

**Communication Between Federal Reserve Officials and
Members of the Treasury Borrowing Advisory Committee (TBAC)
April 30, 2012**

Participants: Governor Elizabeth Duke, Jim Clouse and William English (Federal Reserve Board); Joshua Frost (Federal Reserve Bank of New York); and Lance Auer, Richard Berner, Timothy Bowler, Richard Gregg, Jennifer Imler, Colin Kim, Mary Miller, Amar Reganti and Matthew Rutherford (U.S. Treasury)

Curtis Arledge (BNY Mellon); Richard Axilrod (Moore Capital Management); Ian Banwell (Roundtable IMC); Jason Cummins (Brevan Howard); Dana Emery (Dodge&Cox); Walter J. Muller (Bank of America); Ruth Porat (Morgan Stanley); Stephen Rodosky (PIMCO); Stuart Spodek (Blackrock); Richard Tang (RBS); Ashok Varadhan (Goldman Sachs); Stephen Walsh (Western Asset Management); Matthew Zames (JP Morgan)

Summary: In brief dinner remarks, Governor Duke provided her perspectives on recent trends in the U.S. economy and the banking industry. Following her remarks, members of the Treasury Borrowing Advisory Committee asked questions and offered their views on a range of issues. During this discussion, TBAC representatives expressed concern about the capital treatment of mortgage servicing rights under Basel III. They also noted that U.S. banks generally have ample capital buffers and were in much stronger financial condition than many other global banks. They suggested that the proposed capital surcharge for systemically important financial institutions under the Dodd-Frank Act was not necessary and would put U.S. banks at a competitive disadvantage relative to other global banks not subject to such a surcharge.