



March 28, 2017

The Honorable Bill Huizenga
Chairman
Subcommittee on Capital Markets,
Securities, and Investment
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Carolyn B. Maloney
Ranking Member
Subcommittee on Capital Markets,
Securities, and Investment
4340 Thomas P. O'Neill, Jr. Federal Building
Washington, DC 20515

Dear Chairman Huizenga and Ranking Member Maloney:

On behalf of our nation's venture capital investors and the entrepreneurs they support, I write to express our thoughts on the Volcker Rule which will be the subject of a hearing before your subcommittee on Wednesday, March 29, 2017 entitled, "Examining the Impact of the Volcker Rule on the Markets, Businesses, Investors, and Job Creators."

As Congress undertakes a thorough review of the Volcker Rule, we urge you and your colleagues to explore the impact of the rule on capital formation for startups, particularly in the Midwest and other areas of the country not typically associated with startup activity but nevertheless vital to the health of our national entrepreneurial ecosystem. Investing in venture capital does not create systemic risk, yet the Volcker Rule has served to drive out investment in many venture capital funds who are not big enough to receive investment from major institutional pools of capital. This is investment that could have been put to use building new companies and creating new job opportunities across the U.S.

Young companies, many of which are supported by venture capital investment and mentorship, create an average of 3 million new jobs a year and have been responsible for almost all net new job creation in the U.S. in the last forty years. From FedEx to Genentech, startup entrepreneurs have fueled economic growth and expanded opportunities for the American worker. The American entrepreneurial spirit is key to expanded economic opportunity in the U.S., but is not being fully realized due to the unintended consequences of the Volcker rule on venture capital fund formation. Without modifications, the Volcker Rule will stand in the way of interested investors deploying capital to venture capital funds across the country who can use that capital to support the growth of the next generation of innovative American companies.

Whether intentional or not, the Volcker Rule has significantly hurt venture capital fund formation, reducing opportunities for young startups across the U.S. to receive the investment

and support they need to take their companies to the next level. As your subcommittee continues to explore modifications to the Volcker Rule, NVCA and our over 300 members firms stand ready to work constructively with you on commonsense areas of reform. Thank you for your attention to this important matter. We are encouraged by the conversation and excited to work with you on solutions to address the problem.

Sincerely,

A handwritten signature in black ink that reads "Bobby Franklin". The signature is written in a cursive, slightly slanted style.

Bobby Franklin
President and CEO