

## **Meeting between Janet Yellen and Steven Salop, January 11, 2011**

**Participants:** Janet Yellen (Federal Reserve) and Steven C. Salop, Professor, Georgetown Law School

**Summary:** The Federal Reserve's implementation of the interchange fee provisions of the Dodd-Frank Act under its Notice of Proposed Rulemaking was a topic of discussion in this meeting. Professor Salop had submitted a paper to the Federal Reserve on behalf of the Merchants Payment Coalition dated October 27, 2010, in connection with the Federal Reserve's rulemaking. The paper is entitled "Economic Analysis of Debit Card Regulation Under Section 920." In this meeting, Professor Salop reviewed some of the economic arguments contained in the paper and commented on a few aspects of the Federal Reserve's Notice of Proposed Rulemaking. In particular, Professor Salop noted that a strong case could be made for debit interchange at-par. He commented on the potential for circumvention and emphasized that, to enhance competition, merchants should have two unaffiliated networks available not only for PIN but also for signature debit transactions on dual function cards.