



Americans for Financial Reform
1629 K St NW, 10th Floor, Washington, DC, 20006
202.466.1885

November 16, 2012

The Honorable Ben S. Bernanke
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue N.W.
Washington, D.C. 20551

The Honorable Martin J. Gruenberg
Chairman
Federal Deposit Insurance Corporation
550 17th Street, N.W.
Washington, D.C. 20429

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

Mr. Thomas Curry
Comptroller of the Currency
Office of the Comptroller of the Currency
250 E Street, S.W.
Washington, D.C. 20219

Ms. Mary John Miller
Under Secretary for Domestic Finance
Department of the Treasury
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Re: Prohibitions and Restrictions on Proprietary Trading, etc. (OCC: OCC-2011-14, FRS:
Docket No. R-1432 and RIN 7100 AD82, FDIC: RIN 3064-AD85, SEC: S7-41-11)

Dear Sir or Madam:

Nine months ago Americans for Financial Reform and other organizations submitted detailed comments on the proposed implementation of Section 619 of the Dodd-Frank Act (the 'Volcker Rule').¹ Since then, the inter-agency process for completing the rule has moved behind closed doors and out of public view. We are now four months past the statutory deadline for the Volcker Rule to take effect, but a final rule has not yet been released.

We write today to urge the agencies to speedily complete a strong Volcker Rule that establishes an effective boundary between speculative securities market activities and the core business of banking. The U.S. financial system operated very effectively under such a division during the

¹ Americans for Financial Reform is an unprecedented coalition of over 250 national, state and local groups who have come together to reform the financial industry. Members of our coalition include consumer, civil rights, investor, retiree, community, labor, faith based and business groups. The joint comment letter submitted by AFR, the AFL-CIO, and the Public Interest Research Group on the Volcker Rule is available at <http://ourfinancialsecurity.org/blogs/wp-content/ourfinancialsecurity.org/uploads/2012/02/AFR-Comment-Letter-Volcker-Rule-2-13-122.pdf>

sixty years in which the Glass-Steagal boundary between securities markets and banking was operative. The legislative implementation of this principle in the Volcker Rule differs from the Glass-Steagal Act in allowing regulators to permit banks to engage in defined and limited market-making and underwriting activities in securities markets. But the statute requires that these activities be restricted in ways that are consistent with the overall goals of prohibiting proprietary trading at banks and safeguarding the stability of the financial system. The task of properly limiting these permitted activities is challenging, but it must not lead to the paralysis of the regulatory process or erode the intended force of the statute.

During the regulatory process, it is common for the final rule to become more lenient and industry-friendly than the initial proposal. But to effectively implement the statute, the final Volcker Rule must be stronger than the proposal. Numerous public interest groups (as well as the Senators who played a key role in drafting the statute) have pointed out the flaws in the initial proposal.² The combination of overly broad definitions of permitted activities and the introduction of a number of new non-statutory exemptions mean that the initially proposed rule would not be effective in controlling proprietary trading or limiting systemic risk. The process of completing the rule offers an opportunity for regulators to address these issues and finalize a strong rule that fully implements the statute. It is crucial that you take advantage of this opportunity.

We believe that the agencies should adhere to the following four principles in finalizing the rule. These principles draw on AFR's more detailed comment of February 2012, as well as on the comments of other public interest groups and the lessons suggested by events since the comment period closed. They are

1 -- The Final Rule Must Implement the Systemic Intent of the Statute: Both the legislative history and the text of the Volcker Rule indicate that Congress intended the rule to create fundamental structural changes in the financial system. A Final Rule that does not accomplish this goal will fail to implement the legislation as intended.

2 – Concerns About Market Liquidity Must Be Put In Proper Perspective: Critics of the Volcker Rule have claimed that the rule must be scaled back because of its potential impact on financial market liquidity. Not only are these claims greatly exaggerated, but they fail to acknowledge the ways in which market liquidity can be excessive, distorting asset prices and harming market stability. Regulators must not be swayed by arguments that treat high liquidity as the ultimate good, and must consider not just the liquidity level but its resilience over time and across the financial system.

