

**Meeting Between Federal Reserve Board Staff
And Representatives of State Street Bank & Trust, Northern Trust Corporation,
and the Bank of New York Mellon
December 7, 2011**

Participants: Norah Barger, Anna Lee Hewko, Juan Climent, Mary Aiken, and Holly Kirkpatrick (Federal Reserve Board)

David Gutschenritter, Ed Novakoff, and Joseph Barry (State Street), Dave Charney, William R. Dodds, and Kelly Dibble (Northern Trust Corporation), Scott Freidenrich and Franklin Austin (Bank of New York Mellon)

Summary: Staff from the Federal Reserve Board met with representatives from State Street, Northern Trust, and the Bank of New York Mellon to discuss how the proposed changes in the Basel III liquidity framework may impact their business models as custody banks. In particular, the representatives from the custody banks described the potential challenges associated with the definition of the liquidity coverage and net stable funding ratios, as well as the treatment of other comprehensive income in the computation of regulatory capital, as proposed under Basel III. The representatives mentioned strategies that they may consider in order to minimize the impact to their business models and their customers, while highlighting the complexities associated with these strategies. In addition, the custody bank representatives provided several recommendations for the Board staff to consider when finalizing the Basel III standards.