

## **Meeting on Interchange Proposed Rule**

**April 20, 2011**

### **Participants:**

Louise Parent, American Express  
Anne Segal, American Express  
Stephen McCurdy, American Express  
Rodgin Cohen, Sullivan & Cromwell  
Virgil Mattingly, Sullivan & Cromwell  
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  
Dena Milligan, Attorney, Board of Governors of the Federal Reserve System

**Summary:** Representatives from American Express and their outside counsel met with attorneys from the Board's Legal Division to discuss issues related to the interchange fee and network exclusivity and routing provisions in section 1075 of the Dodd-Frank Act and the Board's proposed rule. The discussion focused on application of the statute and proposed rule to three-party systems, including:

- Whether three-party systems, which involve direct fee negotiation between network and merchant, raise policy concerns similar to those underlying the Durbin Amendment
- Whether any component of a merchant discount paid to a three-party system could be considered an interchange fee
- The extent to which application of the network exclusivity and routing provisions to three-party systems would result in circuitous routing and a significant change in the business model of three-party networks
- The possible interpretations of the prohibition on restricting the number of payment card networks over which debit card transactions may be processed as applied to three-party systems