Meeting between Federal Reserve Board and Other Agency Staff  
and Representatives of Citigroup  
October 29, 2010

Participants: Diane Daley, Bill Gonska, Carl Howard, Brian leach, Eli Levenson, Zion Shohet,  
Kevin Thurm, Sandeep Arora, Don Bendernagel, Hugh Conroy, Shawn Feeney,  
Jamie Forese, Nicolas Fries, Paco Ybarra, Craig Barrack, Philip Dunne,  
Senthil Kumar, Mark Mason, James O’Brien, and Michael Williams (Citigroup)  
David Lynch, John Colwell, Chris Paridon (Federal Reserve Board);  
Clinton Lively, Debra Stone, Jim Bergin, and Matthew Lieber (Federal Reserve  
Bank of New York); and other Federal Agency Staff

Summary: Staff of the Federal Reserve Board and other agencies met with representatives of  
Citigroup to discuss the restrictions on proprietary trading activities and hedge fund and private  
equity fund activities under section 619 of the Dodd-Frank Wall Street Reform and Consumer  
Protection Act (also known as the “Volcker Rule”). Citigroup provided Federal Reserve Board  
and other agency staff with a presentation on their views on (i) the proprietary trading  
restrictions both generally and with particular respect to trading, market making and hedging  
activities and operations in which they engage and (ii) the hedge fund and private equity fund  
restrictions both generally and with particular respect to the fund sponsorship and investment  
activities in which they engage.

Among other matters discussed in the meeting relating to the proprietary trading restrictions  
were: the differences in liquidity, client volume, and inventory needs among market making  
activities in varying types of asset classes and product types; Citigroup’s view as to the key  
characteristics of any market making operation (i.e., a permanent inventory from which to  
provide liquidity to clients and a permanent client-ready posture to buy and sell); the use of risk  
metrics (e.g., VaR and inventory limits), estimates of client demand, and judgment in managing  
the risks posed by market making operations; Citigroup’s view as to the critical importance of  
sound judgment and discretion, apart from quantitative measures, in identifying limit trading  
risk; and the unique features of derivatives and structured products market making (e.g., the  
presence of residual risk rather than a specific “inventory” of assets).

Among other matters discussed in the meeting relating to the hedge fund and private equity fund  
restrictions were: the types of hedge funds and private equity funds which Citigroup and other  
banking entities have historically invested in or sponsored; the characteristic differences between  
long/short equity or fixed income funds, funds of funds, and liquidity or money market funds;  
the extent to which banking entities may typically hold ownership interests in hedge funds or  
private equity finds that they sponsor; the use of certain fund structures to make merchant  
banking investments; Citigroup’s view that section 619’s definition of “hedge fund and private  
equity fund” is overbroad because of its incorporation of certain exemptions contained in the  
Investment Company Act of 1940; and the potential effects of section 619 on Citigroup’s  
traditional asset management business.