

MEMORANDUM

TO: File

FROM: Marta Chaffee

DATE: February 10, 2011

SUBJECT: Meeting of the OTC Derivatives Supervisors Group with Major Market Participants

On January 27, 2011, Robert Cook and Marta Chaffee of the Division of Trading and Markets participated in a meeting of the OTC Derivatives Supervisors Group with major participants in the OTC derivatives market. Implementation of the Dodd-Frank Act was generally discussed. An agenda is attached.

Industry Participants

Mark Davies, Bank of America
Gerhard Seebacher, Bank of America
Elena Matrullo, Barclays Capital
David Ornstein, Barclays Capital
Tani Nath, Barclays Capital
Christian Mundigo, BNP Paribas
Lloyd Plenty, BNP Paribas
Sandeep Arora, Citigroup
Brian Archer, Citigroup
Jeff Feig, Citigroup
Tobias Guldemann, Credit Suisse
Jon Kinol, Credit Suisse
Patrick McKenna, Deutsche Bank
Jeff Mayer, Deutsche Bank
Athanasios Diplas, Deutsche Bank
Jon Eilbeck, Deutsche Bank
Alan Rapfogel, Goldman Sachs
David Inggs, Goldman Sachs
Marc Moses, HSBC
Thibaut De Roux, HSBC
Barry Zubrow, JPMorgan Chase
Thomas Benison, JPMorgan Chase
Arthur Magnus, JPMorgan Chase
Colm Kelleher, Morgan Stanley
Stephen O'Connor, Morgan Stanley
Oliver Stuart, Morgan Stanley
Matthew Chasin, Royal Bank of Scotland
Stephen Wade, Royal Bank of Scotland
Laura Schisgall, Société Générale
Jack Baldwin, Société Générale
Eric Litvack, Société Générale

Philip Lofts, UBS
Neal Shear, UBS
Michael Clarke, UBS
John Shrewsbury, Wells Fargo
James Wallin, AllianceBernstein
Richard Prager, BlackRock
Michael Liberman, BlueMountain Capital
Randall Costa, Citadel
Ann Marie Davis, Citadel
Ted MacDonald, DE Shaw
Shikhar Ranjan, DW Investment Management
Karl Wiannecki, Goldman Sachs Asset Management
William De Leon, Pacific Investment Management Company (PIMCO)
Charles Mulhern, Wellington Management Company, LLP
Robert Pickel, ISDA
Julian Day, ISDA
Randy Snook, SIFMA

Supervisory and Regulatory Participants

Philippe Richard, Autorité de Contrôle Prudentiel (French ACP)
Sarah Josephson, Commodity Futures Trading Commission (CFTC)
William Dudley, Federal Reserve Bank of New York
Thomas Baxter, Federal Reserve Bank of New York
Michael Alix, Federal Reserve Bank of New York
Lawrence Sweet, Federal Reserve Bank of New York
Stacy Coleman, Federal Reserve Bank of New York
Marsha Takagi, Federal Reserve Bank of New York
Wendy Ng, Federal Reserve Bank of New York
Janine Tramontana, Federal Reserve Bank of New York
Christopher Tsuboi, Federal Reserve Bank of New York
Caren Cox, Federal Reserve Bank of New York
Tatyana Klimova, Federal Reserve Bank of New York
Johanna Schwab, Federal Reserve Bank of New York
Jeffrey Smith, Federal Reserve Bank of New York
Ryan Rehorn, Federal Reserve Bank of Richmond
Claudia Grund, German Federal Financial Supervisory Authority (BAFIN)
Yoshitaka Sakai, Japan Financial Services Agency (JFSA)
Greg Coleman, Office of the Comptroller of the Currency (OCC)
Doug McLaughlin, Office of the Comptroller of the Currency (OCC)
Robert Cook, Securities and Exchange Commission (SEC)
Marta Chaffee, Securities and Exchange Commission (SEC)
Robert Barnes, UK Financial Services Authority (UK FSA)
Vanaja Indra, UK Financial Services Authority (UK FSA)
Corinna Freund, European Central Bank
Perrine Herrenschmidt, European Commission

OTC DERIVATIVES INDUSTRY MEETING AGENDA

January 27, 2011: 2:00 – 4:00PM

1. Opening Remarks

- a. **Meeting Objectives**
- b. **Focus of Discussion**

2. Joint Industry-Supervisory Process

- a. **The work of the ODSG**
- b. **The work of the IIGC**
 - o A high level discussion on recent accomplishments, as well as an overview of missed commitments and a discussion on the process going forward.

3. Standardization

- o A discussion of issues around the potential shift of derivatives trading activity to instruments that employ greater use of fixed terms (i.e. similar to listed contracts), including:
 - o Overall views on associated risks, challenges, and benefits to the markets
 - o How such requirements might affect business, risk management and operational models at firms
- o A discussion of opportunities for increasing standardization of OTC derivative product documentation and business processes

4. Central clearing

- o A discussion of the key impediments to increasing the use of central clearing among a broader set of market participants and suggestions on ways forward to address these issues.

5. Bilateral Risk Management – Collateral Management

- o A discussion of issues around the potential shift to an environment involving increased collateralization of bilateral OTC derivative portfolios, both in terms of levels and applicability, including:
 - o Overall views on associated risks, challenges and benefits to the markets, including potential economic impacts
 - o How increased levels and applicability of collateralization in bilateral OTC derivative portfolios might affect business, risk management and operational models at firms

6. Data Reporting

- o A discussion of the key cross-jurisdictional statutory and regulatory issues around the disclosure of client information (to regulators) in trade repositories, with a focus on how the industry and supervisors might establish priorities for addressing them
- o A discussion of contractual (as distinct from statutory) solutions for obtaining client consent for disclosure of such information to regulators

7. Closing Remarks

- a. **Ongoing supervisory expectations**