

Minutes of the Working Group on U.S. RMB Trading and Clearing

Meeting, April 7, 2016

Host: Bloomberg L.P.

Attendees:

Leadership Attendees:

- Michael R. Bloomberg (Chair)
- Mary Schapiro (Vice-Chair)
- Timothy F. Geithner (Co-Chair)
- Henry M. Paulson, Jr. (Co-Chair)
- Thomas J. Donohue (Co-Chair)

Member Attendees:

- Agricultural Bank of China
- Bank of America Merrill Lynch
- Bank of China
- BNY Mellon
- China Construction Bank
- Citi
- CLS Bank International
- CME Group
- Goldman Sachs
- HSBC
- Industrial and Commercial Bank of China
- Intercontinental Exchange
- JPMorgan Chase & Co.
- Standard Chartered
- State Street
- TCW Group
- The Clearing House
- The Depository Trust and Clearing Corporation
- The U.S. Chamber of Commerce
- Wells Fargo & Co.

Other Attendees:

- Arnold & Porter LLP
- Bloomberg L.P.
- Promontory Financial Group LLC
- Paulson Institute

Meeting Minutes:

1. Opening Comments

Michael R. Bloomberg, Chair of the Working Group on U.S. RMB Trading and Clearing (“Working Group”), opened the meeting and thanked the Working Group’s Vice-Chair and Co-Chairs for their participation. The Chair provided his views on current and future demand for an RMB hub in the United States. The Chair stressed the likelihood of increased trade between the United States and China, and the importance of ensuring that the U.S. financial system is prepared.

Mary Schapiro, Vice-Chair of the Working Group, welcomed meeting attendees. The Vice-Chair commended the Working Group on the recent completion of its Mid-Term Letter to U.S. authorities, setting forth the initial observations of the Working Group.

2. Comments of the Working Group Co-Chairs

The Secretariat provided an overview of the Mid-Term Letter.

Henry M. Paulson, Jr. and Timothy F. Geithner, Co-Chairs of the Working Group, provided their views on the importance of the growing U.S.-China relationship and benefits of increased RMB activity in the United States. Thomas J. Donohue, Co-Chair of the Working Group, highlighted the results of the Business Community Outreach subcommittee’s questionnaire.

3. Q&A with the Chair and Co-Chairs

The Co-Chairs of the Working Group’s subcommittees presented questions to the Working Group’s Chair and Co-Chairs for discussion.

4. Review of Next Steps

Business Community Outreach

The Co-Chairs of the Business Community Outreach subcommittee provided an update on subcommittee efforts to date. The subcommittee completed its broad-based questionnaire to understand particular information relating to the demand for RMB products and services in the United States. Subcommittee Co-Chairs provided an overview of initial observations from the questionnaires. The subcommittee discussed information gathered at a series of roundtables held in New York, Chicago, and San Francisco to learn about the experiences of U.S. businesses and buy-side representatives using RMB products and services as they are currently available and used in the United States today, and potential future use. To further assess demand for RMB products and services in the United States, the U.S. Chamber of Commerce is forming a council of CFOs and Treasurers (i.e., “CFO Advisory Council”) to provide Working Group members with an opportunity to learn more about the potential demand for RMB products and services by U.S. businesses. The first meeting of the CFO Advisory Council will be held in Washington, D.C. on April 26, 2016.

Operating Model Options

A Co-Chair of the Operating Model options subcommittee provided an update on subcommittee efforts to date. The subcommittee is finalizing its assessment of various operating model options in the context of specific use cases and data to consider where particular models are “fit for purpose” at low scales and high scales of usage. Additionally, the subcommittee is considering possible uncertainties related to market infrastructure for RMB trading, clearing, and settlement both in the United States and in China. The subcommittee Co-Chair provided an overview of the subcommittee’s observations to date and next steps.

RMB Products and Services

The Co-Chairs of the RMB Products and Services subcommittee provided an update on subcommittee efforts to date. The subcommittee completed a comparative analysis of RMB products and services currently offered in select existing offshore hubs. The subcommittee is in the process of preparing a summary of RMB products and services that could potentially be offered in the United States, and is collecting information from Working Group members to estimate current U.S. RMB business volumes. Additional work is underway to increase market education and awareness. Subcommittee Co-Chairs provided an overview of the subcommittee’s observations to date and next steps.

Regulatory Considerations

The Co-Chairs of the Regulatory Considerations subcommittee provided an update on subcommittee efforts to date. The Working Group's Mid-Term Letter was distributed to U.S. authorities on April 5, 2016. The subcommittee is beginning preparations for the Working Group's second letter, which is tentatively scheduled for delivery in June.

The subcommittee continues to look at the legal bases for the operating model options under consideration by the Working Group.

5. Meeting Conclusion – Action Items

Working Group members approved the minutes of the February 24, 2016 Working Group meeting. The Secretariat noted Working Group membership requests received. The firms that submitted membership requests will be invited to observe or participate in the next Working Group meeting. The Vice-Chair thanked attendees for their participation. The next meeting of the Working Group is scheduled for April 26, 2016.