3 – Weaknesses In The Proposed Rule Must Be Addressed, and No New Exemptions Introduced: Public interest comments pointed out numerous weaknesses in the proposed rule that could continue to permit proprietary trading at major banks. These concerns were given further weight

² Americans for Financial Reform, AFL-CIO, and Public Interest Research Group, "[Comment Letter on The Volcker Rule](#)", February 13, 2012; Better Markets, "[Comment Letter On The Volcker Rule](#)", February 13, 2012; Johnson, Robert, and Joseph Stiglitz, "[Comment Letter On The Volcker Rule](#)", February 13, 2012; Occupy the SEC, "[Comment Letter on The Volcker Rule](#)", February 13, 2012; Senators Carl Levin and Jeff Merkley, "[Comment Letter on the Volcker Rule](#)", February 13, 2012.

by the JP Morgan trading losses during the ‘London Whale’ incident. Regulators must tighten definitions of permitted activities and eliminate or restrict the many exemptions permitted in the initial proposal. New exemptions must not be introduced. In order to effectively implement the statute, the final rule must be more, not less, robust than the proposed rule.

4 – Ensure Public Transparency and Accountability In The Implementation of The Final Rule: The flexibility permitted to banks under the Volcker Rule to engage in market-making and other activities means that it will be difficult for the public or the markets to monitor and understand supervisory enforcement of the rule. This issue must be addressed by a robust disclosure regime once the rule is implemented.

Below, we discuss these principles in more detail.

Principle 1: The Final Rule Must Implement The Systemic Intent of the Statute

Both the legislative history and the statutory text of Section 619 of the Dodd-Frank Act show that the Volcker Rule was intended to restructure the banking system in significant ways in order to address the problem of systemic risk. The most relevant legislative history is contained in the July 15, 2010 floor colloquy between Senators Merkley and Levin, which makes the comparison between Glass-Steagal and the Volcker Rule and explicitly states that the law is intended to both restore and update a barrier between commercial and investment banks.³

The text of the statute itself institutes a wide-ranging ban on all proprietary trading and relationships with a broad range of subsidiary vehicles at all banking entities (Section 13(a)(1) of the Bank Holding Company Act). This far-ranging ban is then qualified to allow certain permitted activities but *only on the condition* that such activities do not result in exposure of the banking entity to high-risk assets or trading strategies, do not pose a threat to bank safety and soundness, and do not pose a threat to the financial stability of the United States (Section 13(d)(2) (A) of the Bank Holding Company Act). The scope of the intended ban and its link to the stability of the overall banking system are clear in the statute itself.

The systemic intent of the Volcker Rule has a clear implication for regulators as you finish your work. Financial sector arguments that particular provisions of the final rule would make it impossible to carry out a particular line of business within a banking entity should not be allowed to weaken the rule. Changes in what activities are conducted within banks and what activities are conducted outside of them are the *intent* of the law. Section 619 of the Dodd-Frank Act is meant to cause banks to divest parts of their business that are better conducted outside of the banking system. It is only in this way that the division between the business of banking and financial speculation more broadly can be restored. Lines of business that involve financial market speculation with no necessary connection to the core business of banking can and should be conducted by non-banking organizations.

Bank commenters appear to suggest that if they cannot engage in certain activities, these activities will not happen at all. But there are already many examples of non-banks performing

³ Colloquy of Senators Levin and Merkley, Congressional Record, July 15, 2010, p. S5894-S5899, available at <http://graphics8.nytimes.com/packages/pdf/business/Economix-Merkley-Levin-Detailed.pdf>

the kinds of functions banks point to in these arguments. For example, hedge funds and other non-banks often make markets in illiquid products where no regularly traded market exists and such market-making is inherently speculative and risky. Comment letters from banks have also identified their engagement in commodity supply businesses as an area that may be threatened by the Volcker Rule; numerous non-bank commodity firms engage in such business already, it is not a flaw but a feature of the Volcker rule to move such activity out of banks.⁴

Given the range and scope of speculative businesses engaged in by banks and their holding companies, the implementation of the Volcker Rule will not be a success unless it in fact leads to significant and noticeable divestment of speculative business lines.

