



Invested in America

March 12, 2014

The Honorable Jeb Hensarling
Chairman, Committee on Financial Services
United States House of Representatives
2129 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Maxine Waters
Ranking Member, Committee on Financial Services
United States House of Representatives
2129 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Hensarling and Ranking Member Waters:

The Securities Industry and Financial Markets Association (SIFMA) strongly urges the House Committee on Financial Services to approve H.R. 4167, the Restoring Proven Financing for American Employers Act. Introduced by Congressman Barr, this legislation would provide a limited and narrow adjustment to the Volcker Rule to ensure that the market for securitizations of commercial loans is not unduly disrupted. We appreciate the bipartisan attention that has been paid to this issue in the three oversight hearings and the letters of concern that have been sent to the regulators responsible for implementing the Rule.

The drafting of the final Volcker Rule has called into question whether or not debt securities issued by CLOs are prohibited ownership interests in covered funds. Congressional testimony by SIFMA and others has shown that if this situation is not addressed, the CLO market will be seriously harmed from fire sales of assets into the secondary market. This disruption would weaken the ability of CLOs to fund corporate credit to Main Street business all across America.

H.R. 4167 is an important clarification of how the Volcker Rule should affect the securitization of commercial loans. We applaud Congressman Barr for his leadership on this issue and we urge the Committee to adopt this critically important legislation.

Sincerely,

A handwritten signature in blue ink that reads "Andy Blocker". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Andy Blocker
EVP, Public Policy and Advocacy

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