

**Meeting Between Governor Duke and
Representatives of the California Bankers Association
June 7, 2012**

Participants: Governor Elizabeth A. Duke, Nancy Riley, and Jon Hiratsuka
(Federal Reserve Board)

California Bankers Association: Dwight Alexander, Thomas Beene, Mary Boruff,
Brian Brooks, Rodney Brown, Mary Curran, Kari Dohn, Daniel Doyle,
Don Fracchia, Robert Hughes, Donald Johnson, Owen Onsum, Joseph Otting,
Maurine Padden, Richard Sanborn, Pablo Sanchez, William Schrader,
Virginia Varela, Richard Visser, Paul Woolway, and Kenneth Yates

Summary: Representatives of the California Bankers Association met with Governor Duke to discuss recent and forthcoming regulations implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act. Members expressed concern that regulatory and compliance burdens will filter down to smaller community banks. Meeting participants also raised questions regarding what instruments would be considered tier 1 capital under the Board's proposed revised capital rules.

The association also submitted written comments, which are attached.

Regulatory Reform: Burdening Traditional Banks

Issue/Position Statement

During the nearly two-year long debate regarding financial regulatory reform, the California Bankers Association's (CBA) message was clear and consistent: while our banks fully support effective consumer protection and any reasonable efforts to strengthen regulatory oversight, we strongly oppose efforts that would increase the regulatory burden on traditional banks; hence our strong opposition to the Dodd-Frank Act (DFA).

However, now that Dodd-Frank has passed and financial regulatory reform is a reality, our advocacy efforts have shifted to the regulatory rulemaking process. The act substantially increases the regulatory burden on banks in a manner that will result in higher operating costs, restrict sources of income, limit sources of capital and reduce lending opportunities.

Dodd-Frank results in upwards of 300 new and revised regulations that will be implemented during the next few years. This translates into more than 5,000 pages of new regulations. The final impact of these regulations and ultimately how they will transform traditional banking are unknown. But what is certain is that, cumulatively, these regulations will increase operating costs dedicated toward compliance, and will create additional uncertainty and risk.