

**Meeting Between Federal Reserve Staff
and Representatives of CME Group¹
January 12, 2011**

Participants: Jeff Stehm, Jeff Marquardt, Stuart Sperry, Melissa Vanlandingham, Mark Magro, Dibora Amanuel, Kathy Wang, Mark Haley, Susan Foley, Jeff Walker, Danielle Little, Lyle Kumasaka, Stu Desch, Chris Clubb, and Pat White (Federal Reserve Board); Barry Maddix and Karrie Rodriguez (Federal Reserve Bank of Boston); Kirstin Wells, Eve Boboch, Adrian D’Silva, Robert Steigerwald, Richard Heckinger, Anna Voytovich, Katie Wisby, Keri Trolson, Ivana Ruffini, Caitlyn Smyth, Blake Laughter, Jerome Julian, Ralph Schnackel, and Kelly Emery (Federal Reserve Bank of Chicago); Stephanie Heller, Jennifer Wolgemuth, Joe Sommer, Annmarie Rowe-Straker, Brian Marchellos, Ari Cohen, Larry Sweet, Marsha Takagi, and Karen Brifu (Federal Reserve Bank of New York)

Kim Taylor, Tim Doar, Ketan Patel, Mike Kobida, Linda Rich, Jason Spence, Dale Michaels, Bruno Alencar, Jennifer Norris, David Shu, Mike Auriemma, Ryan Ingram, and Tim Maher (CME)

Summary: At the request of Board staff, representatives from CME Group met with Board and Reserve Bank staff to give a presentation on CME Clearing’s settlement and collateral practices and supporting banking arrangements. Board staff requested the presentation to help inform the Board’s rulemaking in relation to Section 806 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank Act”), regarding designated financial market utilities’ potential access to Federal Reserve Bank accounts, services, and discount and borrowing privileges. Staff from the Boston, New York, and Chicago Federal Reserve Banks participated in the meeting via video and teleconference.

CME Group staff opened the meeting with an overview of CME Group Inc. and of CME Clearing. The presentation followed with an overview of CME Clearing’s risk management framework, including a discussion of the clearinghouse’s settlement procedures and financial safeguards packages. The financial safeguards section of the presentation focused on CME Clearing’s performance bond and collateral arrangements. CME Group staff concluded the presentation with a discussion of CME Clearing’s liquidity arrangements.

During the discussion, CME Group staff mentioned that certain provisions of Section 806 of the Dodd-Frank Act might be of use to the clearinghouse, but that further research and analysis were required to determine the benefits that these provisions may provide. CME Group staff indicated that additional meetings with Federal Reserve staff may be beneficial to both parties in studying and determining what arrangements may facilitate the clearinghouse’s settlement processes.

¹ This summary has been corrected to appropriately reflect the affiliations of the parties in attendance at the meeting.