

# United States Senate

WASHINGTON, DC 20510

August 2, 2018

The Honorable Jerome H. Powell  
Chairman  
Board of Governors of the Federal Reserve  
System  
20<sup>th</sup> Street and Constitution Avenue NW  
Washington, DC 20551

The Honorable Jelena McWilliams  
Chair  
Federal Deposit Insurance Corporation  
550 17<sup>th</sup> Street NW  
Washington, DC 20429

The Honorable Joseph M. Otting  
Comptroller  
Office of the Comptroller of the Currency  
400 7<sup>th</sup> Street SW  
Washington, DC 20219

The Honorable Jay Clayton  
Chairman  
U.S. Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549

The Honorable J. Christopher Giancarlo  
Chairman  
U.S. Commodity Futures Trading  
Commission  
1155 21<sup>st</sup> Street NW  
Washington, DC 20581

Dear Chairman Powell, Chair McWilliams, Comptroller Otting, Chairman Clayton, and Chairman Giancarlo:

We write to express our strong disappointment with the recent effort to weaken the Volcker Rule, which prohibits risky trading practices at federally-backed institutions. We are concerned that the proposed rule released on May 30 by the Federal Reserve would undermine a fundamental provision of the Dodd-Frank Wall Street Reform Act that prevents taxpayers from being asked to bail out financial institutions that make high-risk trades.

Reckless gambling on Wall Street played a major role in the financial crisis and resulted in massive taxpayer bailouts. To protect taxpayers and the economy, Congress enacted the Volcker Rule to separate traditional banking from these risky trading practices. The Volcker Rule's ban on high-risk trading by large, federally insured banks was a key provision of the Dodd-Frank Wall Street Reform Act intended to ensure that American taxpayers would never again be on the hook when Wall Street banks gamble.

The proposed rule issued by the federal banking regulators is not a minor change or an attempt to cut red tape for community banks and credit unions. Instead, it creates potentially major loopholes for Wall Street banks to avoid complying with a core protection put in place by Congress to protect taxpayers and investors. Loosening the Volcker Rule for Wall Street banks opens the door for them to once again engage in risky trading behavior and put the financial stability of our economy at risk.

As you consider any potential changes to the Volcker Rule, we urge you to consider the potential ramifications of risky trading practices at federally insured institutions.

Sincerely,



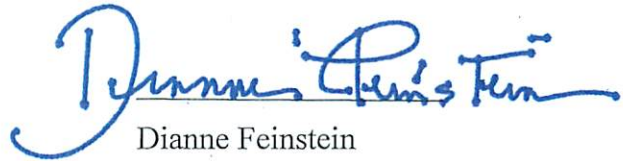
Jeffrey A. Merkley  
United States Senator



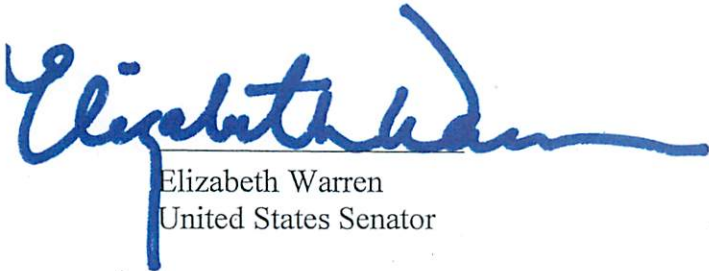
Jeanne Shaheen  
United States Senator



Kirsten Gillibrand  
United States Senator



Dianne Feinstein  
United States Senator



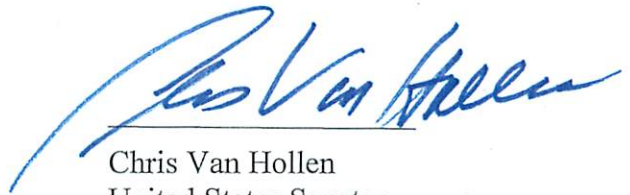
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Tina Smith  
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Richard Blumenthal  
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Sherrod Brown  
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Tammy Baldwin  
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Brian Schatz


Brian Schatz  
United States Senator

Catherine Cortez Masto

Catherine Cortez Masto  
United States Senator

  
Jack Reed  
United States Senator

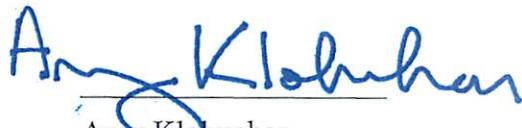
  
Sheldon Whitehouse  
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Martin Heinrich  
United States Senator

  
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Bill Nelson  
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