December 7, 2011

The Honorable Ben S. Bernanke
Chairman
Federal Reserve Board
20th Street and Constitution Avenue, N.W.
Washington, DC 20551

The Honorable Mary Schapiro
Chairman
Securities Exchange Commission
100 F Street, N.E.
Washington, DC 20549

The Honorable Gary Gensler
Chairman
U.S. Commodity Futures Trading Commission
20th Street and Constitution Avenue, N.W.
Washington, DC 20429

Mr. John Walsh
Acting Comptroller of the Currency
Office of Comptroller of the Currency
250 E Street, S.W.
Washington, DC 20219

The Honorable Martin J. Gruenberg
Acting Chairman
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

Dear Sirs and Madam:

We understand that the Dodd-Frank Wall Street Reform and Consumer Protection Act (P.L. 111-203) imposed enormous burdens on each of your agencies to draft and implement hundreds of new rules. We also realize that implementing Section 619 (commonly known as the "Volcker Rule") is a very challenging undertaking. Because the Volcker Rule is so complex and consequential, we are deeply disappointed that some of the authors of these rules would not make themselves available to testify before the House Financial Services Committee at a hearing that had been scheduled to take place next week.

These proposed rules are each hundreds of pages long and ask more than 1,300 questions about more than 400 topics. To be implemented effectively, the Volcker Rule depends upon regulators being able to identify and define the differences between "proprietary trading" and "market making." Yet as a matter of practice, and as the proposed rules abundantly demonstrate, making such distinctions will be difficult, if not impossible.

We acknowledge the tremendous challenges your agencies face in implementing the statute, but the current proposals are not clear and need more work. Despite assurances by the sponsors and supporters of the Dodd-Frank Act, European as well as Asian nations have all announced they will not be adopting the Volcker Rule.

If the proposed regulations are implemented in their current form, those regulations will dramatically reduce liquidity across multiple markets, which will in turn make it more expensive for businesses to borrow, invest in research and development, and create jobs.

Depending on how the Volcker Rule is implemented, it would spark an exodus of clients from U.S. banks to competitors based overseas. U.S. banks may move their operations elsewhere to avoid needlessly burdensome restrictions on client-driven market making and on hedging and risk-management activities that grow out of such market making. Whatever the benefits may be of banning proprietary trading, there is no reason that compliance with the Volcker Rule should be so complicated and expensive.

Congressional oversight and a full examination of the Volcker Rule's implications are necessary. Accordingly, the Financial Services Committee will hold a Volcker Rule hearing on January 18, 2012 and we expect that each of you will testify.

Because some of your agencies would not send witnesses to our previously-scheduled hearing on this issue, and because the public comment period will close before the Committee can reschedule the hearing, we believe that your agencies should extend the comment period by at least 30 days. The implementation of the Volcker Rule is too important an issue to rush, and Members of Congress need an opportunity to provide input. In light of the circumstances, extending the comment period seems appropriate and reasonable.

We look forward to working with you.

Sincerely,

Spencer Bachus

SPENCER BACHUS
Chairman

Jeb Hensarling

JEB HENSARLING
Vice Chairman

Shelley Moore Capito

SHELLEY MOORE CAPITO
Chairman
Subcommittee on Financial Institutions and Consumer Credit

Scott Garrett

SCOTT GARRETT
Chairman
Subcommittee on Capital Markets and Government Sponsored Enterprises