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Paris, 7th September 2012

Via email (volckeralternative@mail.house.gov)

Chairman Spencer Bachus
Financial Services Committee
2129 Rayburn House Office Building
Washington, D.C. 20515

AFG RESPONSE TO VOLCKER RULE ALTERNATIVE REQUEST

Dear Chairman:

AFG is very grateful to the Financial Services Committee and yourself for your public consultation on less burdensome legislative alternatives to Section 619 of the Dodd-Frank Act. Indeed, many non-US investment management industries are deeply concerned by the unintended very harmful impact the implementing rules of the Dodd Frank Act (DFA) may have on them, in particular the Volcker Rule.

The Association Française de la Gestion financière (AFG) represents the France-based investment management industry, both for collective and discretionary individual portfolio management. Our members include 419 management companies, which are entrepreneurial or belong to French or foreign investment management, banking or insurance groups, as well as 554 SICAVs.

AFG members currently manage more than 2,600 billion euros (funds and/or discretionary mandates), making the French industry the leader in Europe in terms of financial management for collective investment (with 1,300 billion euros managed, i.e. 20% of all EU investment funds assets under management) and second at worldwide level after the US. In the field of collective investment, our industry includes ó beside UCITS, which are basically the

equivalent of US mutual funds ó employee savings schemes and products such as regulated hedge funds, funds of hedge funds, private equity funds and real estate funds.

AFG is of course an active member of the European Fund and Asset Management Association (EFAMA) and of the European Federation for Retirement Provision (EFRP). AFG also is a member of the International Investment Funds Association (IIFA).

In particular, before we develop our own comments below, we wish to stress that we actively contributed to the EFAMA response to the present consultation, that we fully support and share.

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We are very grateful to you for trying to find practical and appropriate solutions to some **unintended consequences and uncertainties** of the Rule, about which our members are most concerned.

We are highly respectful of the democratic and legitimate legal US process. When we answered the US Agencies' public consultation earlier this year¹, we clearly stated that we were understanding fully that the Agencies could not deviate from the requirements of the Dodd Frank Act that had been already adopted by the Congress and promulgated by President Obama.

Therefore, from this legal perspective, your action is now crucial as any possibility for the Congress to revise some specific provisions of the Dodd Frank Act, regarding the Volcker Rule in particular, would be a practical way to solve some difficulties that we will have to face in the future otherwise.

Main requests and suggestions:

1. The scope of ðcovered fundsð should be narrowed

We understand that the Volcker Rule covers all funds but US mutual funds. It means in practice that all non-US funds are captured. However, in our view, it would make sense that **non-US funds similar to US mutual funds and which are strictly regulated and supervised are also exempted**. Indeed, we believe that, in order to ensure a fair level playing field vis-à-vis US investors, **both European ðUCITSð - which are regulated by the UCITS European Directive - and nationally regulated and supervised funds that are ðUCITS likeð and similar to US mutual funds should be taken out of the scope of ðcovered fundsð**.

We therefore suggest to introduce in the Dodd Frank Act such an exclusion, from the scope of ðcovered fundsð of all non-US funds which are similar to US mutual funds. A series of criteria could be introduced, in particular:

¹ See Attachment

- **Structure of the funds,**
- **Type of third-party investors,**
- **Distribution characteristics,**
- **Underlying investments.**

2. The deadline for implementation should be delayed

Considering the current shared concern among legislators, regulators and professionals, both in the US and in the rest of the world, about the difficulties of implementation of some parts of the Dodd Frank Act, such as the Volcker Rule, we suggest that if still possible the Congress tries to delay the deadline for implementation of it.

For the rest of our concerns, we suggest you to refer to our Attachment.

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We thank you very much in advance for taking into consideration our comments and remain available for any further questions. Please feel free to contact myself at +33 1 44 94 94 14 (e-mail: p.bollon@afg.asso.fr) and or our Head of International Affairs Division, Stéphane Janin, at +33 1 44 94 94 04 (e-mail: s.janin@afg.asso.fr).

Yours sincerely,

(Signed)

Pierre Bollon