

June 30, 2009

The Honorable William Dudley
President
Federal Reserve Bank of New York
33 Liberty Street, 10F
New York, NY 10045

Subject: Report on the Proposals of Centralized CDS Clearing Solutions for the Segregation and Portability of Customer CDS Positions and Related Margin

Dear Mr. Dudley:

The undersigned firms and trade associations are pleased to submit our full report regarding buy-side access to central counterparties ("CCPs") in accordance with the commitment set forth in the Operations Management Group letter dated June 2, 2009. In addition, we are submitting a "distilled" version of this report which sets forth a statement of the industry's analysis of the specific issues of segregation of margin and the portability of margin in the event of clearing member default, for consideration for broader distribution.

The report is the end product of a working group with eight dealer and eight buy side representatives, formed in May and coordinated through the ISDA Board Oversight Committee (IBOC). The trade associations participated as observers and facilitators of the discussions. The group had a number of in-person and telephonic sessions with the representatives of each of the CCPs following their responses to a detailed questionnaire, provided as an annex to the report.

We wish to acknowledge the guidance of the supervisory community in defining the parameters of this report. We also greatly appreciate the efforts of Cleary Gottlieb as outside counsel for this project.

While this report primarily treats the issue of central counterparties for CDS clearing, we believe that it is the commencement of a broader dialogue that will enable the buy-side and the sell-side to work together toward the goal of achieving buy-side access to CCPs by December 15, 2009.

We look forward to having this report reviewed by appropriate officials of supervisors and regulators who are involved in enhancing the processing of OTC derivatives.

Yours sincerely:

AllianceBernstein

Brevan Howard

Barclays Capital

Citigroup

Barclays Global Investors

Credit Suisse

BlueMountain Capital Management LLC

D. E. Shaw & Co., L.P.

Deutsche Bank AG

Goldman Sachs Asset Management, L.P.

Goldman, Sachs & Co.

J.P. Morgan

King Street Capital Management, L.P.

Managed Funds Association

Morgan Stanley

Pacific Investment Management
Company, LLC

Securities Industry and Financial
Markets Association (SIFMA)
-The Asset Management Group

The International Swaps and
Derivatives Association, Inc. (ISDA)

UBS AG

Identical letters sent to:

Board of Governors of the Federal Reserve System

Connecticut State Banking Department

Federal Deposit Insurance Corporation

Federal Reserve Bank of New York

Federal Reserve Bank of Richmond

French Secrétariat Général de la Commission Bancaire

German Federal Financial Supervisory Authority

Japan Financial Services Agency

New York State Banking Department

Office of the Comptroller of the Currency

Securities and Exchange Commission

Swiss Financial Market Supervisory Authority

United Kingdom Financial Services Authority

cc: Commodities Futures Trading Commission

European Central Bank

European Commission

HM Treasury

U.S. Treasury Department