

**Congress of the United States**  
**Washington, DC 20515**

December 3, 2019

The Honorable Steve Mnuchin  
Secretary  
U.S. Department of the Treasury  
1500 Pennsylvania Ave., NW  
Washington, D.C. 20220

The Honorable Jelena McWilliams  
Chair  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> St., NW  
Washington, D.C., 20429

The Honorable Joseph Otting  
Comptroller of the Currency  
Office of the Comptroller of the Currency  
400 7<sup>th</sup> St., SW  
Washington, D.C., 20219

The Honorable Jay Clayton  
Chairman  
U.S. Securities and Exchange Commission  
100 F St., N.E.  
Washington, D.C., 20549

The Honorable Jerome Powell  
Chairman  
Board of Governors of the Federal Reserve  
System  
20<sup>th</sup> St. and Constitution Ave., NW  
Washington, D.C., 20551

The Honorable Heath Tarbert  
Chairman  
U.S. Commodity Futures Trading Commission  
Three Lafayette Centre, 1155 21<sup>st</sup> St., NW  
Washington, D.C. 20581

Dear Secretary Mnuchin, Comptroller Otting, Chairman Powell, Chair McWilliams, Chairman Clayton, and Chairman Tarbert:

Thank you for your work to reform the Volcker Rule, including finalizing changes to the proprietary trading provisions, which will help banks better serve our constituents, our communities, and the economy. Now that the proprietary trading provisions are finalized, we encourage you to move quickly to issue a proposed rule to amend the covered funds provisions in the Volcker Rule. Specifically, we believe you should revise the overbroad definition of “covered fund” to exclude venture capital and other long-term funds.

The current definition of a covered fund has had a significant impact on entrepreneurial capital formation by preventing banks from investing in venture capital and growth funds. Prior to the Volcker Rule’s implementation, banks supplied vitally needed capital to venture and growth funds located outside of the traditional regions for this type of investment. Although only a small percentage of the overall capital invested into such funds, banks acted as so-called “anchor investors,” signaling confidence in the fund to other investors and members of the community.

The prohibition on investment in covered funds cut off this critical source of capital and made it more difficult for start-ups and small businesses to attract the lifeline investment that enables

them to turn ideas into successful companies. A recent study showed that of all companies that went public between 1974–2015, venture-backed companies were responsible for 85% of total research and development undertaken by companies that went public in that time period.

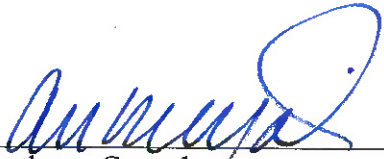
The Volcker Rule has severely impacted investment to venture funds and businesses in our states, inhibiting growth and the potential to usher in new jobs in the regions that need it the most. If America's heartland is to remain competitive in the 21<sup>st</sup> Century, it is imperative that government policies support new company formation that drive growth, economic opportunity, and job creation.

The Congressional record demonstrates there was no intention to prohibit investment in venture capital funds. During a colloquy between former Senator Barbara Boxer, the author of the legislation, Senator Chris Dodd, 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)."

Prohibiting investments into venture capital and growth funds unnecessarily restricts investment into states like ours which are outside of Silicon Valley and other traditional areas for venture capital activity.


We urge you to exercise your regulatory authority to exempt venture capital and similar long-term investing funds from the definition of a covered fund to help invigorate our local economies, provide access to capital to more entrepreneurs, and promote the economic growth and competitiveness of the United States. We look forward to working with you to spur economic growth in our communities through implementation of these common-sense reforms.

Respectfully,




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Anthony Gonzalez  
Member of Congress



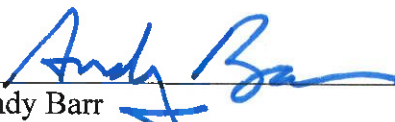
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Bryan Steil  
Member of Congress



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Steve Stivers  
Member of Congress



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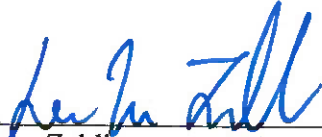
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Member of Congress



French Hill  
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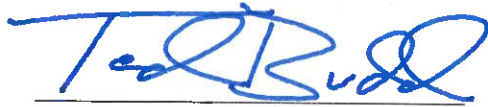
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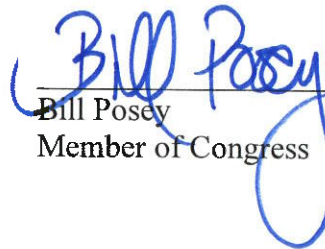
John Rose  
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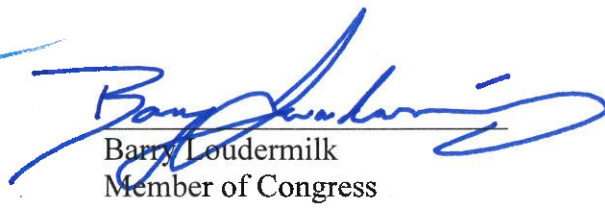


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