

January 25, 2012

Ms. Cary K. Williams
Assistant General Counsel
Designated Agency Ethics Official
Board of Governors of the Federal Reserve System
Washington, D.C. 20551

Dear Ms. Williams:

The purpose of this letter is to describe the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed for the position of Governor of the Board of Governors of the Federal Reserve System.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I understand that the interests of the following persons are imputed to me: any spouse or minor child of mine; any general partner of a partnership in which I am a limited or general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

I will divest my interests in the Fidelity Mortgage Securities Fund, within 15 days of assuming my duties as a Federal Reserve governor. I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of this entity until I have divested it, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

After confirmation, but before I assume the duties of the position of Federal Reserve Governor, I will take an unpaid leave of absence from my position as Professor at Harvard University. As a Federal Reserve Governor, I will not participate personally and substantially in any particular matter that has a direct and predictable effect on the financial interests of Harvard, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for either the exemption at 5 C.F.R. § 2640.203(b) or another regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2).

After confirmation, but before I assume the duties of the position of Federal Reserve Governor, I will resign from my positions with the Quarterly Journal of Economics and the National Bureau of Economic Research. For a period of one year after my resignation from these positions, I will not participate personally and substantially in any particular matter involving specific parties in which either of these entities is a party or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d). In addition, after confirmation, but before I assume the duties of the position of Federal Reserve Governor, I will resign from my membership with the Squam Lake Group and from the Federal Reserve Bank of New York's Financial Advisory Roundtable.

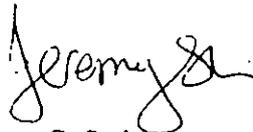
In 2011, I gave a speech to Bank of America/Merrill Lynch. Pursuant to 5 C.F.R. § 2635.502, for one year after providing such services, I will not participate personally and substantially in any particular matter involving specific parties in which Bank of America is or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

Last year, I resigned from my position with the Journal of Financial Economics, and my term ended with the American Finance Association. For one year after this resignation and expiration of my term, I will not participate personally and substantially in any particular matter involving specific parties in which either of these entities is or represents a party, unless I am first authorized to participate, pursuant to 5 C.F.R. § 2635.502(d).

I understand that as an appointee I am required to sign the Ethics Pledge (Exec. Order No. 13490) and that I will be bound by the requirements and restrictions therein in addition to the commitments I have made in this and any other ethics agreement.

I have been advised that this ethics agreement will be posted publicly, consistent with 5 U.S.C. § 552, on the website of the U.S. Office of Government Ethics with other ethics agreements of Presidential nominees who file public financial disclosure reports.

Sincerely,



Jeremy C. Stein