

## MEMORANDUM

TO: Public File – Notice of Proposed Rulemaking: Prohibitions and Restrictions on Proprietary Trading and Certain Interests in, and Relationships with, Hedge Funds and Private Equity Funds (RIN 3064-AD85)

FROM: Benjamin Klein, Honors Attorney, FDIC Legal Division

DATE: February 29, 2012

SUBJECT: Meeting with Professor Simon Johnson, MIT

On February 28, 2012, staff from the FDIC's Division of Risk Management Supervision/Capital Markets (Bobby Bean, Associate Director; Karl Reitz, Senior Policy Analyst; and Robert Hendricks, Examiner) met in person at the offices of the Securities and Exchange Commission with Professor Simon Johnson of the Massachusetts Institute of Technology. Staff from the Legal Division (Michael Phillips, Counsel; Gregory Feder, Counsel; Suzanne Dawley, Attorney; and Benjamin Klein, Honors Attorney) joined the meeting telephonically.

The agenda for the meeting involved certain provisions of the interagency notice of proposed rulemaking ("NPR") implementing section 619 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Act"), as well as a discussion of comments received by the agencies. The NPR was published in the *Federal Register* of November 7, 2011 (76 FR 68846). The agenda topics for this meeting included: (1) the potential impact of the NPR on the liquidity of sovereign debt markets; (2) the scope of permitted market making-related activities; (3) the impact of the NPR on asset management companies; (4) metrics for distinguishing prohibited propriety trading from permissible market making; and (5) possible exemptions from the proposed rule's covered fund investment restrictions.