

**Meeting between Federal Reserve Staff  
and Representatives of The Clearing House  
July 25, 2014**

**Participants:** Jordan Bleicher, Anna Harrington, Constance Horsley, and Chad Weniger  
(Federal Reserve Staff)

Subhadeep Basu and Edward Handelman (Citigroup Bank); Edward Berliner and Anna Shender (Bank of America); Craig Brickner and Christopher Russ (Goldman Sachs); Anne Davenport (HSBC); Robin Doyle and Judith Polzer (JP Morgan); Chris Holliman (Barclays); Glenn Horner and Kenneth Sax (State Street); Sridhar Iyer and Gregg Rozansky (The Clearing House); and Steven Simonte (Morgan Stanley)

**Summary:** Staff of the Federal Reserve met with representatives of The Clearing House (“TCH”) to discuss the proposed rules for single counterparty credit limits under section 165(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. TCH expressed support for the Basel Committee on Banking Supervision’s Supervisory framework for measuring and controlling large exposures in a number of areas, including the Basel framework’s: use of the standardized approach for counterparty credit risk (SA-CCR) for measuring certain derivatives counterparty exposures; exemption for sovereign exposures; definition of “eligible financial collateral”; exemption for trade exposures to qualified central counterparties; and level of voting ownership in the “connected counterparty” definition. The TCH representatives expressed support for exempting exposures to, or guaranteed by, the Federal National Mortgage Association and Federal Home Loan Mortgage Corporation, as well as for exempting intraday exposures. The TCH representatives requested additional clarity on the treatment of collateral posted in connection with non-cleared swaps transactions, and regarding the requirement “look-through” investments in securitizations and other funds. The TCH representatives suggested a grace period to remediate breaches of the limit, and suggested that daily monitoring for breaches of large exposure limits would be burdensome. In terms of the application to foreign banking organizations, the TCH representatives urged that it made sense to apply concentration limits to a foreign bank’s U.S. subsidiary operations but not to its U.S. branch and agency network.