Principle 2: Concerns About Market Liquidity Must Be Put In Proper Perspective

One of the most persistent general attacks on the Volcker Rule has been that restrictions on proprietary trading will reduce market liquidity. The possible reduction in liquidity – and its impact on markets and the economy - has been consistently exaggerated and overstated. Regulators must not allow this vague and exaggerated charge to lead them to weaken the Volcker Rule.

First, industry commenters should not be allowed to turn the level of financial market liquidity into a fetish, or to suggest that more liquidity is always good and less liquidity is always bad. Prioritizing liquidity above all other considerations ignores the dynamic nature of market liquidity cycles, in which excessive liquidity in one period can lead to market crashes and the sudden drying up of liquidity in later periods. AFR's Volcker Rule comment letter summarized a consensus in the academic and popular literature that excessive and overly fragile liquidity – a liquidity bubble – led directly to the financial crisis of 2008.⁵ The empirical literature is clear that liquidity varies significantly over time and that excessive liquidity can drive dangerous market volatility.⁶

Indeed, it is particularly ironic that industry commenters are raising concerns about the impact of the Volcker Rule on liquidity in the corporate bond market at a time when corporate bond yields are at record lows and market observers are concerned about a possible asset bubble in corporate bonds.⁷ The current concern in business lending markets is not about any lack of liquidity in bonds, but about the lack of access by smaller businesses to conventional bank lending. The Volcker Rule would tend to channel bank activity back toward conventional lending.

⁴ See for example Morgan Stanley's discussion of its participation in jet fuel logistics on pp. 9-10 of their [Volcker Rule comment](#).

⁵ See pages 8 to 11 of the AFR [Volcker Rule comment letter](#), which contains an extensive discussion of the cyclical nature of market liquidity.

⁶ Kyle, A.S. "[Continuous Auctions and Insider Trading](#)," *Econometrica* 53 (1985): 1315-35; Rossi, Marco, "[Realized Volatility, Liquidity, and Corporate Yield Spreads](#)", University of Notre Dame, April 6, 2012; BAO, J., PAN, J. and WANG, J. (2011), "The Illiquidity of Corporate Bonds", *The Journal of Finance*, 66: 911-946. doi: 10.1111/j.1540-6261.2011.01655.

⁷ Buttonwood, "[Desperately Seeking Yield: Investors Are Gorging on Corporate Bonds. Is An Asset Bubble Being Inflated?](#)", *The Economist*, November 10, 2012.

The economically significant aspect of liquidity that deserves regulatory attention is not its level at a single point in time, but instead its resilience over time and across the entire financial system. This requires asking how liquidity provision by an institution can contribute to market and financial system stress and how the liquidity provided will behave under stressed conditions. Investment banks which have a broad scope for proprietary trading may provide liquidity at market peaks. But they tend to exit the market during times of volatility and stress. Looking at the bond market, there have been multiple examples of this behavior during the past 15 years. These include the Asian crisis in 1998 and the events around the downgrade of Ford and GM during 2004-2005. But the most striking example is, of course, the behavior of dealer banks during the liquidity crisis that ran from late 2007 through 2009. As the crisis intensified over the course of 2008, dealer banks exited the corporate bond market in droves. Corporate bond inventories at primary dealer banks dropped by approximately 70 percent over the year 2008.⁸

The issue of the resilience of liquidity provision is closely connected to the statutory restriction in Section 13(d)(2)(A) that requires regulators to restrict market making and other exemptions to only those activities that do not pose a threat to financial stability. As discussed above, the intent of the statute is to recreate boundaries between financial market and banking activity that historically prevented transmission of financial market instability to the core banking system and hence the broader economy. This can only be done if the market making permitted under the Volcker Rule is restricted to forms of liquidity provision that do not render banks vulnerable to financial market volatility in the ways seen in the 2008 financial crisis. If market making cannot be restricted consistently with this principle, then the statutory mandate in the Volcker Rule is to ban it altogether.

