

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

Meeting, January 20, 2016

Host: Bloomberg L.P.

Attendees:

Leadership Attendees:

- Michael R. Bloomberg (Chair)
- Mary Schapiro (Vice-Chair)
- Tom Quaadman (designate for Thomas J. Donohue, Co-Chair)

Member Attendees:

- Agricultural Bank of China
- Bank of America Merrill Lynch
- Bank of China
- Bank of Communications
- BNY Mellon
- China Construction Bank
- Citi
- CME Group
- Goldman Sachs
- HSBC
- Industrial and Commercial Bank of China
- JP Morgan Chase
- Morgan Stanley
- State Street
- Standard Chartered
- U.S. Chamber of Commerce
- Wells Fargo

Other Attendees:

- Arnold & Porter LLP
- Bloomberg L.P.
- Promontory Financial Group LLC
- The Clearing House

Meeting Minutes:

1. Opening Remarks

Michael R. Bloomberg, Chair of the Working Group on U.S. RMB Trading and Clearing (“Working Group”), welcomed and thanked attendees for their participation. Mr. Bloomberg highlighted that the Working Group follows the agreement between President Obama and President Xi to further strengthen the financial cooperation between the United States and China, including discussing mechanisms to facilitate renminbi (“RMB”) trading and clearing in the United States. Mr. Bloomberg added that trading and clearing of the RMB in the United States has the potential to lower transaction costs for U.S. institutions and to create business partnerships. Mr. Bloomberg also highlighted the importance of increasing the international integration of China’s financial system, particularly given the recent volatility of the Chinese currency. Specific to Working Group leadership, Mr. Bloomberg noted that Timothy F. Geithner, Henry M. Paulson, Jr., and Thomas J. Donohue will serve as Working Group Co-Chairs. Mary Schapiro will serve as the Working Group’s Vice-Chair.

2. Working Group Overview

Vice-Chair Schapiro provided an overview of the Working Group’s structure and the organizational steps taken to establish and formalize the Working Group’s activities since its launch in November 2015. Vice-Chair Schapiro emphasized the importance of engagement from each member and their organizations, and that the outcome of the Working Group’s process must be the result of a collective effort. Based on the initial thoughts of Working Group members and the organizers, the Vice-Chair asked the Working Group to consider forming workstreams to further analyze topics, including: input from the business community, operating model options, regulatory considerations, and products and services. Vice-Chair Schapiro also discussed options for the Working Group to present its analysis and findings.

3. Working Group Administration

Drafts of the Working Group charter and antitrust guidelines were presented. Antitrust counsel from Arnold & Porter was present at the meeting to answer any antitrust questions raised by members.

4. Input from Business Community

The U.S. Chamber of Commerce introduced the discussion on Input from the Business Community. Members discussed the need to understand demand from the business community for RMB products and services, and agreed to engage in outreach with large,

mid-size, and small businesses. Members shared experiences relating to the development and use of the RMB in the United States relative to other geographies, as well as the current use of the RMB by diversely sized U.S. firms. Members also noted the importance of assessing broader buy-side demand, to include investment and asset managers. The need to educate and inform market participants about the potential benefits of RMB use was highlighted.

5. Operating Model Options

The Working Group discussed assessing various operating model options that could be used for the settlement of the RMB in the United States. Such models include, but are not limited to, correspondent banking, clearing bank, and clearing house. Members shared their experiences, including current challenges, associated with trading, clearing, and settling RMB given the existing U.S. market infrastructure. The formation of a workstream to assess operating model options was proposed, and members were called upon to submit expressions of interest to participate in the workstream.

6. Regulatory Considerations

The Working Group discussed assessing regulatory considerations and risks associated with the development of infrastructure to facilitate the trading, clearing, and settlement of the RMB in the United States. Members noted the need to provide updates to the relevant regulatory authorities about the Working Group's efforts. The formation of a workstream to assess regulatory considerations was proposed, and members were called upon to submit expressions of interest to participate in the workstream.

7. Products and Services

Members discussed the need and means to assess the current and potential demand as well as availability of RMB products and services in the United States. Members also discussed exploring methods to educate market participants and raise awareness of RMB products and services. The Secretariat demonstrated the Working Group's website (<http://www.rmbusawg.com/>).

8. Meeting Conclusion – Action Items

Vice-Chair Schapiro noted that the Secretariat received requests from several market participants to join the Working Group. Members agreed, by consensus, to add The Clearing House and CLS Bank International as Working Group members. Other requests received will be considered at a later meeting date. Vice-Chair Schapiro thanked members for attending the meeting, and called the meeting to a close.