

**Meeting Between Staff of the Federal Reserve Board  
and Representatives of The Clearing House  
April 21, 2016**

**Participants:** Jordan Bleicher, Benjamin McDonough, Pam Nardolilli, and Lucy Chang  
(Federal Reserve Board)

Gregg Rozansky, Paige Pidano (The Clearing House); Andrea Tokheim, Mark Welshimer, Matthew Browne, Sarah Flowers, Veronica Oksu (Sullivan & Cromwell); Andrew Gibbs, Andrew Ryall, Danette Johnson, Jason Fincke, Paul Hulbert (US Bank); Andrew Kales, Clint Weddell, Purnima Khatri, Stephen Mariotti, Tom Minos (TD Bank); Andrew Nash (Morgan Stanley); Anne Dazenport, William Kuhn (HSBC); April Lipton, David Weintraub, Ed Lydick, Jack Su, Joshua Iachini, Matt Joffe (BNY Mellon); Azijid Biazeer, Craig Bricker, Liz Ewing, Steven Bunkin, Xinna Zhang (Goldman Sachs); Bryan Claire, Ramesh Adiga, Rohich Sasikumar (Wells Fargo); Carl Howard, Chan Pasey, Xyingli Xie (Citigroup); Carter McDowell (SIFMA); Cristina Diaz (UBS); Dallas Bray, Stuart Ganes (MUFG Union Bank); Damian Kudelka, Ganesh Radhakrishnan, Phillip Wertz (Bank of America); Daniel Simeonov, Grace Armstrong, John Dunican, Kenny Ly (Barclays); Joseph Dvirgilio (Barclays Bank); David Owens-Callan, DJ Culkar (Comerica Bank); Dominic Labitzky, Joel Hawks (PNC Bank); Jason Shafer (ABA); Joan Daponte (Bank of Tokyo); Joanne O'Keefe, Simon Zornoza (State Street); Joe Urso (Deutsche Bank); John Dugan, Randy Benjenk (Covington & Burling LLP); John Loewer (M&T Bank); Judith Polzer, Michael Overmyer, Robin Doyle (JPMorgan); Julie Vibert (BNP Paribas); Justin McKellar (Bank of the West); Mike Campbell (Santander); Peter Ryan (Credit Suisse); Richard Coffman (Institute of International Bankers); Richard Kopek (Keybank)

**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