Meeting between Federal Reserve Board Staff
and Representatives of Credit Suisse
November 8, 2010

Participants: Sean Campbell, Kieran Fallon, Jeremy Newell, James O'Brien and Patricia Yeh (Federal Reserve Board)

Peter Norley, Timothy O'Hara, Todd Sandoz, Joseph Seidel, Michael William; Annette Nazareth, outside counsel (Davis Polk & Wardwell LLP).

Summary: Staff of the Federal Reserve Board met with representatives of Credit Suisse to discuss the prohibitions on proprietary trading under Section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. Representatives of Credit Suisse expressed their view that the rules adopted to implement the Volcker Rule's prohibition on proprietary trading should be principles-based and recognize the important role that hedging and market-making activities play in sound risk management and providing liquidity to the market. Representatives of Credit Suisse, among other things, also expressed their view that rules relating to market-making activities should take account of the differences in market making-related activities across the spectrum of traded assets (e.g., listed equity vs. thinly traded emerging market debt). With respect to hedging, Credit Suisse's representatives stated that firms should be permitted to take proactive positions to alleviate risk, highlighting the difficulties in differentiating between the risks generated from market making activities and proprietary trading activities. Representatives underscored the need for Credit Suisse to participate as principal in the market as a market maker, and to facilitate an orderly market.