



July 17, 2012

**TO:** Executive Secretary

**FROM:** Phillip E. Sloan, Counsel  
Legal Division

**SUBJECT:** Meeting with The Clearing House Association relating to Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act

Please include this memorandum in the public file on the Notice of Proposed Rulemaking relating to Enforcement of Subsidiary and Affiliate Contracts by the FDIC as Receiver of a Covered Financial Company (RIN 3064-AD94), 77 Fed. Reg. 18127 (the "NPR").

On June 28, 2012, FDIC staff (Pen Starke, Betsy Falloon, Phil Sloan and Chuck Templeton) participated in a conference call with representatives of The Clearing House Association (Mark Zingale) and counsel to The Clearing House Association (Seth Grosshandler, Knox McIlwain and Elizabeth Broomfield of Cleary Gottlieb Steen & Hamilton LLP).

The discussion focused on matters relating to issues addressed by The Clearing House Association, The Financial Services Roundtable and the Securities Industry and Financial Markets Association in their May 29, 2012 letter relating to the NPR. Topics that were discussed included their argument that adequate protection be provided in the event that a contract of a subsidiary or affiliate of covered financial company is linked to, but not supported by, the covered financial company; the treatment of margin call rights based upon the rating or other condition of the covered financial company; possible approaches to modifying contracts of a subsidiary of a covered financial company so that references to the covered financial company would become references to a company to which direct or indirect ownership of the subsidiary is transferred; whether the proposed regulations would preclude the exercise of remedies by a counterparty in the case of a payment default by a covered financial company subsidiary or affiliate; and whether the regulations should restrict margin calls under a contract that are based on the financial condition of a covered financial company if the contract is not linked to the covered financial company.