

**RALPH S. SAUL**

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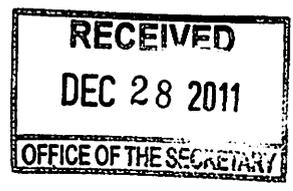
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December 20, 2011

Ms. Elizabeth M. Murphy  
Secretary  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549-1090

Re: Restrictions on Proprietary Trading and Certain  
Interest in and Relationships with Hedge Funds  
and Private Equity Funds

Dear Ms. Murphy:

I am submitting these further comments on the above proposal known as the Volcker Rule. These comments supplement my original comments of October 19, 2011.

As you know many prominent individuals have pointed out that the proposal is hopelessly complicated and too long, straying from the original intent to ban proprietary trading by banking entities. Sheila Bair, Former Chairman of the FDIC, has summed up the issue in a recent comment:

"Most important, regulators should tell executives and boards that they will be held personally accountable for monitoring and compliance. Banking leadership must make clear to employees that they are supposed to make money by offering good customer service, not by speculating with the firm's funds".

Financial lobbyists have persuaded the Agencies to stray far from this original purpose of the Volcker Rule by creating a proposal filled with a maze of exemptions and qualifications – a proposal that can only be approached by its elimination and beginning again from first principles.

2.

I would advise the Agencies to start from the premise that the banning of proprietary trading has to be bottomed on monitored self-regulation. Under this approach, the CEO of the firm would have to have in place a regulatory mechanism to monitor firm trading so that he or she could certify to the FSOC that the firm has not entered into any transaction that could be interpreted as trading for its own account. Such a rule would place primary responsibility for monitoring upon the firm and its CEO while the government oversees what the firm has done.

Regulators tend to abhor self-regulation. However, if self-regulation is properly monitored by the government it can work. My advice to the Agencies is to create such a regime.

Yours truly,

A handwritten signature in black ink, appearing to read "Robert E. Feldman", with a large, sweeping flourish at the end.

cc: Office of the Comptroller  
Of the Currency  
280 E. Street, S.W., Mail Stop 2-3  
Washington, DC 20209

Jennifer Johnson, Secretary  
Board of Governors of the  
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Robert E. Feldman, Secretary  
Attn: Comments  
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