

**Meeting Between Governor Waller and Staff of the Federal Reserve Board and
Representatives of American Express Company
October 2, 2025**

Participants: Governor Christopher J. Waller and Asad Kudiya (Federal Reserve Board)

Stephen Squeri and Amy Weiss (American Express)

Summary: Governor Waller and staff of the Federal Reserve Board met with representatives of American Express regarding several topics, including the agencies' Basel III endgame notice of proposed rulemaking and the Board's proposal to revise the Large Financial Institutions ratings framework. The American Express representatives discussed the potential impact of the proposals on American Express and expressed views regarding specific potential changes, as reflected in the attached materials provided by American Express.

Attachment

Regulatory Reform Discussion



October 2, 2025

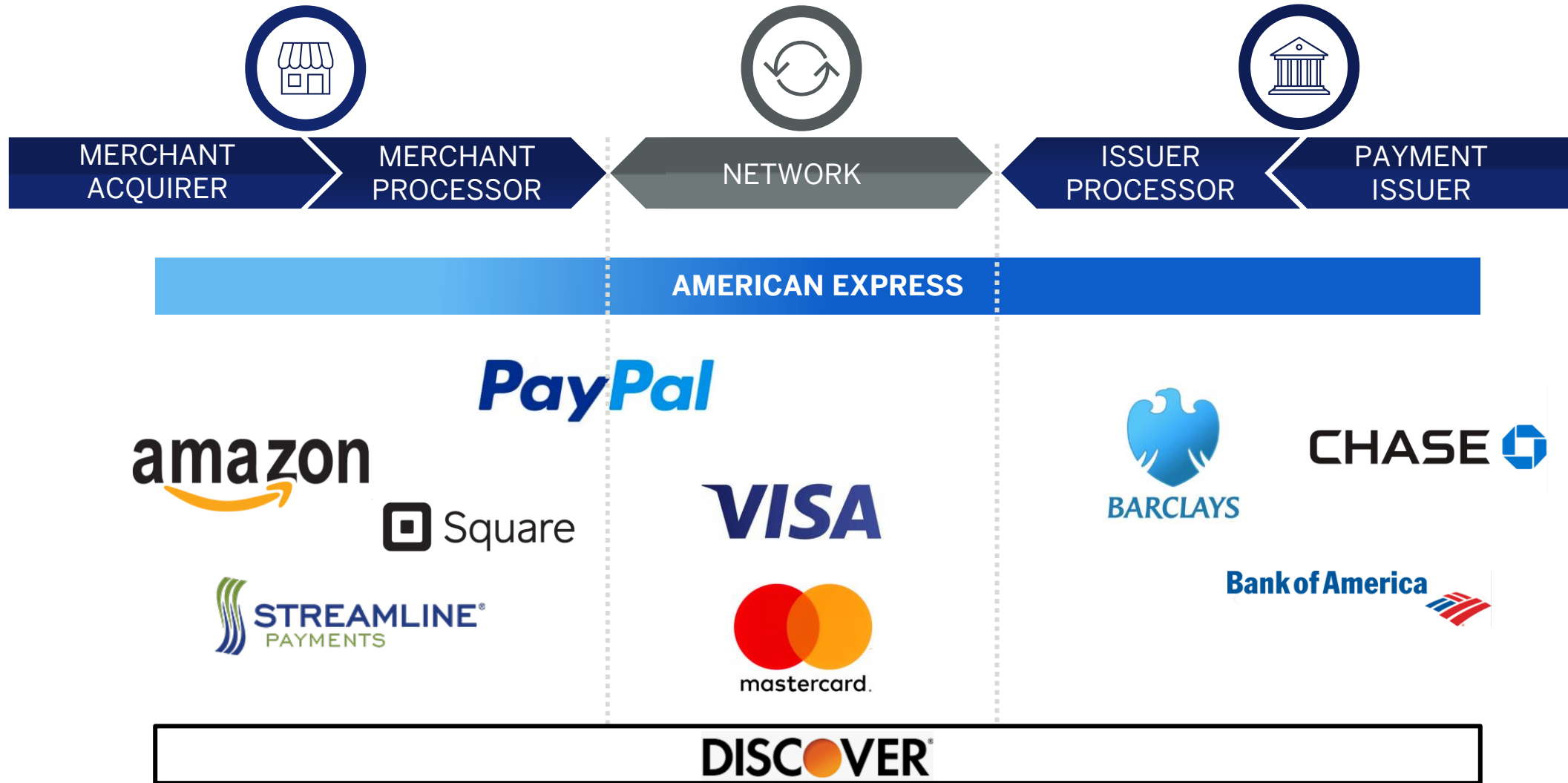
Executive Summary

We appreciate the constructive tone and energy at the Agencies and encourage you to move forward with many of the regulatory reforms that have been signaled publicly. Among the reforms underway, we are particularly focused on modernizing tailoring, supervisory reform, and Basel III endgame.