Beyond the question of the actual benefits of liquidity, critics have exaggerated the liquidity impacts of the Volcker Rule by ignoring the likelihood that non-bank financial market actors will step in to replace speculative activity now banned at banks. Non-bank providers stand ready to provide liquidity in many of the markets that bank commenters have claimed they would not be able to service under Volcker Rule restrictions. In the context of bank dealer activity in OTC commodity and interest rate swap markets, the Swaps and Derivatives Market Association, an association of independent non-bank dealers, has stated⁹:

“The view that only FCMs [Futures Commission Merchants] with their internal dealer desks are able to provide pricing is misguided. Independent (non-dealer) FCMs can partner with independent dealers to provide accurate end-of-day curve pricing as independent dealers already make markets in corporate bonds. The incumbent dealers justify the restriction by claiming that only they can provide “actionable” prices. This is again a false argument. An independent FCM and independent dealer can jointly distribute or allocate the risk of taking any positions and build those costs into their business models”

⁸ See New York Fed primary dealer statistics available at <http://www.newyorkfed.org/markets/gsds/search.cfm>

⁹ The Swaps and Derivatives Market Association, “[Lessening Systemic Risk: Removing The Final Hurdles To Clearing OTC Derivatives](#)”

As the SDMA points out, there are already independent dealers making markets in corporate bonds. Many of these dealers use electronic or mixed phone-electronic trading platforms which enhance price transparency and market depth in the bond market (e.g. MarketAxess would be an example in the corporate bond market).

Principle 3: Weaknesses In The Proposed Rule Must Be Addressed, And No New Exemptions Introduced

The Volcker Rule will not be effective unless permitted activities and exemptions are narrow enough to effectively eliminate proprietary trading. The Proposed Rule did not meet this standard. One area where flaws in the Proposed Rule received wide publicity is the definition of ‘risk reducing hedging’. Potential flaws in this definition were made painfully apparent during the ‘London Whale’ episode, in which JP Morgan Chase lost over \$5 billion on a transaction initially described to regulators as a hedge on other assets held by the bank. The purpose of the bank’s Chief Investment Office, from which the trade originated, was also described as hedging. Yet this office was clearly an important source of proprietary trading profits for the bank. In fact, the Chief Investment Office booked more than a quarter of JP Morgan’s net income in years previous to the failed trades.¹⁰ If hedging is truly risk reducing, it should lower both the variance and the level of profits, and should not be a consistent bank profit center.

It remains unclear whether the Volcker rule regulation as proposed, had it been in effect, would have permitted these, and the fact that the question even arises shows the weakness in the proposed hedging rule. The episode also demonstrates the extent to which proprietary trading is concealed under other descriptions within major banks. As AFR and others have recommended, the oversight mechanism for the hedge exemption must be strengthened to ensure that hedging does not become transformed into a relabeled form of proprietary trading.¹¹

As is, the requirements in the Proposed Rule that a hedge must be ‘reasonably correlated’ with a ‘specific risk’ and intended to mitigate such a risk do not go far enough. It remains too simple for banks to simply pair a desired trade with another risk that is somewhat correlated to the hedge, and then claim the hedge exemption. Such pairings could leave ample scope for proprietary trading and are in fact central to many well-known proprietary trading strategies.¹² An important way to tighten the proposed hedge exemption would be to monitor the net profits generated by hedge-risk pairs to ensure that hedging is truly a source of risk reduction and not proprietary profits. In addition, the rules for aggregating identified risks across the banks should be strengthened, and the hedge should be tied to its corresponding risk in economic substance and not just through ‘reasonable correlation’.

Although they have received less publicity, there are a number of other significant structural flaws in the Proposed Rule that are also potentially extremely serious. Without attempting a comprehensive list, here are several examples.

¹⁰ Schatzker, Eric, “[JP Morgan Said To Transform Treasury to Prop Trading](#)”, Bloomberg News, April 13, 2012.

¹¹ See recommendations beginning on page 33 of the [Americans for Financial Reform Volcker Rule comment](#).

¹² E.g. pairs trading in equity or other markets, credit correlation trading.

