitors.

Treasury Carve-Out Validates Negative Impacts for Corporate Market: The existence of the negative impacts we have enumerated is validated by the fact that the proposed rule exempts U.S. Treasury securities from the rule. Imposing the Volcker Rule's restrictions only on the markets that are used by the corporate community is no way to advance our national interests.

Because these consequences may negatively impact business growth and job creation we strongly urge you to thoroughly evaluate the impact of additional regulation on American businesses and the broader economy and not move forward with the implementation of the Volcker Rule in its current form. Accordingly, we believe that a roundtable and subsequent re-proposal of the Volcker Rule will help your agencies achieve that goal and we stand ready to assist you in that effort.

Sincerely,

Abbott Laboratories
American Insurance Association
Anadarko Petroleum Corporation
Arch Coal, Inc.
Association for Financial Professional
Business Roundtable
Caterpillar Inc
Chesapeake Energy Corporation
Convergys
Darden Restaurants, Inc.
Devon Energy Corporation
Dominion Resources Inc.
DuPont Co.
Eaton Corporation
Financial Executives International
FMC
GE
Goodrich
HCA
Macy's, Inc.
Nissan Motor Acceptance Corporation
Qualcomm Incorporated
Safeway Inc.
The Boeing Company
The Real Estate Roundtable

The U.S. Chamber of Commerce

Yocum Oil Company, Inc

cc: The Honorable Timothy Geithner, Secretary of the Treasury
The Honorable Tim Johnson, Chairman, Senate Committee on Banking Housing and Urban Affairs
The Honorable Richard Shelby, Ranking Member, Senate Committee on Banking Housing and Urban Affairs
The Honorable Spencer Bachus, Chairman, House Financial Services Committee
The Honorable Barney Frank, Ranking Member, House Financial Services Committee