

**Meeting between Federal Reserve Board and Other Agency Staff
and Representatives of JPMorgan Chase & Co.
October 28, 2010**

Participants: Diane Genova, Greg Baer, Neila Radin, Joe Bonocore, Jon Wilmot, Jeremy Barnum, Richard Wise, Nina Shenker, William Braverman, Kathryn McCulloch, Alexander Hunt, and Katherine Childress (JPMorgan Chase & Co., Inc.)

David Lynch, John Colwell, Sean Campbell, Jeremy Newell, and Chris Paridon (Federal Reserve Board); Clinton Lively, Jim Bergin, and Patricia Mosser (Federal Reserve Bank of New York); and other Federal agency staff

Summary: Staff of the Federal Reserve and other agencies met with representatives of JPMorgan Chase & Co. (“JPMorgan”) 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”). JPMorgan’s representatives 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 extent to which a market making operation’s inventory and average inventory age varies significant by asset class and liquidity of instruments traded; JPMorgan’s preference that the proprietary trading restrictions be implemented with “bright line” rules that make clear what is permissible and prohibited; and JPMorgan’s views as to the difficulty of differentiating “client based” and “risk based” revenues or losses on a market making desks. Representatives of JPMorgan also discussed a potential approach to implementing the market making exceptions that would permit a banking entity to demonstrate compliance by (i) making representations that it was engaged in market making operations and meeting a specified revenue volatility test, (ii) failing that, meeting a risk turnover test, and (iii) failing that, demonstrating to its regulatory supervisor satisfaction that it was not engaged in trades with an intent to conduct proprietary trading. Also discussed was section 619’s exception for hedging activities and its application to the variety of hedging activities in which JPMorgan believes that banking entities generally engage, including the hedging of interest and currency risk, market risk, counterparty credit risk, consumer credit risk, earnings at risk, value at risk, and risk of loss.

Among other matters discussed in the meeting relating to the hedge fund and private equity fund restrictions were JPMorgan’s concerns regarding the wide variety of funds potentially subject to

section 619's fund restrictions, including master/feeder and parallel fund structures, private investment conduits, and carried interest vehicles.