Market-Making and Underwriting Must Be Limited to Instruments For which a Two-Sided External Market Exists: The essence of conventional market-making or underwriting is to earn profits from a consistent bid-ask spread or an underwriting spread. These spreads cannot be relied upon or effectively monitored without the existence of an external two-sided market in the instruments to be traded or at least instruments very similar to those traded (e.g. bonds for similar types of corporates). Without external market prices to rely on, calculation of the metrics suggested in the Proposed Rule will be heavily reliant on the bank's internal models of potential prices, and will be subject to arbitrage and manipulation. It is important that the Final Rule correct the Proposed Rule by banning market-making activities in illiquid and opaque over-the-counter markets that lack reliable valuation information. This point is made in several public interest comments, including those by AFR and Better Markets, but we particularly recommend the excellent discussion of the issue in the Occupy the SEC comment letter.¹³

Corresponding changes need to be made to permitted underwriting activities. The key principle is to prevent the stockpiling of illiquid and hard-to-value securities using the underwriting exemption, and require the rapid sell-through of an underwriting. Stockpiling of securities under the rubric of 'underwriting' activity was a major channel through which banks were exposed to proprietary market risk during the financial crisis. This is particularly dangerous in the case of private placements. Private placement underwritings should be banned in the final rule.

It is important to note that these changes would simply fully implement the statutory restriction that permitted activities may not lead to exposure to 'high risk assets or trading strategies'.¹⁴ In Appendix C of the Proposed Rule (CFR 68964) the Agencies specifically identify such high risk assets and trading strategies using a list of descriptors. The list includes assets whose values cannot be externally priced or validated, assets that cannot be effectively hedged, assets that do not have a long market trading history, those that include significant embedded leverage, and several other elements. All of these descriptors are typical of illiquid and opaque over-the-counter markets such as those discussed above. This list would make an excellent basis for determining which types of assets may not be traded within permitted activities. Yet despite the clear statutory statement that permitted activities may not result in bank exposure to high-risk assets or trading strategies, the Proposed Rule does not follow through by banning these types of assets from the scope of permitted activities.

Prohibitions on Investments In And Connections To Outside Funds And Subsidiaries Must Be Maintained And Strengthened: This is one of the most technical areas of the rule, but also one of the most critical. A key factor in the financial crisis was the ability of banks to move significant financial exposures and trading activities off their books and away from regulatory scrutiny. In case after case, from securitization vehicles and commercial paper conduits to the hedge funds that triggered the collapse of Bear Stearns, the liabilities of supposedly separate organizations collapsed back onto too-big-to-fail banks and required government bailouts. Where risks were successfully transferred to other investors through special purpose subsidiaries – such as those used in securitization markets – they often turned out to have been misrepresented due to conflicts of interest, and to be far riskier than had been revealed to purchasers.

¹³ See pages 19 and following of the [Occupy the SEC comment letter on the Volcker Rule](#).

¹⁴ See pp. 50-51 of [AFR Volcker Rule comment letter](#).

New controls on bank exposures to and investments in external funds and subsidiaries are of course a core element of the Volcker Rule. These controls have been the subject of heavy lobbying from the industry. Public interest comments pointed to significant weaknesses in the sections of the Proposed Rule that implemented these safeguards.¹⁵ Among these weaknesses are:

- The Proposed Rule adds a broad and vague exemption for bank participation in securitizations such as those that created the ‘toxic assets’ of the financial crisis. Any securitization exemption must be more tightly bounded than that in the Proposed Rule, ideally specifying particular standardized securitization structures for each asset class and explicitly banning arbitrage securitizations.
- The Proposed Rule contains an overly generous allowance for investments made in the initial ‘seeding’ of hedge funds. There is ample evidence on the actual size of seed fund investments that indicate that such investments would typically be much smaller than those permitted in the Proposed Rule.
- The rule lacks oversight of and restrictions on employee investments (as opposed to bank investments) in external funds.
- The Proposed Rule contains a broad ‘compensation hedging’ exemption for fund investments which lacks statutory or logical support.

These and other potential weaknesses (such as the way in which ownership interests in securitizations are defined) need to be addressed. Additional exemptions should certainly not be added to permit still more bank investments in and connections to external funds or subsidiaries.

Restrictions on Compensation Should Be Strengthened: It will be impossible for regulators to enforce proprietary trading restrictions if major bank compensation practices continue to reward short-term profits above all else. Conversely, well designed compensation practices can do a great deal to spontaneously encourage responsible compliance. The Proposed Rule correctly states that compensation should be designed not to encourage proprietary trading. However, this qualification alone is too weak to counter the powerful incentives that lead banks to align incentives as directly as possible with trading profits.

