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Subject: Fw: FT Article
Date: Mon, 21 Jun 2010 00:41:32 +0000

Fyi

From: Joseph Evangelisti
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Sent: Sun Jun 20 20:20:02 2010
Subject: Fw: FT Article

Fyi

From: Mary X Sedarat
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Sent: Sun Jun 20 20:15:56 2010
Subject: FT Article

The article below is expected to run in US and international editions of the FT on Monday. I will have brief client talking points for any incoming questions/concerns.

From: Mary Sedarat <[REDACTED]>
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Sent: Sun Jun 20 19:44:47 2010

JPMorgan pushes on with talks over Gávea

By Helen Thomas and Francesco Guerrera in New York and Jonathan Wheatley in São Paulo
Published: June 20 2010 22:01 | Last updated: June 20 2010 22:01

JPMorgan Chase is pushing ahead with talks to buy a large Brazilian hedge fund and private equity group, in spite of **impending US legislation** designed to limit the involvement of commercial banks in such activities.

People close to the situation said the US financial group was in advanced discussions to buy Gávea Investimentos, an asset management company that manages about \$5.3bn (£3.6bn) in assets and was founded by Arminio Fraga, the former president of Brazil's **central bank**.

No deal has yet been reached and the talks could still collapse, but JPMorgan's decision to go ahead with the discussions highlights its confidence that the new regulatory regime will not prevent deposit-taking banks from owning **hedge funds**.

The so-called Volcker rule would ban banks from trading on their own account and limit their ability to invest in or "sponsor" hedge funds and private equity.

The language of the proposed measure, which is due to be discussed this week as Congress finalises its reform package, is vague and some politicians have interpreted it as prohibiting banks from owning hedge funds and private equity groups.

JPMorgan and other **Wall Street banks** believe they will be allowed to keep those higher-risk activities, provided they do not invest their own money in the funds.

JPMorgan and Gávea declined to comment, but people familiar with the situation said JPMorgan was waiting for details of the reforms before it finalises any deal. If everything goes to plan, the purchase could be announced as early as next month, they added.

JPMorgan also controls Highbridge, the alternative investment manager with about \$21bn in assets under management, and One Equity Partners, a private equity group.

As the businesses would both use a different name from JPMorgan, and have separate management, they are not deemed to be "sponsored" by the bank under the current language in the [reform bill](#).

Gávea, which was founded in 2003, has 109 employees based in Rio de Janeiro and São Paulo.

Mr Fraga, 53, ran Brazil's central bank from 1999 to 2002. He is widely credited with steering Brazil out of the crisis surrounding its currency devaluation in 1999.

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