



April 29, 2014

The Honorable John Boehner  
Speaker, U.S. House of Representatives  
The Capitol  
Washington, DC 20005

The Honorable Nancy Pelosi  
Democratic Leader, U.S. House of Representatives  
The Capitol  
Washington, DC 20005

Dear Speaker Boehner and Leader Pelosi,

The Securities Industry and Financial Markets Association (SIFMA) strongly urges the House of Representatives to approve H.R. 4167, the Restoring Proven Financing for American Employers Act. Introduced by Congressman Andy 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 oversight hearings in the Committee on Financial Services, and the letters of concern that have been sent to the regulators responsible for implementing the Rule. In particular, we applaud the leadership of Congresswoman Carolyn Maloney in putting forward an amendment during the Committee's consideration of H.R. 4167 which would have the effect of providing for an additional two years of relief for legacy CLOs beyond any relief forthcoming from the Federal Reserve.

The drafting of the final regulations implementing the 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 by a fundamentally unnecessary sale of assets into the secondary market. This disruption would derail the recovery of the CLO market and 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 and will prevent unnecessary disruptions to the flow of capital to middle market and larger companies that rely on CLOs for credit. We applaud Congressman Barr and Congresswoman Maloney for their leadership on this issue and we urge the House to adopt this critically important legislation.

Sincerely,

A handwritten signature in black 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  
SIFMA