

**Meeting Between Staff of the Federal Reserve Board and Citigroup, Inc.
January 6, 2016**

Participants: Mark Van Der Weide, Michael Beall, Thomas Boemio, Felton Booker, Juan Climent, Fang Du, Christopher Finger, Will Giles, Sean Healey, Mark Savignac, and Adam Trost (Federal Reserve Board)

James von Moltke and Nora Slatkin (Citigroup)

Summary: Staff of the Federal Reserve Board met with representatives of Citigroup to discuss the Board's outstanding proposal on long-term debt (LTD) and total loss-absorbing capacity (TLAC) requirements for the U.S. global systemically important banks (G-SIBs). The Citigroup representatives expressed concern with (i) the definition of "eligible debt security" in the proposal, in particular the requirement that such debt be "governed by the laws of the United States or any State thereof," and that an eligible debt security not provide the holder of such debt with contractual rights to accelerate the payment of principal or interest on the instrument in certain circumstances, (ii) the proposed limit on unrelated liabilities of a G-SIB owed to persons that are not affiliates, and (iii) the calibration of the proposed external TLAC buffer level. A presentation provided by Citigroup that describes these issues is attached.

Attachment

TLAC U.S. NPR

- Overall, Citi believes that the amount of long term debt required under the U.S. NPR is manageable and within range of expectations
- However, certain restrictions on the form of debt that can qualify for TLAC, most notably the exclusion of debt issued under non-U.S. law and debt containing certain acceleration clauses, are challenging
- The industry's ability to eliminate this debt is not completely within our control given the need to have investors be willing to redeem all holdings of our debt
- Amending the acceleration clauses in our debt covenants would require a significant industry-wide change
- Certain aspects of the Clean Holding Company requirements are also challenging, including:
 - 5% limit on ineligible liabilities will be extremely challenging to achieve and not fully within the industry's control without grandfathering of acceleration clauses and non-U.S. law debt
 - Blanket restrictions of cross-defaults in Parent guarantees, including those currently in compliance with the ISDA Stay Protocol
- Citi is working with industry groups and will provide detailed comments on the proposal through those associations