Participants: Governor Elizabeth Duke and Richard Ashton (Federal Reserve Board)

Arne Christenson and Judson Linville (American Express)

Summary: Governor Duke met with representatives of American Express to discuss recent results of the company’s consumer services operations. In the course of the meeting, the American Express representatives made two comments relating to provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Act”) that authorize the Federal Reserve to issue rules.

With respect to the Act’s provisions requiring enhanced supervision of systemically important bank holding companies, the representatives expressed the view that the supervision should be tailored to meet the specific activities of the regulated company, noting that American Express’s specialized activities differ from other conglomerate-type bank holding companies.

The representatives also noted that the provisions of the Durbin Amendment, which require that the Board issue rules prohibiting exclusive processing and routing arrangements for payment cards, would have a significant impact on American Express’s existing gift card program. The statutory provision covers gift cards and under the company’s business model, American Express is the exclusive processor of transactions involving the gift cards it issues. American Express’s gift card operations would constitute a substantial portion of the gift card business affected by this Durbin Amendment prohibition.