Meeting between Federal Reserve and Other Agency Staff  
and Representatives of the Goldman Sachs Group, Inc.  
October 28, 2010

Participants:  David Viniar, Esta Stecher, Harvey Schwartz, David Heller, Elisha Wiesel,  
Brian Lee, and Michael Paese (Goldman Sachs & Co., Inc.)  
David Lynch, John Colwell, Sean Campbell, Jeremy Newell and Chris Paridon  
(Federal Reserve Board); Clinton Lively, Jim Bergin, Debra Stone and  
Patricia Mosser (Federal Reserve Bank of New York); and other Federal agency  
staff

Summary: Staff of the Federal Reserve and other Federal agencies met with representatives  
of the Goldman Sachs Group, Inc. (“GS”) 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”).  
Representatives from GS provided Federal Reserve 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 typical manner in which market making operations are conducted, including principal  
risk taken; the distinctions among market making activities in different asset classes and types  
(e.g., cash versus derivative positions and highly liquid versus less liquid securities); the  
organization of trading desks and market making inventory management; risk management tools  
typically used by banking entities with respect to market making operations including VaR  
limits, scenario and stress testing, and inventory balance sheet and aging limits; GS’s views as to  
instances in which “prepositioning” of market making inventory may be necessary; GS’s views  
as to the difficulty of differentiating “client-based” from “risk-based” revenues or losses; and  
structural differences between securities market making and derivatives market making.

Among other matters discussed in the meeting relating to the hedge fund and private equity fund  
restrictions were: the types of hedge fund and private equity fund in which GS and other banking  
entities have historically investment or sponsored; and a variety of legal or interpretive questions  
raises by the terms used in section 619’s hedge fund and private equity fund restrictions.