Several simple changes to the compensation restrictions could strengthen them in important ways. Instead of saying that compensation structures should not be *designed* to reward proprietary trading, the rule should say that compensation structures should not *in fact* reward proprietary trading. The ‘designed’ language invites endless arguments about the intent of compensation systems. The application of this principle must rest on the actual impact of compensation structures, not the banks characterization of those structures. Second, the rule should require that compensation structures be affirmatively reward and provide incentives for the intended non proprietary trading activity of staff in particular areas of the bank. For example, employees engaged in risk-reducing hedging should be compensated on the basis of how well

¹⁵ See pp. 51 to 62 of [AFR Volcker Rule comment letter](#); pp. 49 to 59 of the [Occupy the SEC Volcker Rule comment letter](#).

their hedge performs in reducing the variance of returns from the risk being hedged, and should not be compensated based on temporary profits from the hedge-risk pair. Employees engaged in underwriting activities should have compensation tied to underwriting spreads for securities actually sold off the bank's books. And employees engaged in market-making activities should have compensation tied to the pattern of stable, low volatility-gains that are characteristic of market making, and should not be rewarded for large but risky trading gains.

These Are Only Some of The Weaknesses Identified in Proposed Rule: AFR and other public interest comments also highlighted numerous other issues in the Proposed Rule. A partial and incomplete list of other significant weaknesses includes:

- The addition of an overly broad exemption for repo and securities lending that appeared to ignore the ways in which these techniques could be used to replicate proprietary trades, as well as allowing proprietary market exposure based on collateral valuations.
- The rule does not clearly define spread or arbitrage trading positions held for longer than 60 days as proprietary trading, when they clearly are. This is driven by the failure to provide routine oversight of trading positions held longer than 60 days.
- The rule lacks a strong definition of 'customer'. Any rule that effectively permitted the bank to be its own customer would make it easy to resume proprietary trading.
- The rule relies entirely on disclosures and firewalls to fulfill the Congressional mandate to prevent bank conflicts of interest with customers. This is insufficient.
- The rule lacks effective penalties for violations.

These additional issues underline how important it is that the Final Rule be stronger than the Proposed Rule.

Additional Exemptions Must Not Be Added: The Proposed Rule added non-statutory, regulator-created exemptions for liquidity management, certain types of securitizations, and blanket exemptions for repo and securities lending. These exemptions offered great scope for bank activities and in many cases went too far. But industry comment letters included numerous requests for still more exemptions to be added. Given the scope and breadth of the exemptions already introduced in the Proposed Rule, the addition of still further exemptions would be utterly inappropriate and unnecessary.

For example, a number of banks called for a new exemption to be added to the rule for general 'asset liability management'. 'Asset-liability management' is a broad and generic term used to refer to all kinds of means of managing assets and liabilities to increase return. The core forms of asset-liability management which are actually necessary for traditional banking – managing the timing of liquidity demands and hedging interest rate risk – are already well accommodated under the existing exemptions for liquidity management and risk-reducing hedging. The blanket statutory exemption for holding Treasury securities can also be used to facilitate such risk

management. The exemption for risk-reducing hedging easily accommodates a whole range of traditional means of hedging interest rate risk, such as interest rate forwards and futures.

The addition of significant new exemptions goes in exactly the opposite direction of what is needed to implement a Volcker Rule that accords with Congressional intent.

Principle 4: Ensure Public Transparency and Accountability For the Implementation of The Final Rule

The completion and initial implementation of the final Volcker Rule will be the beginning of a process, not the end of one. Even a strengthened final rule is likely to permit a wide range of bank activities that could potentially shelter proprietary trading if the rule is not effectively enforced. In addition, regulators plan to gradually refine the quantitative metrics and ‘rules of the road’ that will prevent such trading. This process will take time, and much of it will occur in the generally confidential relationship between bank supervisors and the entities they oversee.

As it is currently designed, it will be very difficult for the public to determine whether the Volcker Rule is being effectively enforced. The tens of thousands of letters received by regulators on this rule is just one indication that this is a matter of great interest and importance to the public, as well as to non-bank market participants and bank customers. Regulators must design a disclosure regime that reveals to the public the nature of trading activity at banks and demonstrates clearly how such trading activity complies with the Volcker Rule. While there would be legitimate business concerns with public disclosure of specific trading positions as they were taking place, the goal of demonstrating compliance with the Volcker Rule need not require such a level of disclosure and could take place on a time delay. An effective disclosure regime would not only better inform the public, but would permit regulators to draw on technical assistance from non-bank market participants and external researchers in assessing the effectiveness of the rule.

