

## Meeting on Interchange Statutory Provisions

February 18, 2011

### Participants:

Gil Schwartz, Schwartz & Ballen

Mary Dunn, Dep. Gen. Counsel & Sr. Vice President, Credit Union National Association

Bill Hampel, Sr. Vice President & Chief Economist, Credit Union National Association

Eric Richard, Exec. Vice President & Gen. Counsel, Credit Union National Association

Scott G. Alvarez, General Counsel, Board of Governors of the Federal Reserve System

Stephanie Martin, Assoc. General Counsel, Board of Governors of the Federal Reserve System

**Summary:** Representatives from the Credit Union National Association and their outside counsel met with attorneys from the Board's Legal Division to discuss interpretive issues related to the interchange fee provisions in section 1075 of the Dodd-Frank Act. The discussion focused on various aspects of the statute, including:

- The application of the exemption for small issuers, including the potential use of the Board's authority to prevent circumvention and evasion to help ensure the effectiveness of the exemption and the implementation of a reporting mechanism for networks with respect to small-issuer interchange fees and transactions
- The possible effects of the exclusivity and routing provisions on the willingness of merchants to accept debit cards issued by small institutions and the possibility of establishing a complaint mechanism at the Board for small issuers
- Consideration of additional costs of particular debit card transactions in establishing the fee standards, such as network fees, fraud prevention costs, fraud losses, and a rate of return on capital
- The Board's timeline for implementing the statute and any potential for delay