

When: 1/14/2011, 10:00 a.m.

Rulemakings: Definitions
Swap Dealer and Major Swap Participant Registration
Business Conduct Standards (Internal)

Attendees:

Foreign Banks

Barclays Bank plc Alan Kaplan

BNP Paribas S.A. Andrew Alter

Deutsche Bank AG Michael Kadish, Marcelo Riffaud

Societe Generale Jeffrey Rosen, Laura Schisgall

The Royal Bank of

Scotland Group plc Anahaita Kotval, Paul Stevelman

UBS AG Darryll Hendricks, David Kelly

The Royal Bank of

Canada Suzanne Calcagno, Peter von Maur, LaBrena Martin

Davis, Polk,

& Wardwell, LLP Bob Colby, Arthur Long, Lanny Schwartz

CFTC

DCIO

Ananda Radhakrishnan

John Lawton

Barbara Gold

Sarah Josephson

Chris Cummings

Elizabeth Miller

OGC

Dan Berkowitz

Mark Fajfar

Lee Ann Duffy

Carl Kennedy

OIA

Jacqueline Mesa

Natalie Markman Radhakrishnan

This group of foreign banks submitted a comment letter to the CFTC three days before this meeting, in which they explained how they would like the CFTC to apply Dodd-Frank Act's Title VII regulations to them. This meeting largely followed the structure of that letter, which can be found in the comment files of the Definitions and Registration rulemakings for swap dealers and major swap participants.

The banks began by explaining the structure of their existing swaps business, referred to as the Central Booking Model, in which swaps are usually solicited, negotiated, or effected in various locations (including the U.S.), but are all ultimately booked in the main foreign banking entity, rather than in a subsidiary or affiliate. This model, according to the banks, is the safest and most efficient from a risk management standpoint, and a structure the banks wish to continue

using after Dodd-Frank regulations become final. The banks further emphasized that they are subject to comprehensive regulation by their home country regulators, and also by the Federal Reserve for their U.S. banking activities.

According to the foreign banks, if the CFTC were to adopt regulations that conflicted with or were duplicative of regulations already applicable to them in their foreign, home country, the foreign banks would be required to set up special purpose companies solely for their U.S. swap dealing activities. That, the banks said, would be an onerous and expensive burden on both them and their customers, difficult to accomplish under the Dodd-Frank Act's timeline, and potentially could increase systemic risk. Ultimately, the foreign banks would like the CFTC to evaluate their home country regulations, coordinate and share information with international regulators, and if appropriate, allow the foreign banks' compliance with their home country regulations to be substituted for compliance with U.S. swap entity regulations. The banks explained that such a substituted compliance regime would allow them to maintain the Central Booking Model structure for their swaps business. Additionally, the foreign banks also requested that transaction-level regulations be applicable only to U.S. swaps, and in the event a U.S. swap is subject to foreign transaction-level requirements, the banks requested that such swaps be exempt from such U.S. regulations to avoid the application of conflicting or duplicative regulatory requirements.

CFTC staff suggested that the foreign banks submit additional comment letters and, in particular, cite the specific legal authority in the Dodd-Frank Act in support of their suggestions on how U.S. swaps regulations should apply to foreign banks.