Summary: Staff of the Federal Reserve Board held a conference call with representatives of The Clearing House and its members to discuss the proposed rule for single counterparty credit limits (“SCCL”) that the Board issued for public comment pursuant to section 165(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act as part of the Board’s Regulation YY (Docket No. R-1534, RIN 7100–AE 48).

Among the issues raised by the representatives of The Clearing House and its members regarding the proposed rule were:

- The exposure calculation methodology of securities financing transactions,
- The treatment of Federal Home Loan Bank exposures,
- The treatment of exposures to qualifying central counterparties,
- Reporting requirements,
• The definitions of covered company and counterparty,
• Application of the economic interdependence and control relationship factors,
• Consideration of control relationships with respect to funds,
• Application of the look-through approach with respect to certain fund exposures,
• Consideration of exposures to third parties,
• Application of risk-shifting to exposures where the reference entities are indices, and
• The recognition of net positions in reference entities as eligible protection. A list of topics discussed is attached as an appendix to this summary. Board staff invited The Clearing House and its members to provide written comments on the proposed rule.
APPENDIX

List of Topics Discussed

1. Securities Financing Transactions – exposure calculation methodology
2. Treatment of Federal Home Loan Bank exposures – implementation of the statutory exemption
3. Qualifying Central Counterparties—scope of “trade exposures”
4. Reporting requirements—SCCL reporting template
5. Covered company consolidation – proposed application of the Bank Holding Company Act of 1956 control standard
6. Covered company/counterparty – interplay between the covered company/counterparty concepts
7. Control relationship— application of the economic interdependence and control relationship factors
8. Control relationship— application to funds
9. Look-through approach – application to certain fund exposures
10. Exposures to third parties – policy concerns
11. Risk-shifting – reference entities that are indices
12. Netting (eligible protection) – recognition of net positions in reference entities