



Daniel. E Pinto
Corporate & Investment Bank Co-CEO
JP Morgan EMEA HQ London office
25 Bank Street, Canary Wharf, London E14 5JP
By email: Colette.holt@jpmorgan.com

Paris, 28 March 2013

Dear Mr. Pinto,

You will of course be aware that European legislators have recently come to an agreement on the revised Capital Requirements Directive (CRD IV), which implements the Basel III requirements into European law.

During the co-decision procedure the European corporate community managed to secure an exemption from the application of CVA by way of charging additional margin for uncleared bilateral OTC derivative contracts. This exemption is essential for corporates to continue to hedge business risk at economically viable rates, and fully consistent with the exemption granted in the EMIR regulation.

In this context several EACT members have recently heard about an attempt by some US banks to lobby the Basel Committee on Banking Supervision in order to "kill" the corporate CVA exemption; the argument that we understand is being used is that the exemption would put these banks at a disadvantage vis-à-vis their EU counterparts. Though the effort seems to be led by SIFMA and GFMA, we are told that JP Morgan has strongly advocated pressure on Basel.

I hope that what we are hearing is inaccurate and does less than justice to JP Morgan's concern for its corporate customers globally; however this would not be the first time that the impression is given by investment banks that in determining their policy positions the interests of those customers do not have the priority we feel is merited.

The current uneasiness in the European treasurers' community is enhanced by the fact that EACT is regularly asked for support by AFME and the US Coalition for Derivative End Users.



Against this background, I am sure you will wish to help me to reassure my colleagues that your bank is attaching sufficient importance to the interests of its customers and doing so at all times.

Could you let me know what actions have been undertaken by JP Morgan (and to the best of your knowledge by SIFMA and GFMA) in the last six months with respect to the EU CVA exemption? Once I have the bank's briefing I will seek to share it with my colleagues across Europe. It is self-evidently in the interest of JP Morgan that there should be a proper and not a distorted understanding of the bank's policy with respect to this vital area of interest for treasurers.

Yours sincerely

Richard Raeburn
Chairman – European Association of Corporate Treasurers
Email: chairman@eact.eu

Copy to:

- all members of the EACT board