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## INSTITUTE OF INTERNATIONAL BANKERS

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April 28, 2014

The Honorable John Boehner  
Speaker  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Nancy Pelosi  
Democratic Leader  
U.S. House of Representatives  
Washington, DC 20515

Dear Speaker Boehner and Democratic Leader Pelosi:

The Institute of International Bankers (“IIB”) would like to express its strong support for HR 4167, *the Restoring Proven Financing for American Employers Act*.

Foreign banks operating in the U.S. play a significant role in lending to businesses in the U.S. They directly fund nearly 25% of all commercial and industrial bank loans made in this country and support the additional lending to U.S. businesses provided by the collateralized loan obligation (CLO) market through their investment in approximately \$60 billion of the \$300 billion in CLO notes.

HR 4167 revises the Volcker Rule to address concerns that have arisen with respect to certain aspects of the final Volcker regulations, which threaten the CLO market’s vitality.

First, it will allow banks to hold to maturity many of the legacy CLOs issued before January 31, 2014 that include debt securities. CLOs have proven to be a safe asset class composed mainly of business loans that have experienced minimal losses over the years, and a wide-spread forced divestiture of CLO notes by banks could, contrary to the purposes underlying the Volcker Rule, create greater risks by depressing market prices for such notes, thereby imposing losses on banks and unnecessarily impairing their earnings and capital.

Second, HR 4167 will insure that the “removal for cause” creditor rights normally and typically granted to CLO note holders will not disqualify such notes as impermissible “ownership interests” under the final Volcker regulations, thereby enabling banks to continue to make investments as permitted under the Volcker Rule and receive the protections afforded similarly situated non-bank investors.

IIB urges Members of the House of Representatives to support HR 4167, *the Restoring Proven Financing for American Employers Act*. Thank you for considering our views.

Sincerely,

Sarah A. Miller  
Chief Executive Officer

cc: The Hon. Jeb Hensarling; The Hon. Maxine Waters

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The Institute’s mission is to help resolve the many special legislative, regulatory and tax issues confronting **internationally headquartered** financial institutions that engage in banking, securities and/or insurance activities in the United States.

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