

**MAXINE WATERS**

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**Congress of the United States**  
**House of Representatives**  
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May 15, 2012

The Honorable Spencer Bachus  
Chairman, House Committee on Financial Services  
United States House of Representatives  
2128 Rayburn House Office Building  
Washington, DC 20515

Dear Chairman Bachus:

I am writing in support of bipartisan interest for the Financial Services Committee to convene a hearing to examine the public policy issues surrounding the recent \$2 billion trading loss by JP Morgan Chase & Co.

Since the trading loss was announced last week, there has been significant speculation over whether the trades would have violated the ban on banks' trading with their own funds contained within the proposed Volcker Rule. Specifically, many observers have questioned whether the hedging exemption in the proposed Volcker Rule would have applied to these JP Morgan trades, and, if so, whether the proposed Rule's language on allowable hedging needs to be re-examined.

The Securities and Exchange Commission and the Office of the Comptroller of the Currency have both announced that they are scrutinizing the public disclosures and the structure of these trades, respectively. Likewise, at the request of Senator Corker, Senate Banking, Housing and Urban Affairs Committee Chairman Johnson has announced that he will hold a new round of hearings on Dodd-Frank implementation, and will give Senators the chance to ask questions of regulators about these JP Morgan trades. In addition, the Oversight and Investigations Subcommittee within the Financial Services Committee has expressed interest in holding a hearing on JP Morgan's trades, and I applaud the bipartisan interest in this important issue.

Given the wide interest in this topic and the far-reaching public policy implications, I feel that a full Committee hearing to examine the larger public policy issues raised by these high-

profile losses would also be appropriate. I appreciate your consideration and look forward to your response.

Sincerely,

A handwritten signature in black ink, appearing to read "Maxine Waters". The signature is fluid and cursive, with the first name "Maxine" being larger and more prominent than the last name "Waters".

Maxine Waters  
Ranking Member  
Capital Markets and Government Sponsored Enterprises Subcommittee

cc: Ranking Member Barney Frank  
Chairman Randy Neugebauer  
Ranking Member Michael Capuano