Thank you for the opportunity to comment on this rule. Should you have any questions, please contact Marcus Stanley, AFR’s Policy Director, at marcus@ourfinancialsecurity.org or (202) 466-3672.

Following are the partners of Americans for Financial Reform.

All the organizations support the overall principles of AFR and are working for an accountable, fair and secure financial system. Not all of these organizations work on all of the issues covered by the coalition or have signed on to every statement.

- A New Way Forward
- AFL-CIO
- AFSCME
- Alliance For Justice
- American Income Life Insurance
- American Sustainable Business Council
- Americans for Democratic Action, Inc
- Americans United for Change
- Campaign for America's Future
- Campaign Money
- Center for Digital Democracy
- Center for Economic and Policy Research
- Center for Economic Progress
- Center for Media and Democracy
- Center for Responsible Lending
- Center for Justice and Democracy
- Center of Concern
- Change to Win
- Clean Yield Asset Management
- Coastal Enterprises Inc.
- Color of Change
- Common Cause
- Communications Workers of America
- Community Development Transportation Lending Services
- Consumer Action
- Consumer Association Council
- Consumers for Auto Safety and Reliability
- Consumer Federation of America
- Consumer Watchdog
- Consumers Union
- Corporation for Enterprise Development
- CREDO Mobile
- CTW Investment Group
- Demos
- Economic Policy Institute
- Essential Action
- Greenlining Institute
- Good Business International
- HNMA Funding Company
- Home Actions
- Housing Counseling Services

- Home Defender's League
- Information Press
- Institute for Global Communications
- Institute for Policy Studies: Global Economy Project
- International Brotherhood of Teamsters
- Institute of Women's Policy Research
- Krull & Company
- Laborers' International Union of North America
- Lake Research Partners
- Lawyers' Committee for Civil Rights Under Law
- Move On
- NAACP
- NASCAT
- National Association of Consumer Advocates
- National Association of Neighborhoods
- National Community Reinvestment Coalition
- National Consumer Law Center (on behalf of its low-income clients)
- National Consumers League
- National Council of La Raza
- National Fair Housing Alliance
- National Federation of Community Development Credit Unions
- National Housing Resource Center
- National Housing Trust
- National Housing Trust Community Development Fund
- National NeighborWorks Association
- National Nurses United
- National People's Action
- National Council of Women's Organizations
- Next Step
- OMB Watch
- OpenTheGovernment.org
- Opportunity Finance Network
- Partners for the Common Good
- PICO National Network
- Progress Now Action
- Progressive States Network
- Poverty and Race Research Action Council
- Public Citizen
- Sargent Shriver Center on Poverty Law
- SEIU
- State Voices
- Taxpayer's for Common Sense
- The Association for Housing and Neighborhood Development
- The Fuel Savers Club
- The Leadership Conference on Civil and Human Rights
- The Seminal
- TICAS
- U.S. Public Interest Research Group

- UNITE HERE
- United Food and Commercial Workers
- United States Student Association
- USAction
- Veris Wealth Partners
- Western States Center
- We the People Now
- Woodstock Institute
- World Privacy Forum
- UNET
- Union Plus
- Unitarian Universalist for a Just Economic Community

