

**OTC Derivatives Supervisors Group and
Major OTC Derivatives Market Participants Meeting
January 27, 2011**

Participants: See attached participant list.

Summary: On January 27, 2011, the members of the OTC Derivatives Supervisors Group and several observing authorities met to discuss the ongoing efforts and future priorities for improving infrastructure and reducing risk in the OTC derivatives market. The discussion focused on robust risk management at firms, improved operational resilience and implementation of safe and sound infrastructure through the commitment process.

Key Highlights: The participants noted the importance of a phased-in approach for regulatory requirements, similar to the process used between the OTC Derivatives Supervisors Group and the major OTC derivatives market participants. Additionally, participants indicated that a prudent approach was necessary for increasing standardization and central clearing. Participants also recognized the continued need for international regulatory coordination.

Please see attached agenda for specific meeting topics.

Press release available:

<http://www.newyorkfed.org/newsevents/news/markets/2011/ma110127.html>

January 27, 2011 OTC Derivatives Meeting - Participant List

AllianceBernstein - James Wallin

Bank of America - Mark Davies, Gerhard Seebacher

Barclays Capital - Elena Matrullo, Tani Nath, David Ornstein

BlackRock - Richard Prager

BlueMountain Capital - Michael Liberman

BNP Paribas - Christian Mundigo, Lloyd Plenty

Citadel - Randall Costa, Ann Marie Davis

Citigroup - Brian Archer, Sandeep Arora, Jeff Feig

Credit Suisse - Tobias Guldemann, Jon Kinol

DE Shaw - Ted MacDonald

Deutsche Bank - Athanassios Diplas, Jon Eilbeck, Jeff Mayer, Patrick McKenna

DW Investment Management - Shikhar Ranjan

Goldman Sachs - David Inggs, Alan Rapfogel

Goldman Sachs Asset Management - Karl Wianecki

HSBC - Thibaut De Roux, Marc Moses

JPMorgan Chase - Thomas Benison, Arthur Magnus, Barry Zubrow

Morgan Stanley - Colm Kelleher, Stephen O'Connor, Oliver Stuart

Pacific Investment Management Company - William De Leon

Royal Bank of Scotland - Matthew Chasin, Stephen Wade

Société Générale - Jack Baldwin, Eric Litvack, Laura Schisgall

UBS - Michael Clarke, Philip Lofts, Neal Shear

Wellington Management Company - Charles Mulhern

Wells Fargo - John Shrewsberry

International Swaps and Derivatives Association - Julian Day, Robert Pickel

Securities Industry and Financial Markets Association - Randy Snook

January 27, 2011 OTC Derivatives Meeting - Participant List

Autorité de Contrôle Prudentiel - Philippe Richard

Commodity Futures Trading Commission - Sarah Josephson

European Central Bank - Corinna Freund

European Commission - Perrine Herrenschmidt

Federal Reserve Bank of New York - Michael Alix, Thomas Baxter, Stacy Coleman, Caren Cox, William Dudley, Tatyana Klimova, Wendy Ng, Johanna Schwab, Jeffrey Smith, Lawrence Sweet, Marsha Takagi, Janine Tramontana, Christopher Tsuboi

Federal Reserve Bank of Richmond - Ryan Rehorn

German Federal Financial Supervisory Authority - Claudia Grund

Japan Financial Services Agency - Yoshitaka Sakai

Office of the Comptroller of the Currency - Greg Coleman, Doug McLaughlin

Securities and Exchange Commission - Marta Chaffee, Robert Cook

UK Financial Services Authority - Robert Barnes, Vanaja Indra

1. Opening Remarks

- a. **Meeting Objectives**
- b. **Framework for Discussion**

2. Joint Industry-Supervisory Process

- a. **The work of the ODSG**
- b. **The work of the IIGC**

3. Standardization

- A discussion of issues around the potential shift of derivatives trading activity to instruments that employ greater use of fixed terms (i.e. similar to listed contracts), including:
 - Overall views on associated risks, challenges, and benefits to the markets
 - How such requirements might affect business, risk management and operational models at firms
- A discussion of opportunities for increasing standardization of OTC derivative product documentation and business processes

4. Central clearing

- A discussion of the key impediments to increasing the use of central clearing among a broader set of market participants and suggestions on ways forward to address these issues. The discussion will involve presentations from two perspectives:
 - Existing clearing member perspective
 - Non-clearing member perspective

5. Bilateral Risk Management – Collateral Management

- A discussion of issues around the potential shift to an environment involving increased collateralization of bilateral OTC derivative portfolios, both in terms of levels and applicability, including:
 - Overall views on associated risks, challenges and benefits to the markets, including potential economic impacts
 - How increased levels and applicability of collateralization in bilateral OTC derivative portfolios might affect business, risk management and operational models at firms

6. Data Reporting

- A discussion of the key cross-jurisdictional statutory and regulatory issues around the disclosure of client information (to regulators) in trade repositories, with a focus on how the industry and supervisors might establish priorities for addressing them
- A discussion of contractual (as distinct from statutory) solutions for obtaining client consent for disclosure of such information to regulators

7. Closing Remarks

- a. **Ongoing supervisory expectations**