

MEMO# 25831

January 25, 2012

Congressional Hearing on Impact of Volcker Rule Includes Registered Fund Industry Perspectives

[25831]

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TO: CLOSED-END INVESTMENT COMPANY MEMBERS No. 4-12
DERIVATIVES MARKETS ADVISORY COMMITTEE No. 4-12
ETF (EXCHANGE-TRADED FUNDS) COMMITTEE No. 1-12
ETF ADVISORY COMMITTEE No. 1-12
EQUITY MARKETS ADVISORY COMMITTEE No. 2-12
FIXED-INCOME ADVISORY COMMITTEE No. 4-12
INTERNATIONAL MEMBERS No. 2-12
MONEY MARKET FUNDS ADVISORY COMMITTEE No. 4-12
MUNICIPAL SECURITIES ADVISORY COMMITTEE No. 3-12
SEC RULES MEMBERS No. 5-12 RE: CONGRESSIONAL HEARING ON IMPACT OF VOLCKER
RULE INCLUDES REGISTERED FUND INDUSTRY PERSPECTIVES

Last week, two Subcommittees of the House Financial Services Committee held a joint hearing entitled “Examining the Impact of the Volcker Rule on Markets, Businesses, Investors and Job Creation.” [1] The hearing featured two panels of witnesses. The first panel consisted of senior officials from the five federal regulatory agencies (“Agencies”) tasked with adopting rules to implement the “Volcker Rule” provisions in Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act.” [2] The second panel was made up of representatives from the financial industry and various other stakeholders. Two financial industry witnesses addressed the impact of the Volcker Rule—as the Agencies have proposed to implement it—on funds and their shareholders. An archived webcast of the hearing and copies of the witnesses’ testimony are available at <http://financialservices.house.gov/Calendar/EventSingle.aspx?EventID=274322>. [3]

ICI and ICI Global each submitted a statement for the record expressing concerns about the impact of the proposed implementation of the Volcker Rule. [4] These statements are attached. We expect to discuss our concerns in greater detail in comment letters on the proposed rules to be filed by the February 13, 2012 comment deadline. [5]

Frances M. Stadler
Senior Counsel - Securities Regulation

[Attachment](#)

endnotes

[1] The hearing was held by the Subcommittee on Capital Markets and Government Sponsored Enterprises and the Subcommittee on Financial Institutions and Consumer Credit.

[2] These witnesses were: Daniel K. Tarullo, Governor, Board of Governors of the Federal Reserve System; Mary Schapiro, Chairman, U.S. Securities and Exchange Commission; Gary Gensler, Chairman, Commodity Futures Trading Commission; Martin Gruenberg, Acting Chairman, Federal Deposit Insurance Corporation; and John Walsh, Acting Comptroller of the Currency.

[3] For fund industry concerns, see testimony of Alexander Marx, Head of Global Bond Trading, Fidelity Investments, and Testimony of Douglas J. Peebles, Chief Investment Officer and Head of Fixed Income, AllianceBernstein, on behalf of the Securities Industry and Financial Markets Association Asset Management Group.

[4] Other statements for the record, including one submitted by BlackRock, Inc. addressing fund industry issues, also are available at <http://financialservices.house.gov/Calendar/EventSingle.aspx?EventID=274322>.

[5] Comments on the CFTC's proposal to implement the Volcker Rule (which was issued separately from the joint proposal by the other Agencies) are due 60 days after publication of the proposal in the Federal Register.