

**Meeting Between Governor Kugler and Staff of the Federal Reserve Board and a
Representative of Reading Cooperative Bank and the American Bankers Association
February 23, 2024**

Participants: Governor Adriana D. Kugler and Kelley O'Mara (Federal Reserve Board)

Julieann M. Thurlow (President and CEO of Reading Cooperative Bank, Reading, MA); Chair of the American Bankers Association (ABA)

Summary: Governor Kugler and staff of the Federal Reserve Board met Ms. Thurlow to discuss, among other things, concerns about the Board's notice of proposed rulemaking on Regulation II (Regulation II proposal) and the agencies' Basel III endgame notice of proposed rulemaking (Basel III endgame proposal). Ms. Thurlow expressed concerns that the Regulation II proposal, if finalized, may deprive banks of a stream of revenue used to finance products and services available to underbanked individuals, including certain Bank On products. Ms. Thurlow also suggested that the Regulation II proposal did not fully reflect increasing fraud costs. With respect to the Basel III endgame proposal, Ms. Thurlow expressed concerns regarding the proposed risk weights for residential mortgages, indicating that higher risk weights could cause banks to reduce residential mortgage origination activity.