

**Meeting Between Vice Chair Yellen and Representatives of
Bank of New York Mellon Corporation (BNYM) and State Street Corporation
October 3, 2013**

Participants: Vice Chair Janet L. Yellen and Anna Lee Hewko

Gerald Hassell and Thomas Gibbons (BNYM); Joseph L. Hooley and
Stefan M. Gavell (State Street)

Summary: Representatives of BNYM and State Street (collectively, the Representatives) met with Vice Chair Yellen and Federal Reserve Board staff to discuss concerns regarding the potential impact to their business model and financial markets (e.g., the tri-party repo and treasury market) due to the proposed enhanced supplementary leverage ratio, particularly when combined with the proposal by the Basel Committee on Banking Supervision (BCBS) to increase the denominator of the Basel III leverage ratio. In the Representatives' view, the proposed U.S. enhanced supplementary leverage ratio standards for G-SIBs and the revised BCBS leverage proposal would:

- have a profound impact on the firms' business model and capital needs;
- reduce large banks' matched book repo positions and push dealers to obtain financing from shadow banks; and
- adversely affect credit availability by reducing firms' willingness to extend loan commitments.

The Representatives expressed concern about the calibration and interaction of the Board's financial reform rulemakings, including the leverage ratio, liquidity regulations, potential regulations on short-term wholesale funding, and single counterparty concentration limits. They recommended that cash held at central banks and short term treasury securities be excluded from the denominator of the leverage ratio and that the credit conversion factor for commitments be reduced. They also suggested that the Board adopt a measurement methodology for securities financing transactions for purposes of single counterparty concentration limits under the Board's proposed rule to implement section 165 of the Dodd-Frank Act that better recognizes netting and correlation, similar to the non-modeled approach the BCBS is considering for derivative transactions.