

## **Summary of March 15, 2005 Meeting Regarding the Interagency Statement on Sound Practices Concerning Complex Structured Finance Activities**

On March 15, 2005 staff of Credit Suisse First Boston (“CSFB”) met with staff of the Board of Governors of the Federal Reserve System at CSFB’s request to discuss the proposed Interagency Statement on Sound Practices Concerning Complex Structured Finance Activities (“Statement”). (A list of attendees is below.)

CSFB staff supported the goals of the Statement. They discussed CSFB’s enterprise-wide Reputational Risk Review Process and its web-based system that assists staff in identifying, evaluating and addressing transactions or types of transactions that may pose legal and reputational risk to the firm. They emphasized the evolutionary nature of the reputational risk review process at CSFB and explained how the list of characteristics of transactions that must be submitted through the review process is evolving as new issues and new types of transactions arise.

In light of this experience, they expressed concern that the Statement could require financial institutions to conduct extensive reviews of CSFTs that do not, in fact, entail significant legal or reputational risk. Such burdensome reviews could detract an institution’s staff from focusing its attention on those CSFTs that do present legal and reputational risks, they said. Among other concerns, CSFB staff asserted that the Statement should clarify that an institution’s review process for CSFTs with potential legal and reputational risks should focus on the actual risks identified and involve the institution’s staff with expertise in that area. For example, a transaction that raises tax concerns should be scrutinized by the appropriate tax staff from the institution, they said. CSFB staff further emphasized that the Statement could potentially increase the legal liability of financial institutions to clients and third parties and that the Statement should clarify that institutions should not be expected to be guarantors of a transaction’s legality, for example.

ATTENDEES	AFFILIATION
Michael Martinson	Federal Reserve Board
Anne Zorc	Federal Reserve Board
Sabeth Siddique	Federal Reserve Board
Virginia Gibbs	Federal Reserve Board
Patrick Patalino	CSFB
Megan Kane	CSFB
Joe Seidel	CSFB
Sharon Meadows	CSFB
Mary Whalen	CSFB