

**Meeting Between Federal Reserve Board Staff and
the American Bankers Association,
the ABA Securities Association,
the Securities Industry and Financial Markets Association,
and The Clearing House
April 23, 2015**

Participants: Scott Alvarez, Anna Harrington, Elizabeth MacDonald, and Stephanie Martin (Federal Reserve Board)

Cecelia Calaby and Jason Shafer (American Bankers Association/ABA Securities Association); Francesca Curtin and Curtis Tao (Citigroup); Sebastian Crapanzano and Anthony Cicia (Morgan Stanley); Elie Zeitoune and Seth Bender (HSBC); Martin Ayre and Phillip Wertz (Bank of America); Albert Moffitt and Kathleen Juhase (JP Morgan); Michael Huber (Goldman Sachs); Andrea Tokheim (Sullivan & Cromwell); John Court (The Clearing House); Kyle Brandon (SIFMA)

Summary: Representatives of the American Bankers Association, the ABA Securities Association, the Securities Industry and Financial Markets Association, and The Clearing House (the “Representatives”) met with staff from the Federal Reserve Board to discuss issues related to the proposed rule issued by the Board and other prudential regulators on margin requirements for covered swap entities under Title VII of the Dodd-Frank Act. In particular, the Representatives expressed the view that non-cleared swaps and non-cleared security-based swaps entered into between affiliates should not be subject to initial margin requirements. The Representatives explained that the purpose of affiliate swap transactions is to reduce risk and to facilitate efficient centralized risk management and that application of initial margin requirements to inter-affiliate swaps could increase risk, including by discouraging efficient risk management within an organization and increasing exposures to third parties, including central counterparty clearing houses.