

**Meeting between Federal Reserve Board Staff
and Representatives of the Securities Industry and Financial Markets Association
March 14, 2011**

Participants: David Lynch, Jeremy Newell, Christopher Paridon, and Mark Van der Weide
(Federal Reserve Board)

Margaret Grieve (Bank of America); Kathryn Fulton (BlackRock); Victor Siclari
(Bank of New York-Mellon); Craig Barrack (Citigroup); Monique Michel
(Credit Suisse); Michael Kadish (Deutsche Bank); David Plutzer
(Goldman Sachs); William Braverman (JPMorgan Chase); Chris O'Dell
(Morgan Stanley); Jason Hoberman (Société Générale); Simon Zornoza
(State Street); Michael Koonce (Wells Fargo & Co.); Timothy Cameron
(Securities Industry and Financial Markets Association (“SIFMA”));
Randy Guynn, Yukako Kawata, and Alexander Young-Anglim
(Davis Polk & Wardwell LLP)

Summary: Staff of the Federal Reserve Board met with representatives of SIFMA to discuss the restrictions on proprietary trading 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”).

Among matters discussed in the meeting were SIFMA’s views regarding: overall impressions of Congressional intent, particularly regarding the definition of “hedge fund” and “private equity fund” and how venture capital funds should be viewed; the scope of the “customer” requirement in section 619(d)(1)(G); permitted employee investments in hedge funds or private equity funds; treatment of employee pension funds pursuant to section 2(g)(2) of the Bank Holding Company Act; the appropriate treatment of “carried interest;” the ability of banking entities to control the selection of the initial board of directors of a fund and how that could involve them in being a “sponsor” to a hedge fund or private equity fund; the scope of the so-called “Super 23A” prohibition in section 619(f); how risk-mitigating hedging activity using fund shares should be treated; the definition of “banking entity;” and the treatment of illiquid funds under the Board’s Conformance Rule (Docket No. R-1397).

A list of topics provided by SIFMA is attached.

SIFMA Volcker Rule (Funds) Discussion Items

- Customer requirement
- Permitted employee investments
- Employee pension funds
- Carried interest
- Selecting initial slate of directors
- Super 23A
- Hedging risks of employee deferred compensation plans
- Reach of hedge fund / PE fund definitions
- Reach of banking entity definition
- Transition rules
 - Exclusion of pre-existing funds from Tier 1 cap
 - Illiquid funds