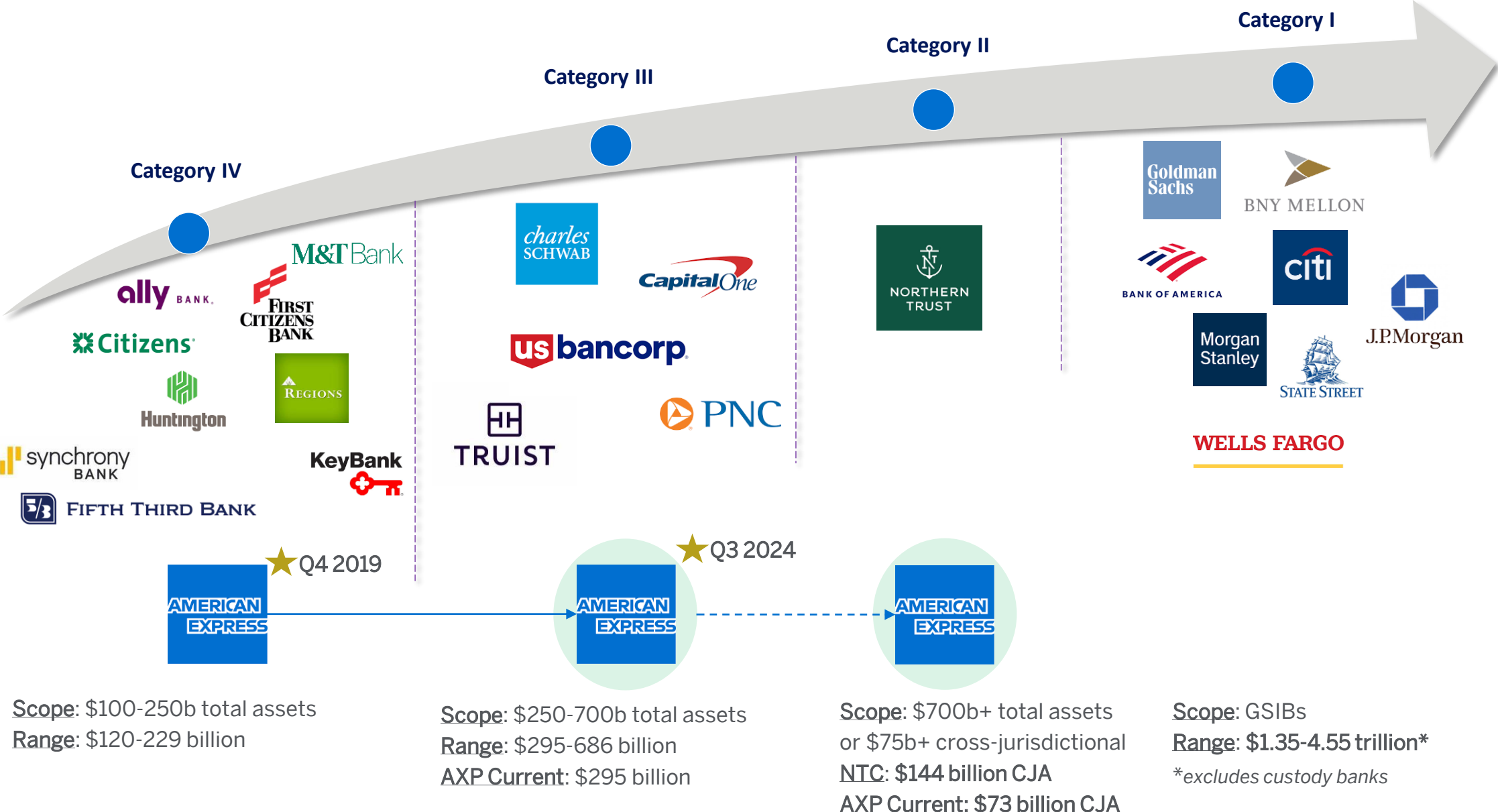
- 1. Tailoring:** Update the fixed thresholds for category designation and index them annually to economic growth, consistent with the principles of tailoring. Categories should reflect a firm's actual overall risk profile at a given moment, not thresholds set in 2019.
 - We appreciate the complexity of modernizing tailoring, the time needed for interagency coordination, and competing priorities and demands. In the interim, we are approaching Category II and have requested an extension of time to comply with Cat II requirements if we cross that threshold as expected.
- 2. Supervisory Reform:** Support the Fed's proposed changes to the LFI ratings framework to avoid over-weighting any single component. We also understand interagency work is underway to revise the CAMELS framework and look forward to a proposal.
- 3. Basel III Endgame:** Implementation of Endgame should not disproportionately impact AXP as the previous proposal did. We recommend changes to both the operational risk and credit risk (charge card exposures) components of the previous proposal.

