

**Meeting Between Federal Reserve Staff  
and Representatives of UBS Financial Services Inc.  
January 21, 2011**

**Participants:** Leonard Chanin; Benjamin K. Olson and Stephen Shin (Federal Reserve Board)

Anthony D'Andrea, Managing Director, Head of Large & Structured Trans & Securities Backed Lending Banking Products-Products & Services US (UBS Financial Services Inc.); Craig E. Darvin, Director & Associate General Counsel (UBS Financial Services Inc.); James Huizinga (Sidley Austin LLP)

**Summary:** Staff of the Federal Reserve Board ("Federal Reserve") met with Anthony D'Andrea and Craig Darvin of UBS Financial Services Inc. and James Huizinga of Sidley Austin LLP ("UBS") regarding the Board's proposed rules implementing Section 1100E of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank Act"). Effective July 21, 2011, the Dodd-Frank Act amends the Truth in Lending Act ("TILA") and the Consumer Leasing Act ("CLA") by increasing the thresholds for exempt consumer credit transactions and exempt consumer leases from \$25,000 to \$50,000. The Dodd-Frank Act also provides for annual increases in the thresholds based on increases in the Consumer Price Index.

The discussion focused on the Federal Reserve's proposed application of the increased TILA exemption threshold to certain consumer lines of credit associated with brokerage accounts, which are currently structured to be exempt from TILA. UBS noted the operational difficulties and the potential negative impact on consumers that could result from the Federal Reserve's proposal to require that the initial extension of credit in excess of the threshold amount occur at account opening in order for the account to be exempt based on that extension of credit. UBS also expressed concern about the burden and expense of obtaining an exemption by making a firm commitment to extend credit in excess of the threshold amount. Finally, UBS noted the difficulty of complying with TILA beginning on July 21, 2011, if its accounts cease to qualify for an exemption.