Meeting between staff of the Federal Reserve Board, CFTC, FDIC, OCC, and SEC and representatives of the American Bankers Association (ABA) and the Global FX Division of the Global Financial Markets Association (GFMA-FX Division)

Retail Foreign Exchange Transactions [R-1428]

April 30, 2012

Participants: Scott Holz (Federal Reserve Board); Davide Aron, Christopher Cummings, Julian Hammar and Peter Sanchez (CFTC); Bobby Bean, John Feid, Tom Hearn, John Jackwood, Julie Paris and Susan VanDenToorn (FDIC); Stephanie Boccio, Ted Dowd, Roman Goldstein (OCC); and Lelia Bham, Bonnie Gauch, and Jeanna Rutkowski (SEC)

ABA and GFMA-FX Division representatives:
Georgia Bullitt Mogan Lewis
Harry Engelman JP Morgan Chase
Evan Jay JP Morgan Chase
Roy Kelly Pershing (by phone)
Mandy Lam GFMA-FX Division
Jesse Lawrence Pershing (by phone)
Phoebe Papageorgiou ABA
Gary Sims BONY-Mellon
Lisa Shemie JP Morgan Chase

Summary: Representatives of the ABA and GFMA-FX Division met with agency staff to discuss issues related to the proposed and final rules of the federal agencies regarding retail foreign exchange (“forex”) transactions. The issues arise in connection with forex transactions incidental to completing a transaction in foreign securities denominated in currencies other than U.S. dollars.

Representatives of the ABA and GFMA-FX Division discussed issues raised in their April 18, 2012, letter to the agencies, seeking clarification or relief regarding certain forex transactions with retail customers in connection with foreign securities transactions. The transactions include the purchase or sale of a foreign security, as well as corporate actions with respect to such securities. The industry representatives focused on their view that these transactions are not of the kind intended to be covered under the agencies’ retail forex transactions rules and discussed possible methods of identifying such transactions and excluding them from some or all of the provisions of the regulations.