American Express Business Model

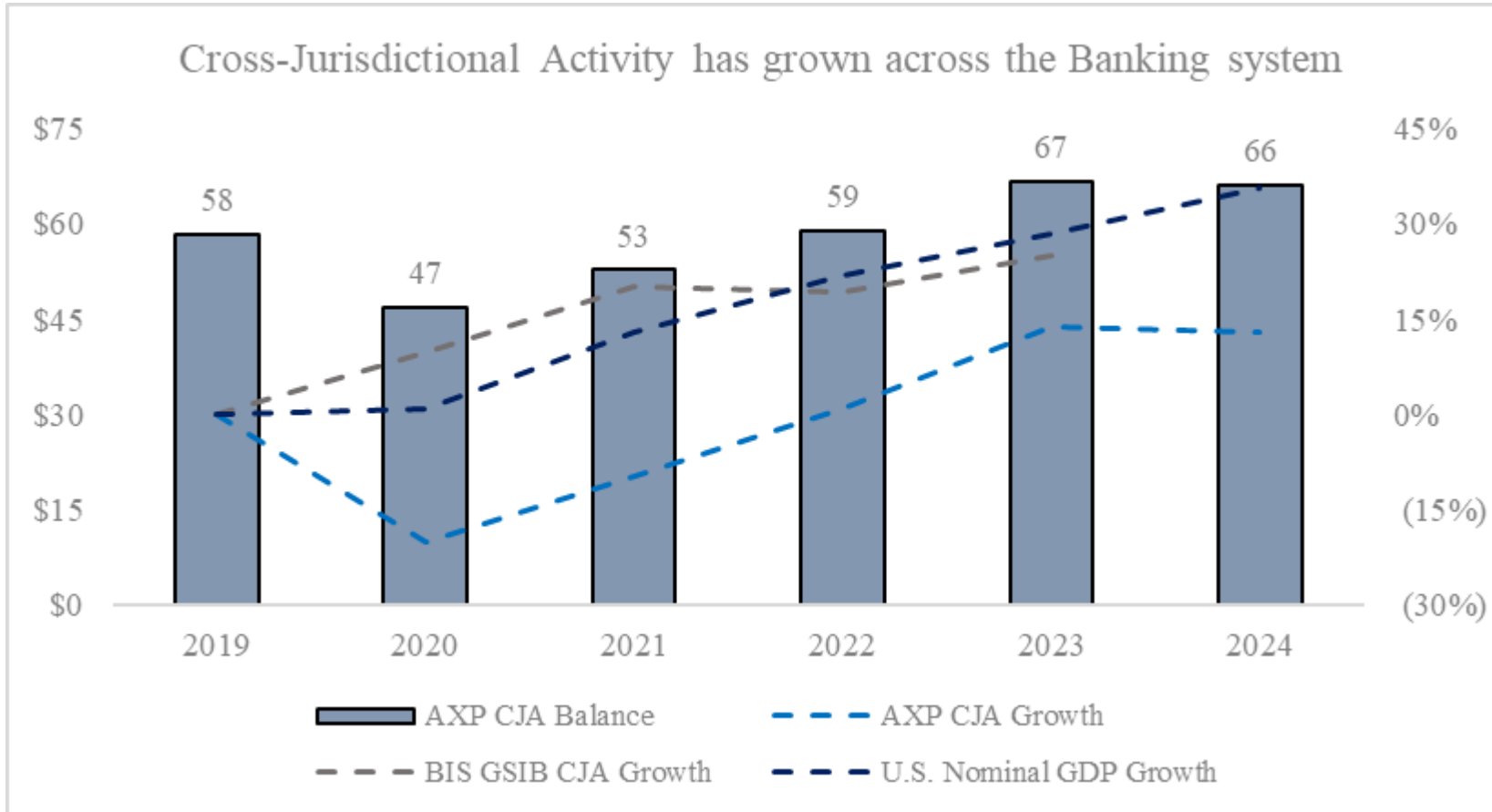
American Express is a credit card company.



