

Conversation with PIMCO

On November 17, 2011, staff from the Federal Housing Finance Agency (FHFA), Federal Reserve Board (FRB), Office of the Comptroller of the Currency (OCC) and the Farm Credit Administration (FCA) took part in a conference call with a representative from the Pacific Investment Management Company LLC (PIMCO). PIMCO provided additional background information on the suggestion made in its July 11, 2011 comment letter on the proposed rule that agencies use option adjusted spreads (OAS) to differentiate high grade debt to be used as margin for uncleared derivatives transactions. Among other things, the discussion touched on how PIMCO developed the suggested haircuts to be applied to the credit instruments and factors that influenced the bid-ask spreads for bond collateral.