

19th Annual Capital Markets Conference

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The Brave New World of Capital Markets Supervision

3 Key Trends in Our Business

(1) **Legal Entity Structure: Centralized → Regionalized**

- Cross border rules for swaps
- FDIC insurance assessments
- Push-out

(2) **Trading Focus: Bespoke → Flow**

- Swap Execution Facilities; “equitization” of FICC
- Volcker
- ROE v. ROA

(3) **Infrastructure: Build It → Charge for It**

- Expansion of CCP offerings
- SEF connectivity
- Margin for uncleared swaps
- Developing economies of scale

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5 Key Risks to Our Business

- (1) Risk retention
- (2) Management of CCP risk
- (3) Pro-cyclicality of margin rules (cleared and uncleared)
- (4) Push-out & SEC capital for swap dealers
- (5) Supplementary Leverage Ratio