

**Meeting between Federal Reserve Staff and  
Representatives of CLS  
June 15, 2011**

**Participants:** Jeff Stehm, Stu Desch, Edward Kocis, Danielle Little, Lyle Kumasaka, Mark Magro, and Mark Haley (Federal Reserve Board); Stephanie Heller, Jim Mahoney, Annmarie Rowe-Straker, Brian Marchellos, Jen Wolgemuth, and Ari Cohen (Federal Reserve Bank of New York); Katie Wisby, Anna Voytovich, and Ralph Schnackel (Federal Reserve Bank of Chicago)

Michele Fleming, Naresh Nagia, Mandy Lam, James Silverglad, Lauren Alter-Baumann, Jim Hughes, and Jim Holdcroft (CLS); Bob Risoleo (Sullivan & Cromwell)

**Summary:** At the request of Board staff, representatives from CLS met with Board and Reserve Bank staff at the Federal Reserve Bank of New York to discuss CLS's settlement and liquidity arrangements and risk management practices, including those relating to collateral. Board staff requested the meeting to help inform the Board as it considers authority provided in Section 806 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, regarding designated financial market utilities' potential access to Federal Reserve Bank ("FRB") accounts, services, and discount and borrowing privileges.

The discussion followed a question and answer format, covering CLS's settlement practices, financial resources, and liquidity arrangements. The discussion also covered CLS's contingency plans to effect timely settlement in the event of a participant default. Meeting participants acknowledged that further discussions on technical, operational, and legal issues associated with access to FRB accounts, services, and discount and borrowing privileges may be necessary going forward.