

Meeting between Staffs of the Prudential Regulators (Farm Credit Administration, Federal Deposit Insurance Corporation, Federal Housing Finance Agency, Federal Reserve, Office of the Comptroller of the Currency) and U.S. Commodity Futures Trading Commission and Representatives of the Asset Management Group (AMG) of the Securities Industry and Financial Markets Association (SIFMA)
March 24, 2015

Participants: Jeremy Edelstein, J.C. Floyd, Richard Katz, Tim Nerdahl (Farm Credit Administration)

Bob Bean, Jacob Doyle, Thomas Hearn, Rob Hendricks, Karl Reitz (Federal Deposit Insurance Corporation)

Peggy Balsawer, Bob Collender, Chris Dickerson, James Jordan, Julie Paller, Joseph Thomas (Federal Housing Finance Agency)

Sean Campbell, Anna Harrington, Elizabeth MacDonald, Stephanie Martin, Victoria Szybillo (Federal Reserve Board)

Jamey Basham, Laura Gardy, Carl Kaminski, Ang Middleton, Kurt Wilhelm (Office of the Comptroller of the Currency)

John Lawton, Rafael Martinez (U.S. Commodity Futures Trading Commission)

Christine Ayotte-Brennan (Fidelity), Bill Thum (Vanguard), Wendy Yun (Goldman Sachs Asset Management), Angela Patel (Putnam Investments), Ray Fuller (MFS), Tracey Jordal (PIMCO), Sunil Mody (Morgan Stanley Investment Management), Lisa Bloomberg (Oppenheimer Funds), Sean Ryan (Oppenheimer Funds), Obi Akunwafor (Oppenheimer Funds), Tim Cameron (SIFMA AMG), Lindsey Keljo (SIFMA AMG)

Staff of the prudential regulators and U.S. Commodity Futures Trading Commission met with representatives of SIFMA AMG to discuss issues related to the proposed rule issued on margin requirements for covered swap entities under Title VII of the Dodd-Frank Act. During the meeting, the SIFMA AMG representatives largely reiterated the views expressed in the public comment letter filed by SIFMA AMG in response to the proposed rule.

The representatives discussed issues of concern including the proposed timing requirements for implementing margin requirements, the proposed requirements pertaining to the segregation of initial margin collateral at independent third-party custodians, the proposed initial margin threshold amount, the proposed definition of material swaps exposure, and the proposed limitations on the types of collateral eligible to satisfy variation margin requirements.

The SIFMA AMG representatives also expressed concern about the proposed treatment of transactions with investment funds (especially with regard to whether exposures to different

groups or “sleeves” of funds with a common manager, and separately managed pools of assets within a fund, must be aggregated for the purpose of measuring a covered swap entity’s exposure to a single counterparty).

Finally, SIFMA AMG expressed concern about the legal certainty requirement embedded within the proposed definition of “eligible master netting agreement” and requested more flexibility with regard to the proposed modeling standards for measuring potential exposure amounts.