

Summary of the August 3, 2004 Meeting Regarding the Interagency Statement on Sound Practices Concerning Complex Structured Finance Activities

On August 3, 2004, representatives of the Institute of International Bankers (“IIB”) met with Richard Spillenkothen, director of the Division of Banking Supervision and Regulation, and Kathleen O’Day, Associate General Counsel, and Kieran Fallon, Managing Senior Counsel of the Legal Division and other staff of the Board of Governors of the Federal Reserve System. (A complete list of attendees is below.) The IIB requested the meeting to discuss industry concerns regarding the Interagency Statement of Sound Practices Concerning Complex Structured Finance Activities (“Statement”).

Industry representatives stated that financial institutions’ policies and procedures have been and are continuing to be strengthened to address increased legal and reputational risks associated with complex structured finance transactions (CSFTs). They reiterated the key points made in the comment letters submitted by IIB and the individual IIB member financial institutions represented at the meeting. For example, they expressed their views that the internal controls and risk management procedures described in the Statement should: 1) adopt a more principles-based approach, 2) allow financial institutions’ flexibility to adopt policies and procedures that are tailored to their individual businesses, 3) address only those complex structured finance transactions that warrant heightened review, 4) reflect the varied roles financial institutions have in CSFTs, 5) avoid increasing the legal risks of financial institutions involved in CSFTs, 6) provide flexibility for foreign-based organizations with different structures and legal frameworks, and 7) take into account the lack of access that financial institutions’ third party accountants would have to the details of CSFTs.

Attendees

Name/Affiliation:

Roger A. Blissett
Managing Director & Senior Deputy General Counsel
RBC Capital Markets

Mark Cahaney
Senior Vice President & General Counsel
Americas
National Australia Bank

Richard V. Carlson
Managing Director & General Counsel
Calyon Americas

Douglas Cook
Managing Director
BNP Paribas

Richard P. Daingerfield
Chief Legal Officer
Royal Bank of Scotland

Joel Forbes
Managing Director, Global Head of New Business Group
UBS

Michael Kadish
Director and Senior Counsel
Deutsche Bank AG

Marlene Nicholson
Director of Government Relations
Barclays Bank PLC

Joseph L. Seidel
Managing Director
Credit Suisse First Boston

Lawrence R. Uhlick
Executive Director & General Counsel
Institute of International Bankers

Jacqueline J. Williams
Group Risk Management – Compliance
Royal Bank of Canada

Janet R. Zimmer
Managing Director
UBS Investment Bank

Derek Bush
Partner
Cleary, Gottlieb, Steen & Hamilton

Federal Reserve Board

Banking Supervision & Regulation

Richard Spillenkothen
Director

Michael Martinson
Senior Advisor

Stephen Hoffman
Deputy Director

Jack Jennings
Associate Director

Walt Miles
Assistant Director

Lisa DeFerrari
Manager, Foreign Banking Organizations

Sabeth Siddique
Manager, Credit Risk

Greg Feldberg
Assistant to the Director

Legal Division

Kathleen O'Day
Associate General Counsel

Kieran Fallon
Managing Senior Counsel

Anne Zorc
Attorney