Our Journey Through the Categories



Our CJA growth is organic and consistent with industry trends, but we expect to migrate to Category II based on the current static thresholds:



Note:

- AXP CJA Balance in \$ billions.
- AXP CJA Balance normalized from 2019 to 2022 for 2023 inclusion of MR Liabilities and Deferred Income.
- BIS GSIB CJA Growth as reported in the "BIS GSIB Framework: Denominators; Cross jurisdictional activity" report (originally stated in EUR and converted to USD utilizing year-end rates).
- BIS GSIB CJA Growth is cumulative since year-end 2019 and limited based on data availability (2024 data not yet published).
- AXP CJA Growth and U.S. Nominal GDP Growth are cumulative since year-end 2019.

Supervisory Reform

We support the Fed's efforts to lead on supervisory reform, including its proposal to revise the large financial institutions (LFI) ratings framework.

“Supervision focused on **material financial risks that threaten a bank’s safety and soundness** is inherently more effective and efficient.”

Governor Bowman (June 2025)

“**Supervisory expectations should not surprise** regulated firms, and yet transparency around expectations is often challenging to achieve.”

Governor Bowman (Feb. 2025)



LFI Framework

- Exam ratings and supervisory reform should reduce subjectivity, prioritize core financial risks over process, and avoid over-emphasizing – and basing downgrades on – any single component



CAMELS Reform

- Similar reforms are needed to improve the objectivity of the interagency bank-level CAMELS rating framework – particularly the “M”

Basel III Endgame

The previous proposal had a disproportionate impact on AXP's capital requirements.

Areas of Most Significant Impact



Operational Risk

Broadly attributes higher capital requirements for fee revenues (including credit card and payment fees).



Credit Risk

Prescribes a methodology that significantly overstates the risk of charge cards, also requiring higher capital.

1. Off-Balance Sheet Exposure Proxy for Charge – there is no 'Open To Buy' line on charge cards
2. Credit Conversion Factor – does not reflect actual credit card balances under stress

Risk-Weighted Assets Increase

↑ >2X Industry

Requested Actions

1. Tailoring Thresholds

- Recommend the Agencies update the 2019 tailoring thresholds to reflect nominal GDP growth since implementation of the rule and indexing annually to enhance durability over time.
- In the meantime, we have requested an extension of time to comply with Category II requirements if we exceed current Category II thresholds as expected.

2. Supervisory Reform

- Finalize changes to the LFI ratings framework to avoid over-weighting the individual components
- Propose changes to the CAMELS rating system to improve transparency and reduce subjectivity, with a focus on the management ("M") rating
- Generally, re-focus supervision and examination on core financial risks

3. Basel III Endgame

- Remain committed to continued engagement and stand ready to provide additional data or support any supplementary analyses the Agencies need.
- Applaud the Agencies' efforts to consider different business models as they rethink the prior Basel proposal.