

**Meeting between Federal Reserve Staff and
Representatives of the Nebraska Electronic Transfer System (NETS)
March 23, 2011**

Participants: Beth Kiser, David Stein, and Ky Tran-Trong (Federal Reserve Board)

Cathy Morrissey, Ron Hermans, Robert Hallstrom and Jason Perkins (NETS); and
Jonathan J Wegner and Terry Maher (Baird Holm LLP)

Summary: Federal Reserve staff held a conference call with representatives of NETS to discuss the proposed rules under Regulation II which would implement the interchange transaction fee restrictions and network exclusivity and routing provisions of Section 1075 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the Dodd-Frank Act).

NETS is a Nebraska-based, not for profit, member owned regional PIN debit network that covers Nebraska and parts of its neighboring states. Members include financial institutions, thrifts, and credit unions with branch offices located in Nebraska.

Following up on comments submitted to the Board, NETS representatives discussed their views on the potential impact of the proposed provisions on network exclusivity and routing restrictions on regional networks, such as NETS, as well as on community banks that currently issue cards that operate on regional networks. In particular, NETS expressed concerns regarding how the proposed nationwide geographic coverage requirement for networks enabled on a debit card could adversely affect regional networks that do not have reciprocal arrangements with other networks.

NETS further noted that the vast majority of debit card transactions involving cards operating on the NETS network take place within NETS's geographic coverage area. Given that few transactions on cards issued by NETS members take place outside of NETS's geographic coverage area, NETS therefore believes that the nationwide geographic requirement would potentially reduce issuer choices regarding the networks enabled on their debit cards with little benefit.