

Minutes of the regular meeting of the Buyside General Counsel Committee

12:00 p.m. – 2:00 p.m., Thursday, July 9, 2015

Federal Reserve Bank of New York

33 Liberty St., New York, NY

Present:

Thomas C. Baxter, Jr., FRBNY (Chair)

David Brooks, Fortress Investment Group LLC

Joyce Hansen, FRBNY

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

Owen S. Littman, Cowen Group, Inc.

Simon Lorne, Millennium Management LLC

Michael Nelson, FRBNY

David Parkinson, FRBNY

Mr. Baxter called the meeting to order at approximately 12:00 p.m.

1. Basel III Implications for Markets

The group discussed the continued implementation of Basel III financial reforms. Members noted a reduction in liquidity and increased difficulty in obtaining financing from banks.

2. Proposed Insider Trading Legislation

The group discussed federal insider trading legislation proposed following the Second Circuit's decision in *U.S. v. Newman*, which held that prosecutors in an insider trading case must prove that the recipient of a tip knew the tipper received a personal reward from passing insider information. Members reported that the Managed Funds Association is following the matter closely but is waiting to see how it plays out in the courts.

3. Designation of Asset Managers as SIFIs

The group discussed the potential designation of asset managers as non-bank systemically important financial institutions ("non-bank SIFIs"). Members reported feeling less concerned than in the recent past that the Financial Stability Oversight Council ("FSOC") or Financial Stability Board ("FSB") will designate individual asset managers; in general the FSOC and FSB appear to be shifting their focus from entities to activities.

4. Litigation Bets

The group discussed the various ways in which some hedge funds have placed “bets” on the outcome of litigation. Members noted that given low interest rates, which limit bond returns, some investors have looked to litigation as a potential source of returns. Practices observed by members include providing financing to plaintiffs, purchasing distressed debt, and invoking appraisal rights in state law M&A transactions.

5. Greece

Members discussed the latest developments in the Greek debt crisis.

6. Membership

The group discussed the possibility of adding new members. Current members were asked to recommend qualified candidates.

7. Additional Topics

The group discussed the unexpected three-and-a-half hour shutdown of the New York Stock Exchange which occurred on the preceding day. Members also briefly discussed the recent volatility in China’s stock markets.

The meeting adjourned at approximately 2:00 p.m.