MEMORANDUM

TO: Public File - Notice of Public Rulemaking: Net Stable Funding Ratio: Liquidity Risk Measurement Standards and Disclosure Requirements (RIN 3064-AE44) ("NSFR NPR")

FROM: Sue Dawley, Senior Attorney, Legal Division

DATE: November 7, 2016

SUBJECT: Meeting with Representatives from The Clearing House

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On October 31, 2016, FDIC staff, along with the staff of the Office of the Comptroller and the Board of Governors of the Federal Reserve System, met with representatives of The Clearing House.

Representatives from The Clearing House presented their concerns and views with regard to certain provisions of the NSFR NPR, which was issued in the Federal Register of 81 FR 35124 (June 1, 2016), as reflected by the attached agenda.

The FDIC representatives at this meeting were:

- Eric Schatten, Senior Policy Analyst, Division of Risk Management Supervision
- Greg Feder, Counsel, Legal Division
- Andy Williams, Counsel, Legal Division
- Sue Dawley, Senior Attorney, Legal Division

The Joint Trades representatives in attendance at the meeting were:

- Barry Mills, Senior Regulatory Advisor, American Bankers Association
- Kunal Patel, Vice President, Bank of America
- Anna Shender, Managing Director, Bank of America
- John Feraca, Managing Director, Barclays
- Craig Jones, Director, Barclays
- Jennifer Xi, Managing Director & Senior Counsel, BNY Mellon
- Shreya Jain, Vice President, Public Policy and Regulatory Affairs, BNP Paribas
- Steve Petti, Managing Vice President, Balance Sheet Management, Capital One
- Colin Brennan, Global Markets Treasurer, Citi
- Aniruddha Chakrabarti, Senior Vice President, Citi
- Randy Benjenk, Associate, Covington & Burling
- John Dugan, Partner, Covington & Burling
- Christina Zausner, Vice President, Policy and Industry Analysis, CRE Finance Council
- Alessandro Hillman, Vice President, Deutsche Bank
- Andreas Glaser, Vice President, Corporate Treasury, Goldman Sachs

- Igor Modlin, Managing Director, Prime Services, Goldman Sachs
- Kyle Russ, Managing Director, Goldman Sachs
- Richard Coffman, General Counsel, Institute of International Bankers
- Kalyan Popuri, Head of Liquidity Policy and Regulatory Matters, JP Morgan Chase
- Andrew Nash, Executive Director, Morgan Stanley
- Penny Novik, Managing Director, Morgan Stanley
- David Gossen, Managing Director, Royal Bank of Canada
- Andrew White, Director, Royal Bank of Canada
- Carter King McDowell, Managing Director & Associate General Counsel, Securities Industry and Financial Markets Association
- Travis Keltner, Vice President, Treasury, State Street
- Robert McKeon, Managing Director, Regulatory Policy, State Street
- Sarah Flowers, Associate, Sullivan & Cromwell
- Greg Baer, President, The Clearing House
- David Wagner, Executive Managing Director & Head of Finance and Risk Affairs, The Clearing House
- Brett Waxman, Managing Director & Associate General Counsel, The Clearing House
- Vijay Sundaram, Head of Equities Funding & Chief Risk Officer, Prime Services, UBS

JOINT-TRADES U.S. AGENCIES NSFR MEETING AGENDA

Introduction

Specific Concerns

- Derivatives
  - 20 percent add-on for potential portfolio valuation changes (and exclusion of settlement payments from the calculation).
  - Application of SLR netting criteria to variation margin.
  - Cleared derivative transactions in which a covered company acts as riskless principal.
  - Initial margin provided in short-dated derivatives transactions and received in client hedging transactions.
- ASF Factors
  - Operational deposits.
  - Non-deposit liabilities owed to a retail customer or counterparty with a remaining maturity of six months or less.
  - Excess ASF.
- RSF Factors
  - Parameters incorporated from the LCR rule.
  - Asymmetric treatment of repurchase agreements.
  - Conceptual inconsistencies.
  - Segregated client assets.
  - Trade date receivables that fail to settle.
- Interdependent assets and liabilities
- Shortfall notification requirement
- LRM definition
- Calculation of on-balance sheet foreign exposures