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COMMENTS RELATED TO TRI-PARTY REPO INFRASTRUCTURE REFORM

The Goldman Sachs Group, Inc. (“Goldman Sachs”) is pleased to comment on the Task Force’s Report and the associated white paper that was published on May 17, 2010. As a participating member, Goldman Sachs strongly supports the efforts of the Task Force and endorses the recommendations detailed in these documents.

Given the numerous benefits of the product, tri-party repo has become an integral part of many banks’ and broker-dealers’ funding strategies and an important component of many large institutional investment portfolios. We believe the efforts of the FRBNY and the Task Force to enhance the operational features and market practices of the product will add to the stability of the financial markets by strengthening this critical source of financing and portfolio diversification. While we recognize the proposed enhancements do not completely eliminate all risk from the system, we believe the reduction in intraday credit and increase in market transparency will dramatically improve the resiliency of the tri-party repo market.

Additionally, we would like to emphasize our belief that the secured nature of the tri-party repo market serves an important function in the capital markets. The provision of collateral helps to mitigate much of the potential counterparty credit risk that can otherwise result in unsecured lending activity. Furthermore, raising financing on a term basis in the tri-party market can serve to reduce liquidity risk for the borrower. This risk mitigation encourages a vibrant lending market and can reduce systemic risk. We further note that the tri-party repo market has provided an important investment vehicle for a variety of cash investors who seek a reliable, secured investment, without taking the credit or market risk that either unsecured lending or outright financial instrument purchases can create. The Federal Reserve’s efforts, along with those of the private sector Task Force, are important to further enhancing confidence in this important market.

In closing, we wish to reiterate our support of these efforts and our commitment to assist the FRBNY and the Task Force through the implementation of the various recommendations within the proposed timeline.

The Goldman Sachs Group, Inc.