

**Commerce Bancshares, Inc.**  
Compliance Department, TB12-1  
922 Walnut Street  
Kansas City, MO 64106

November 16, 2004

Docket Number: R-1210

Ms. Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, N.W.  
Washington, D.C. 20551

via e-mail to:  
[regs.comments@federalreserve.gov](mailto:regs.comments@federalreserve.gov)

Dear Madam:

Commerce Bancshares, Inc. is a registered bank holding company with total assets of \$14.5 billion at September 30, 2004, and four bank subsidiaries. Three of these banks are full-service banks, with approximately 200 branch locations in Missouri, Illinois, and Kansas. The other bank is a limited-purpose bank, with one office in Omaha, Nebraska. All of the banks are national banks.

The Federal Reserve has asked for comments regarding the proposed rule amending several sections of Regulation E. Overall, Commerce Bank supports the proposed rules.

In the proposal, the person or merchant initiating an Electronic Fund Transfer must provide a notice to the consumer. It is assumed that the Federal Trade Commission would be the enforcement authority. If so, specific details of the enforcement would need to be provided to individuals and businesses.

Currently, Reg E only requires the Merchant to provide a notice and the consumer to provide the check in order to constitute authorization for an Electronic Funds Transfer. Our preference on requirements for authorization of EFT would be to obtain the consumer's signed authorization at the Point of Sale in order to convert the check.

Merchants and billers will be faced with changing and re-printing statements utilizing the new model clauses. Because many have already established budgets for 2005 and ordered their stock of pre-printed forms, a more suitable time frame for compliance would be one year after the regulation has been issued in a final format.

While we support the Regulation E proposal for debit cards and have chosen to use that process with our payroll card product, this revision might raise additional responsibility to gather information required under the Patriot Act. With this adoption, does the Board of Governors and other Agencies feel these card balances are considered deposits and payroll cardholders are customers who are subject to the Patriot Act CIP requirements? If so, the cost of payroll card products would increase, additional time would be required during the opening process, and system upgrades may be required.

Thank you for providing the opportunity to comment on these issues.

Sincerely,

Katherine O'Keefe  
Compliance Research Administrator