

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

Meeting, February 24, 2016

Host: Bloomberg L.P.

Attendees:

Leadership Attendees:

- Mary Schapiro (Vice-Chair)
- Tom Quaadman (designee 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
- CLS Bank International
- CME Group
- Goldman Sachs
- HSBC
- Industrial and Commercial Bank of China
- JPMorgan Chase & Co.
- Morgan Stanley
- Standard Chartered
- State Street
- The U.S. Chamber of Commerce
- Wells Fargo & Co.

Other Attendees:

- Arnold & Porter LLP
- Bloomberg L.P.
- The Depository Trust and Clearing Corporation
- Intercontinental Exchange
- Promontory Financial Group LLC

Meeting Minutes:

1. Opening Comments

Mary Schapiro, Vice-Chair of the Working Group on U.S. RMB Trading and Clearing (“Working Group”), welcomed and thanked attendees for their participation. The Vice-Chair provided an overview of the meeting agenda, and highlighted the timeline and content of the Working Group’s two deliverables: 1) a mid-term letter to U.S. authorities, providing a high-level summary of the Working Group’s work to date, including preliminary observations regarding that work (to be delivered in March/early April); and 2) a final letter to U.S. authorities, which will be a more complete description of the Working Group’s collective views and provide details on any proposed path forward and key considerations, as appropriate (to be delivered in early June).

2. Working Group Administration

The Working Group Secretariat (“Secretariat”) led the discussion on Working Group Administration. Working Group members approved the minutes of the January 20, 2016 inaugural meeting. The Secretariat highlighted that the final form of the Working Group’s charter and antitrust guidelines are now posted to the Working Group’s website (<http://www.rmbusawg.com/>). The Depository Trust and Clearing Corporation, Intercontinental Exchange, and TCW Group were presented and approved to join the Working Group’s membership. Other membership requests received will be considered at a later meeting date. The Secretariat provided an overview of the Working Group’s calendar. The next meeting of the Working Group will take place on April 7, 2016, subject to final confirmation.

3. Updates from Subcommittees

Regulatory Considerations

The Co-Chairs of the Regulatory Considerations subcommittee provided an update on subcommittee efforts to date. The Regulatory Considerations subcommittee is co-chaired by Bank of America Merrill Lynch and HSBC, and includes 10 Working Group members. The Co-Chairs provided an overview of the timeline and process for production, review, and delivery of the Working Group’s first letter to U.S. authorities scheduled for March/early April. The Co-Chairs also discussed the subcommittee’s work plan for assessing the legal basis for and regulatory and policy considerations surrounding proposed operating models.

Business Community Outreach

The Co-Chairs of the Business Community Outreach subcommittee provided an update on subcommittee efforts to date. The Business Community Outreach subcommittee is co-chaired by The U.S. Chamber of Commerce, China Construction Bank, CME Group, and Wells Fargo & Co., and includes seven Working Group members. In an effort to better understand the demand for RMB products and services in the United States, the subcommittee has developed a three-part strategy: 1) a survey to large corporates, the middle-market, and asset managers regarding current and potential use of RMB products and services in the United States and overseas; 2) regional roundtables/focus groups for Working Group member clients which will be held in Chicago, New York, and San Francisco; and 3) the establishment of a CFO Advisory Council to inform the subcommittee's analysis and recommendations. The subcommittee has distributed its surveys to the large corporate, middle-market, and asset management communities, and is currently planning for the roundtables/focus groups.

Operating Model Options

A Co-Chair of the Operating Model Options subcommittee provided an update on subcommittee efforts to date. The Operating Model Options subcommittee is co-chaired by the Bank of China and Citi, and includes 14 Working Group members. The Co-Chair noted the dates of past subcommittee meetings and the frequency of subcommittee meetings moving forward. The subcommittee's work is organized into three workstreams, which will: 1) analyze the economics of operating models in other RMB hub jurisdictions; 2) examine various operating models against use cases and criteria to determine where models are suitable for the U.S. market; and 3) conduct a survey of Working Group members to determine multicurrency account availability in the United States. The subcommittee will also assess whether there is an evolutionary path for RMB clearing and settlement in the United States depending on the anticipated RMB demand and the nature of RMB products and services. The Co-Chair provided an overview of initial subcommittee observations.

Products and Services

The Co-Chairs of the Products and Services subcommittee provided an update on subcommittee efforts to date. The Products and Services subcommittee is co-chaired by Agricultural Bank of China, Industrial and Commercial Bank of China, and State Street, and includes 11 Working Group members. The Co-Chairs referenced discussions of past subcommittee meetings and the frequency of subcommittee meetings moving forward. The subcommittee's work plan includes: 1) a summary comparative analysis of RMB products and services offered in other RMB hub jurisdictions; 2) an assessment of the products and services that could be offered in the United States for each operating model under review by the Working Group; and 3) a survey of current RMB business volumes in the United States for Working Group members to identify trends and potential opportunities; and 4) identifying

opportunities to provide market education and raise the level of awareness regarding the potential benefits resulting from the increased use of RMB products and services in the United States.

4. Meeting Conclusion – Action Items

The Vice-Chair thanked attendees for their participation and noted that the next meeting of the Working Group is scheduled for April 7, 2016, subject to final confirmation. The Secretariat will circulate a revised calendar to Working Group members.