Meeting between Federal Reserve Board staff and
KfW Representatives
Margin and Capital Requirements for Covered Swap Entities [R-1415]
December 5, 2012

Participants:  Jordan Bleicher, Sean Campbell, Anna Harrington, and Stephanie Martin
(Federal Reserve Board)

Svenja Brinkmann, Frank Czichowski, and Jochen Leubner; (KfW);
David Gilbert, Jody Singer, and Donald Toumey (Sullivan & Cromwell)

Summary:  KfW representatives met with Board staff to discuss issues related to the proposed
rule of the Board and other prudential regulators on margin and capital requirements for covered
swap entities under Title VII of the Dodd-Frank Act.

KfW representatives discussed the possibility of an exemption from the margin requirements for
KfW, a non-profit, public sector entity responsible to and owned by the federal and state
authorities in Germany, mandated to serve a public purpose, and backed by an explicit, full,
statutory guarantee provided by the German federal government.  KfW representatives indicated
that its swaps activities are limited to hedging activities.  KfW noted that it had received an
exemption from the CFTC’s clearing rule and from the European Market Infrastructure
Regulation and that the Working Group on Margin Requirements also had recommended
exempting sovereign and sovereign-linked entities.