JPMorganChase

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

Via e-mail (regs.comments@federalreserve.gov)
and via fax: 202-452-3819

Re: Regulation E Proposed Rule; Docket No. R-1234

Dear Ms. Johnson:

The Board of Governors of the Federal Reserve System (the "Board") has requested comments on its proposed amendments ("Proposal") to the Board's Regulation E ("Regulation E"), with respect to the disclosure obligations of automated teller machine ("ATM") operators relating to surcharges imposed on a consumer for initiating an electronic fund transfer or a balance inquiry at an ATM. JPMorgan Chase & Co., on behalf of its lead subsidiary bank, JPMorgan Chase Bank, National Association and its affiliates, appreciates the opportunity to submit this response.

JPMorgan Chase & Co., (NYSE: JPM) is a leading global financial services firm with assets of $1.2 trillion and operations in more than 50 countries. The firm is a leader in investment banking, financial services for consumers and businesses, financial transaction processing, asset and wealth management, and private equity. A component of the Dow Jones Industrial Average, JPMorgan Chase & Co. has its corporate headquarters in New York and its U.S. consumer and commercial banking headquarters in Chicago. Under the JPMorgan, Chase and Bank One brands, the firm serves millions of consumers in the United States and many of the world's most prominent corporate, institutional and government clients. Information about the firm is available on the Internet at www.jpmorganchase.com.

JPMorgan Chase supports the Proposal. As you know, in September, 2004, the Board proposed amendments to Regulation E and sought comment on whether the required notice to be posted on an ATM should state that a fee "will" or "may" be charged. We urged the Board to permit flexibility depending on the institution's ATM fee policies. The current Proposal permits such flexibility.

The Proposal would amend §205.16(c) by specifically permitting the posted notice to state that a fee "will" be charged even though a fee may not be charged in all instances. Banks frequently enter into arrangements with certain corporate customers whereby the employees of the corporate customer will not be charged a fee for use of that bank's ATMs. The Board has recognized these arrangements in the Proposal by amending the Official Commentary to §205.16.

We agree with the Board's comments contained in the Proposal's Summary of Proposed Revisions. The rule requiring the posted sign on an ATM is not intended to represent a complete disclosure to the consumer regarding the fees associated with any particular type of transaction. The more detailed and specific disclosure is made on the ATM screen before the transaction is completed. That disclosure is more conspicuous to the consumer and requires an affirmative response from the consumer before continuing with the transaction. In the event an institution changes its policy about fees, it can change the ATM screen without incurring the significant costs associated with changing the ATM signs.

The Board solicited comment on several questions, which are summarized below along with our responses:

a. Under what circumstances might an ATM operator not impose a surcharge for providing electronic transfer services or responding to balance inquires? As indicated above, arrangements may be made with certain employers or affinity groups.

b. If surcharges are not imposed on all customers, how do ATM operators disclose their surcharge practices? In addition to the posted notice on the ATM, there are the disclosures on the ATM screen or ATM receipt, as required by §205.16(2).

c. What adverse impact on consumers, if any, might result from a disclosure stating an ATM surcharge will be imposed when the operator's practice is not to impose a surcharge on certain consumers? In our opinion, none. We believe that most consumers generally know that there may be a fee when using another bank's ATM. In addition, consumers who belong to a group that does not incur the surcharge (e.g., employees of a particular company) know that they will not be charged the fee irrespective of what the posted notice may state.

d. Conversely, what adverse impact on consumers who are charged an ATM fee, if any, might result if ATM signage states that a fee may be imposed? Again, in our opinion, none. The ATM signage will provide an initial alert that there may be a fee. Then, the required notice under §205.16(2) will confirm that a fee will be charged.

The Board also has requested comment on disclosure practices of ATM operators with respect to surcharges at the time the Gramm-Leach Bliley Act of 1999 was passed. We disclosed the surcharge on the ATM screen.

JPMorgan Chase & Co. appreciates the opportunity to comment on this subject and would be pleased to discuss any of the points raised in this letter in more detail. Should you have any questions, please contact Lloyd Harris at 212-552-1785.

Sincerely,

LH:jlm