

**Meeting between Federal Reserve Board Staff
and Representatives of the Coalition of Derivatives End-Users
August 20, 2010**

Participants: Pat White, Michael Gibson, Stephanie Martin and David Lynch
(Federal Reserve Board)

Michael Bopp (Gibson, Dunn & Crutcher); Dorothy Coleman (National Association of Manufacturers); Misty McGowen (American Petroleum Institute); Ryan McKee (U.S. Chamber of Commerce); Clifton Rodgers, Jr. (Real Estate Roundtable); Cady Anne North (Financial Executives International); and Samuel Peterson and Luke Zubrod (Chatham Financial)

By telephone: Kirk Freeman (NAREIT); Andrew Schaeffer (Mid-America Apartment Communities); Brad Fox (Safeway); Randall Durling, David Menz, Jane Western and Stacey Dion (Boeing)

Summary: Staff of the Federal Reserve Board met with a group from the Coalition of Derivatives End-Users to discuss implementation issues related to derivatives under the Dodd-Frank Wall Street Reform and Consumer Protection Act (“the Act”). The discussion focused on the group’s concerns that the implementation of Title VII of the Act may unfairly disadvantage derivatives end-users. The group expressed concern both about the direct effect of regulations imposed on end-users as well as the indirect effect of regulations imposed on dealers, which could affect all who transact in the derivatives market. The group also expressed concern that an expansive definition of a major swap participant could result in end-users falling into that category (inappropriately, in their view).

During the discussion, the group noted that margin requirements on non-cleared swaps were also a major concern. One concern relates to whether margin requirements will be imposed on existing swaps. The group noted that imposing margin requirements on existing swaps could trigger termination clauses in existing contracts, imposing costs on end-users. A second concern relates to whether end users will be exempted from margin requirements, and whether the costs of margin requirements imposed on swap dealers would be passed along to their end user customers. Finally, the group noted that, in their view, the level of margin requirements should be tied to the risks of the particular contracts.