List of State and Local Affiliates

- Alaska PIRG
- Arizona PIRG
- Arizona Advocacy Network
- Arizonans For Responsible Lending
- Association for Neighborhood and Housing Development NY
- Audubon Partnership for Economic Development LDC, New York NY
- BAC Funding Consortium Inc., Miami FL
- Beech Capital Venture Corporation, Philadelphia PA
- California PIRG
- California Reinvestment Coalition
- Century Housing Corporation, Culver City CA
- CHANGER NY
- Chautauqua Home Rehabilitation and Improvement Corporation (NY)
- Chicago Community Loan Fund, Chicago IL
- Chicago Community Ventures, Chicago IL
- Chicago Consumer Coalition
- Citizen Potawatomi CDC, Shawnee OK
- Colorado PIRG
- Coalition on Homeless Housing in Ohio
- Community Capital Fund, Bridgeport CT
- Community Capital of Maryland, Baltimore MD
- Community Development Financial Institution of the Tohono O'odham Nation, Sells AZ
- Community Redevelopment Loan and Investment Fund, Atlanta GA
- Community Reinvestment Association of North Carolina
- Community Resource Group, Fayetteville A
- Connecticut PIRG
- Consumer Assistance Council
- Cooper Square Committee (NYC)
- Cooperative Fund of New England, Wilmington NC
- Corporacion de Desarrollo Economico de Ceiba, Ceiba PR
- Delta Foundation, Inc., Greenville MS
- Economic Opportunity Fund (EOF), Philadelphia PA
- Empire Justice Center NY

- Empowering and Strengthening Ohio's People (ESOP), Cleveland OH
- Enterprises, Inc., Berea KY
- Fair Housing Contact Service OH
- Federation of Appalachian Housing
- Fitness and Praise Youth Development, Inc., Baton Rouge LA
- Florida Consumer Action Network
- Florida PIRG
- Funding Partners for Housing Solutions, Ft. Collins CO
- Georgia PIRG
- Grow Iowa Foundation, Greenfield IA
- Homewise, Inc., Santa Fe NM
- Idaho Nevada CDFI, Pocatello ID
- Idaho Chapter, National Association of Social Workers
- Illinois PIRG
- Impact Capital, Seattle WA
- Indiana PIRG
- Iowa PIRG
- Iowa Citizens for Community Improvement
- JobStart Chautauqua, Inc., Mayville NY
- La Casa Federal Credit Union, Newark NJ
- Low Income Investment Fund, San Francisco CA
- Long Island Housing Services NY
- MaineStream Finance, Bangor ME
- Maryland PIRG
- Massachusetts Consumers' Coalition
- MASSPIRG
- Massachusetts Fair Housing Center
- Michigan PIRG
- Midland Community Development Corporation, Midland TX
- Midwest Minnesota Community Development Corporation, Detroit Lakes MN
- Mile High Community Loan Fund, Denver CO
- Missouri PIRG
- Mortgage Recovery Service Center of L.A.
- Montana Community Development Corporation, Missoula MT
- Montana PIRG
- Neighborhood Economic Development Advocacy Project
- New Hampshire PIRG
- New Jersey Community Capital, Trenton NJ
- New Jersey Citizen Action
- New Jersey PIRG
- New Mexico PIRG
- New York PIRG
- New York City Aids Housing Network
- New Yorkers for Responsible Lending
- NOAH Community Development Fund, Inc., Boston MA
- Nonprofit Finance Fund, New York NY
- Nonprofits Assistance Fund, Minneapolis M
- North Carolina PIRG

- Northside Community Development Fund, Pittsburgh PA
- Ohio Capital Corporation for Housing, Columbus OH
- Ohio PIRG
- OligarchyUSA
- Oregon State PIRG
- Our Oregon
- PennPIRG
- Piedmont Housing Alliance, Charlottesville VA
- Michigan PIRG
- Rocky Mountain Peace and Justice Center, CO
- Rhode Island PIRG
- Rural Community Assistance Corporation, West Sacramento CA
- Rural Organizing Project OR
- San Francisco Municipal Transportation Authority
- Seattle Economic Development Fund
- Community Capital Development
- TexPIRG
- The Fair Housing Council of Central New York
- The Loan Fund, Albuquerque NM
- Third Reconstruction Institute NC
- Vermont PIRG
- Village Capital Corporation, Cleveland OH
- Virginia Citizens Consumer Council
- Virginia Poverty Law Center
- War on Poverty - Florida
- WashPIRG
- Westchester Residential Opportunities Inc.
- Wigamig Owners Loan Fund, Inc., Lac du Flambeau WI
- WISPIRG

Small Businesses

- Blu
- Bowden-Gill Environmental
- Community MedPAC
- Diversified Environmental Planning
- Hayden & Craig, PLLC
- Mid City Animal Hospital, Pheonix AZ
- The Holographic Repatterning Institute at Austin
- UNET