

**Meeting between Federal Reserve Board Staff
and Representatives of JP Morgan Chase
February 2, 2012**

Participants: Scott Alvarez, Sean Campbell, Anna Harrington, Jeremy Newell, Jim O'Brien, Christopher Paridon and Mark Van der Weide (Federal Reserve Board)

Greg Baer, Ina Drew, Irvin Goldman, Neila Radin, John Wilmot and Barry Zubrow (JP Morgan Chase)

Summary: Staff of the Federal Reserve Board met with representatives of JP Morgan Chase ("JPMC") to discuss the restrictions on proprietary trading and hedge fund and private equity fund activities under section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (also known as the "Volcker Rule").

Among matters discussed in the meeting were JPMC's views regarding the proposed rule's approach to defining "trading account," including the existing treatment of positions taken for liquidity management purposes and the lack of an explicit "asset-liability management" ("ALM") exemption. Specifically, despite the proposed rule's recognition that certain liquidity management positions are permitted, as well as the statutory exemption for proprietary trading in government securities, JPMC indicated that the proposed rule could prohibit a banking entity from effectively managing, on an enterprise-wide basis, its volatility, yield-curve, maturity, and other structural risks.

JPMC recommended that the final rule be modified to make clear that ALM functions, when conducted outside of other business lines and pursuant to a documented governance plan approved by a banking entity's board of directors that outlines eligible hedging strategies, instruments and limits, not be included as prohibited proprietary trading.