

Conference Call Between Staff of the Prudential Regulators (Farm Credit Administration, Federal Deposit Insurance Corporation, Federal Housing Finance Agency, Federal Reserve Board, and the Office of the Comptroller of the Currency), the U.S. Commodity Futures Trading Commission, and Representatives of the International Swaps and Derivatives Association, Inc. (ISDA)

July 30, 2015

Participants: Sean Campbell, Anna Harrington, and Victoria Szybillo (Federal Reserve Board)

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

Jacob Doyle, Thomas Hearn, and Bob Hendricks (Federal Deposit Insurance Corporation)

Peggy Balsawer, Bob Collender, and James Jordan (Federal Housing Finance Agency)

Jamey Basham, Ang Middleton, and Kurt Wilhelm (Office of the Comptroller of the Currency)

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

Mary Johannes (ISDA); Martin Baxter (Nomura); Oliver Frankel (Goldman Sachs); Mita Jash and Tomo Kodama (Bank of America Merrill Lynch); Paulo Peres (JP Morgan); David Wharton (Barclays); David Felsenthal (Clifford Chance)

Summary: Representatives of ISDA (collectively, the “Representatives”) had a conference call with staff of the Federal Reserve Board, the Farm Credit Administration, the Federal Deposit Insurance Corporation, the Federal Housing Finance Agency, and the Office of the Comptroller of the Currency and (collectively, the “Prudential Regulators”) and the U.S. Commodity Futures Trading Commission to discuss concerns related to the proposed rule issued on margin requirements for covered swap entities under Title VII of the Dodd-Frank Act. Specifically, the Representatives discussed concerns relating to the proposed rule as described in the attached agenda, including (i) the need for additional time for the call and collection of margin; (ii) how to determine if the cross-currency haircut needs to be applied; (iii) the need to segregate initial margin in excess of the required amount; (iv) the potential expansion of variation margin to include cash in any currency as well as certain non-cash collateral; (v) certain requirements for initial margin models including risk factor sensitivities and the model approval process; (vi) the treatment of existing swaps under a single master netting agreement; (vii) the need for a consistent definition of “affiliate”; and (viii) trading documentation rules.

Attachment

ISDA – US Prudential Regulators/CFTC/SEC

Conference Call
July 30, 2015

ISDA Participants:

Martin Baxter, Nomura
Oliver Frankel, Goldman Sachs
Mita Jash, BAML
Tomo Kodama, BAML
Paulo Peres, JP Morgan
David Wharton, Barclays

David Felsenthal, Clifford Chance representing ISDA
Mary Johannes, ISDA

AGENDA

1. Timing for call/calculation/settlement of IM and VM
2. Treatment of IM
3. VM cash collateral
4. Model
 - risk sensitivities option
 - approval and implementation
5. New CSA v. new master agreement
6. Definition of 'group'
7. Trading documentation requirements re valuation