8 September 2009

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

Dear Mr. Dudley:

We are writing to inform you of our commitment to increase the usage of central counterparties for clearing, which we believe will significantly reduce the systemic risk profile of the OTC derivatives market. We have set the following initial performance targets as a demonstration of that commitment. We will increase these target levels, which are the first set for central clearing, as we improve our clearing capabilities.

**For Interest Rate Derivatives:**

- Each G15 member (individually) commits to submitting 90% of new eligible trades (calculated on a notional basis) for clearing beginning December 2009.
- The G15 members (collectively) commit to clearing 70% of new eligible trades (calculated on a weighted average notional basis) beginning December 2009.
- The G15 members (collectively) commit to clearing 60% of historical eligible trades (calculated on a weighted average notional basis) beginning December 2009.

**For Credit Default Swaps:**

- Each G15 member (individually) commits to submitting 95% of new eligible trades (calculated on a notional basis) for clearing beginning October 2009.
- The G15 members (collectively) commit to clearing 80% of all eligible trades (calculated on a weighted average notional basis) beginning October 2009.

Furthermore, we will issue performance metrics that address both new transactions and the outstanding trade population on a monthly basis. The first report will be issued on the 10th business day of October 2009 and will be in respect of September 2009, and for each month thereafter, the relevant report will be issued as part of the monthly metrics we currently report.

We will continue to work with the regulators to explore means by which we can look to improve submission levels and clearing yields. We will review the performance metrics and targets contained in this letter with the global regulators on a regular basis to ensure that the metrics and targets demonstrate the industry commitment to increased clearing of OTC transactions.

G15 members commit to actively engaging with CCPs and regulators globally to broaden the set of derivative products eligible for clearing, taking into account risk, liquidity, default management and other processes.

The G15 members also commit to work with eligible CCPs and regulators globally to expand the set of counterparties eligible to clear at each eligible CCP taking into account appropriate counterparty risk management considerations, including the development of buy-side clearing.

Of course, successful expansion of the sets of eligible products and counterparties is necessarily dependent on several factors, including ensuring proper risk management, CCP capabilities and business choices, regulatory treatment and decisions of non-G15 firms. We commit to work actively with our supervisors and other regulators to remove any of these impediments to our efforts.
Yours sincerely from the Senior Managements of:

Bank of America-Merrill Lynch
Barclays Capital
BNP Paribas
Citigroup
Commerzbank AG
Credit Suisse
Deutsche Bank AG
Goldman, Sachs & Co.
HSBC Group
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Morgan Stanley
The Royal Bank of Scotland Group
Société Générale
UBS AG
Wachovia Bank, N.A.

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Securities and Exchange Commission
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