

**From:** "[REDACTED]"  
**To:** "Jeffrey Epstein" <jeevacation@gmail.com>  
**Subject:** Re: Fw:  
**Date:** Tue, 30 Mar 2010 20:21:38 +0000

---

Home in half hour

Sent from my BlackBerry® wireless device

---

**From:** Jeffrey Epstein <jeevacation@gmail.com>  
**Date:** Tue, 30 Mar 2010 16:17:57 -0400  
**To:** <[REDACTED]>  
**Subject:** Re: Fw:

blather.. simply world regulations should not set up a system to play one country against another, the regulators should deal with it and coordinate with global players.

On Tue, Mar 30, 2010 at 4:08 PM, <[REDACTED]> wrote:

Sent from my BlackBerry® wireless device

---

**From:** Jes Staley <[REDACTED]>  
**Date:** Tue, 30 Mar 2010 14:26:24 -0400  
**To:** Peter Mandelson ([REDACTED]) <[REDACTED]>  
**Subject:**

Peter, What follows are some brief speaking points that we would use in discussing the Volcker plan with Summers. We can speak to them when we talk tonight.

The Federal government's guarantee of bank deposits enhances consumer confidence in our financial system.

Although deposits play a lesser role as a funding source following decades of bank disintermediation, it is sensible for government (as any guarantor would want) to seek limits on how funds sourced from their guaranteed deposits are exposed to risk.

Well-managed US banks with prudent controls to protect client interests, including depositors', already do this respecting the intent of existing affiliate restrictions and with internal procedures separating proprietary and fiduciary activities.

Updating regulation to the reality of global modern markets should not disadvantage US institutions or create structural conflicts in relation to their Asian or European counterparts.

## **Fiduciary: Asset Management**

Regulations that protect client investments from other banking activities have proven successful during recent financial crises.

Commercial Banks have been managing client assets for over 100 years and this fiduciary role has withstood both time and evolutionary change in client demand from traditional to alternative investment products.

Asset Management is a profitable business entirely suited to fiduciary bank ownership with limited capital needs and no risk weighted assets. Practically, there is no difference between sponsorship of hedge and private equity funds and traditional products like mutual and money funds.

Bank owned asset managers should not be allowed to combine proprietary resources with fiduciary money in hedge funds, private equity or traditional investment vehicles.

Prohibiting bank ownership of asset managers is unnecessary and eliminates a source of prudent diversification for client holdings and long-term profit stability for regulated firms.

## **Proprietary: Risk Management and Discretionary Trading**

Proprietary trading is a natural outgrowth of the market-making role and it is difficult to separate these activities.

Proprietary trading supports management of interest rate risk, creating greater lending flexibility; it also plays a vital role for banks akin to the research and development arm of a corporation.

Prop Desks should be tightly regulated, scaled correctly, and subject to sizeable capital requirements applied consistently across all systemically relevant firms.

We are concerned that hedging trades can be misconstrued through legislation as proprietary because they escape simple definition and lack precise conformity to unique client exposures.

Client transactions frequently require long duration hedges or hedges that can only approximate underlying positions. This is highly complex and best left to the regulators to oversee. A static legislative definition of proprietary trading can impair meaningfully a bank's ability to manage risk.

If the Volcker Rule had been in place during the financial crisis, it would not have prevented the bank failures that occurred.

---

Jes Staley | Chief Executive Officer | Investment Bank | J.P. Morgan | 270 Park Avenue, 47th Floor | T: [REDACTED] | [REDACTED]

This email is confidential and subject to important disclaimers and conditions including on offers for the purchase or sale of securities, accuracy and completeness of information, viruses, confidentiality, legal privilege, and legal entity disclaimers, available at <http://www.jpmorgan.com/pages/disclosures/email>.

--  
\*\*\*\*\*

The information contained in this communication is confidential, may be attorney-client privileged, may constitute inside information, and is intended only for the use of the addressee. It is the property of Jeffrey Epstein  
Unauthorized use, disclosure or copying of this communication or any part thereof is strictly prohibited and may be unlawful. If you have received this communication in error, please notify us immediately by return e-mail or by e-mail to [jeevacation@gmail.com](mailto:jeevacation@gmail.com), and destroy this communication and all copies thereof, including all attachments.