
From: Stephanie.Heller@ny.frb.org
Sent: Friday, September 26, 2008 3:03 PM
To: LaRocca, Gerard: Barclays Capital (NYK)
Cc: Hughes, Jonathan: Legal (NYK)
Subject: Re: Summary Points - covers everything that is relevant to the resolution

BTW, we spoke with Chase this morning about removing repo tags. I am under the impression that they are now accepting the requests so you should make sure BONY is sending the request to Chase over Fedwire which I gather can be done tonight until 7pm if you want to try to get it done today.

<Gerard.LaRocca@barclayscapital.com>

To <Stephanie.Heller@ny.frb.org>

cc <Jonathan.Hughes@barclayscapital.com>

09/26/2008 02:48 PM

Subject Summary Points - covers everything that is relevant to the resolution

This summary covers everything that is relevant to the resolution

> September 18, 2008:

>
> * Proceeds of the reverse repo arrangement received by LBI would be used to repay borrowings under the Fed discount window; collateral released by the Fed as it is repaid will be delivered to BarCap under the reverse repo arrangement.

>
> * BarCap initially decides to tranche the \$45 billion funding in order to mitigate the exposure of not being able to get collateral from LBI - BarCap initially funds \$5 billion but receives only approximately \$1.5 billion in securities.

>
> * Delays during the day in LBI delivering collateral raises BarCap concerns that LBI would not be able to fully deliver the \$49.6 billion of collateral - as a result, senior executives at BarCap ask for and receive an oral commitment from JPMC (Heidi Miller & Bill Winters??) that \$49.6 billion of collateral would be delivered to BarCap.

>
> * BarCap funds the remaining balance of the \$45 billion in cash in 4 payments of c.\$9 billion and 1 payment of approximately \$4 billion late in the day.

>
> * Fed/DTCC shut down at around 11pm, at which time BarCap has only received approximately \$42 billion of collateral.

>
> * John Rodefled and Ray Stencil of JPMC discuss shortfall and BarCap exposure. JPMC provides LBI with a \$7 billion overnight loan, secured by the assets of LBI in its accounts. JPMC as tripartite custodian credits \$7 billion to BarCap's tripartite accounts (note, we understand that representatives of the Fed and BoNY were on the open

> line when this was agreed) to cover the collateral shortfall in the
> reverse repo arrangement.
>
> * BarCap received account statements on September 18 and September
> 19 from JPMC, both reflecting \$7 billion credited to BarCap's
> tripartite accounts at JPMC.
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>

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