Cecelia Calaby
Executive Director and General Counsel
ccalaby@aba.com
202-663-5325

February 13, 2012

Office of the Comptroller of the Currency
250 E Street, NW
Washington, DC 20219

Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, NW
Washington, DC 20549

Jennifer J. Johnson, Secretary
Board of Governors of the
Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20429

David A. Stawick, Secretary
Commodity Futures trading Commission
Three Lafayette Centre
Washington, DC 20581

Robert E. Feldman, Executive Secretary
Attention: Comments
Federal Deposit Insurance Corporation
550 17th Street, NW
Washington, DC 20429

Re: Request for Public Comment on Notice of Proposed Rulemaking Implementing the Provisions of Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), Concerning Restrictions on Proprietary Trading and Certain Interests in, and Relationships with, Hedge Funds and Private Equity Funds

Ladies and Gentlemen:

The American Bankers Association Securities Association (ABASA) appreciates the opportunity to provide comments to the federal regulatory agencies (Agencies) on their Notice of Proposed Rulemaking (Proposed Rules) implementing section 619 of the Dodd-Frank Act, which establishes a new Section 13 of the Bank Holding Company Act of 1956, as amended (Volcker Rule). ABASA is a separately chartered affiliate of the American Bankers Association (ABA) that represents holding company members of the ABA that are actively engaged in capital markets, investment banking and broker-dealer activities. We note that these comments are complementary of other comments ABA and ABASA are submitting on the Proposed Rules.

In addition to the concerns raised in other comment letters submitted by ABA and ABASA, this letter addresses a particular issue of concern to ABASA members relating to the definition of 'resident of the United States' that, if adopted as proposed, would create certain unintended consequences. The proposed definition of resident of the United States under the Proposed Rules[1] would treat a non-U.S. branch of a U.S. domiciled bank as a U.S. person, but would not treat a non-U.S. subsidiary of a U.S. domiciled bank as a U.S. person. As a result, such branches – but not such subsidiaries – would be constrained in transacting with foreign banking entities,

[1] 77 Fed. Reg. 68,846 (Nov. 7, 2011); Proposed Rule §__.6(d)(3)(ii); Proposed Rule, § ___.2(t) (omitting exemption for "any agency or branch of a U.S. person located outside the United States" that appears in Regulation S, 17 C.F.R. § 230.902(k)(2)(v)).

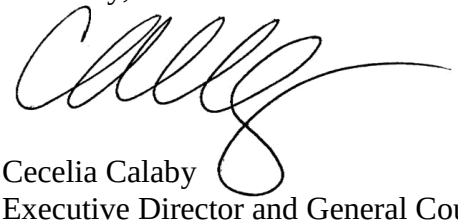
even if the transaction were to occur entirely outside of the United States, because doing so could cause those foreign banking entities to become subject to the Volcker Rule.

The consequences of such treatment could have significant adverse effect. Non-U.S. branches enter into transactions with foreign counterparties for a number of purposes, including: (i) the bank's liquidity and asset liability management; (ii) the bank's credit risk and FX/rate management; and (iii) market flow that is necessary to make markets and assist customers. If foreign banking entities are unwilling to transact with non-U.S. branches for fear of becoming entangled in the Volcker Rule, then the U.S. bank may find that its counterparties will quickly be limited to other U.S. institutions, severely restricting its business outside the United States and likely leading to an unacceptable concentration of counterparty risk in certain jurisdictions. This will diminish the safety and soundness of U.S. domiciled banks and weaken financial stability in the United States and internationally. Moreover, there could be a specific impact on trading in U.S. Government debt instruments by foreign investors. Foreign investors use foreign exchange swaps and forwards[2] to convert local currencies into U.S. dollars so that they can purchase U.S. Government debt obligations, and such investors frequently enter into those transactions with non-U.S. branches in their countries. If liquidity in those instruments is constrained because the non-U.S. branch has fewer counterparties available, global liquidity in U.S. Government debt obligations may also be adversely affected.

In order to prevent these undesirable consequences, ABASA urges the Agencies to ensure that non-U.S. branches of U.S. domiciled banks are not considered residents of the United States under the Volcker Rule. The Volcker Rule does not require that non-U.S. branches of U.S. domiciled banks be treated as residents of the United States, nor was such treatment an intended policy behind the Volcker Rule. The Agencies could achieve the proper result by revising the definition of "resident of United States" to clarify that a non-U.S. branch of a U.S. domiciled bank will not be considered a "resident of the United States" for purposes of the Volcker Rule, as in Regulation S under the Securities Act of 1933,[3] and in keeping with the treatment of non-U.S. subsidiaries of U.S. domiciled banks. This revision would not affect the application of the Volcker Rule to U.S. domiciled banks and all of their direct and indirect subsidiaries.

We would be glad to work with the Agencies as they continue their regulatory rulemaking efforts on the Volcker Rule. If you have any questions or need additional information, please do not hesitate to contact me.

Sincerely,



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ABA Securities Association

[2] Under the Proposed Rules, foreign exchange swaps and forwards are deemed "covered financial positions" under the proprietary trading provisions of the Proposed Rule because they are specifically included in the definition of "derivative" in Proposed Rule § ___.2(l)(i)(C).

[3] *See* 17 C.F.R. §§ 230.901-.905.