Meeting between Federal Reserve Board Staff and Representatives of The Bank of New York Mellon, The Northern Trust Company and State Street November 17, 2010

Participants: Kieran Fallon, Brian Knestout, Molly Mahar, Jeremy Newell, Chris Paridon and Patricia Yeh (Federal Reserve Board)

Victor Siclari (The Bank of New York Mellon); Kelly King Dibble, Michael Lies, James Roselle and Patrick Wilkinson (The Northern Trust Company); Joseph Barry, Kristen Kennedy and Simon Zornoza (State Street)

Summary: Staff of the Federal Reserve Board met with representatives of The Bank of New York Mellon, The Northern Trust Company, and State Street (collectively, the "Banks") to discuss the impact of section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act") on custodial and directed trustee services provided by the Banks. Representatives of the Banks noted that section 619(h)(5) of the Dodd-Frank Act defines the term "sponsor" broadly and may, in conjunction with section 619(f), prohibit the U.S. custodial banks from providing directed trustee services as a result of the incidental credit that custodial banks customarily extend to their clients in connection with securities settlement activities. Representatives of the Banks noted their view that section 619 was not intended to capture such activities, which they consider low risk. Representatives of the Banks characterized the typical role of the directed trustee as limited, involving no discretionary investment authority, and noted that directed trustees are generally only responsible for implementing investment directions provided by their client or their client's advisor. The Banks' representatives further noted that a directed trustee arrangement is often requested by clients in order to satisfy the certain requirement under ERISA.

The Banks have submitted a letter to the Financial Stability Oversight Council's request for comments in connection with its study of section 619.