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July 22, 2008

Jennifer J. Johnson
Secretary of the Board
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Re: <u>Docket No. R-1286 – Proposed Amendments to Regulation Z</u>

Dear Ms. Johnson:

Citigroup, one of the largest U.S. financial services holding companies, respectfully submits these comments in response to the Federal Reserve Board's (the "Board's") proposed amendments to the open-end credit rules of Regulation Z, 12 C.F.R. § 226 (2008), published in the *Federal Register* on May 19, 2008.

A. Introduction

Citi continues to support Regulation Z reform.

Citigroup's October 12, 2007 letter commenting on this rulemaking proceeding confirmed our strong support for the general sweep of the Board's proposed amendments to Regulation Z's open-end credit rules. We stated then and continue to believe that, for the most part, the Board's proposal will enhance the clarity and transparency of credit card disclosures creating a more vibrant market for the industry and consumers in general. We believe further that many of the proposed changes to Regulation Z will provide consumers with a better set of tools to compare products when selecting among many card offerings and will provide them greater understanding of the costs and operation of their accounts when using those products. We believe that reform in the credit card industry can in large part be affected by helping consumers become truly informed. This approach will ensure market efficiency and drive industry best practices.

At that time, we also described Citigroup's leadership in improving credit card disclosures in ways consistent with the Board's proposal. These included, among other initiatives, the innovative "Facts About Rates and Fees" summary we added to the front of our card agreements in 2005. They also included our introduction of Schumer box disclosures and card agreements at 8th grade reading levels in 2007.

Today, roughly nine months later, it remains clear that comprehensive reform and improvement of Regulation Z's credit card disclosure regime is needed and important. A case in point is the reaction to our pricing policy eliminating "any time for any reason" rate increases and other changes to Citi-branded consumer accounts. When we introduced this policy more than a year ago, we thought it created a significant point of differentiation in favor of our consumer credit cards. We had hoped and expected that the policy would lead consumers to vote with their feet in favor of our cards. Frankly, however, we have been disappointed with the results thus far. After careful analysis, we believe a fundamental problem is that, because of a lack of transparency in the marketplace, consumers cannot recognize the difference between us and our competitors on this important pricing issue. We believe that disclosures across the industry fail to provide understandable information to consumers for an easy side-by-side comparison of products to select the best value. Until this is fixed, consumer friendly innovations such as our pricing policy will have a difficult time in breaking through to consumers and driving change in our industry.

The Board's May 19 proposal is a step toward achieving the necessary reform and improvement in the credit card disclosure regime. For the most part, it clarifies and makes useful adjustments to various aspects of the Board's 2007 Regulation Z proposal. In particular, we strongly support the Board's continued use of consumer testing to refine and improve its proposal. The Board's testing has provided the necessary empirical support for changes that are long overdue. The proposed elimination of the phrase "grace period" from the Schumer box and the proposed elimination of *de minimis*, $1 or less minimum finance charge disclosures from the Schumer box are prime examples. We also support the way the Board has sought to smooth certain inconsistencies in the 2007 proposal. For example, we support the Board's decision to reinstate the requirement that foreign transaction fees should be disclosed in the Schumer box as well as in the new account-opening disclosures. We believe that inconsistency between the two disclosures on this point could have been a source of consumer confusion.

Citi continues to have concerns with several aspects of the Board's Regulation Z proposal.

Citigroup, however, continues to have concerns with several aspects of the Board's Regulation Z proposal. Some of these carry over from the Board's 2007 proposal. Others are new and arise from the current proposal.

The proposed 45-day penalty APR notice is the foremost among our concerns that carry over from 2007. As we stated in our October 12, 2007 comment letter, we do not believe the proposed penalty APR notice should apply to "on-us" defaults. We believe this notice should apply only in the case of "off-us" defaults with another creditor. In our view, only those defaults carry the inherent element of surprise that the notice is designed to address. We again urge the Board to re-target the penalty APR notice in this way.

Foremost among our new concerns is the way the Board's current proposal combines the 45-day change in terms and penalty APR notices proposed in 2007 with the Board's proposed restrictions on interest rate increases on existing balances in the pending Regulation AA rulemaking on unfair or deceptive acts or practices. The combination of these provisions would create a complex and confusing set of disclosures. The result, even to industry experts, is impenetrable and would only lead to even greater consumer confusion and dissatisfaction. Moving forward with these disclosures as currently proposed would be antithetical to the goals of clarity and transparency at the heart of the Board's Regulation Z reform efforts.

The current proposal itself reflects such confusion in the inconsistent way it meshes the proposed 45-day penalty APR notice with the restriction in proposed Regulation AA on imposing penalty APRs on existing balances unless triggered by a payment that is late by 30 days or more. In comment 9(g)-1.ii.D, the Board illustrates a situation where a card issuer must wait until the payment becomes 30 days late before the 45-day penalty APR notice can be issued to impose a penalty APR on existing balances. In Model Form G-21 and comments 9(g)-1.ii.B, C and F, the Board illustrates situations where the card issuer can issue such a penalty APR notice as soon as the payment is late. The only distinction between the two situations is that new balances are already at the penalty APR in illustration D but not in the cases described in the model form and other illustrations. As discussed below, this distinction is irrelevant to the timing of the penalty APR notice.

Equally important, the proposed 45-day notice provisions in Regulation Z combined with the Regulation AA restrictions on interest rate increases on existing balances would significantly impede a credit card issuer's ability to price appropriately for market conditions and credit risk as both change over time. The ability of issuers to manage and price for market conditions and credit risk has been a significant benefit to most consumers, making pricing more competitive and credit more accessible. We believe that if the provisions are promulgated as is, the effects on prices and credit availability are likely to be material and adverse for most consumers. In our view, these adverse economic consequences, aggravated by the damage these provisions will inflict on the clarity and transparency of the Regulation Z disclosure regime, outweigh any of their intended benefits.

B. Discussion

Citi's specific comments on various provisions in the Board's current Regulation Z proposal are presented below. For the Board's convenience, we have organized our comments by the section order of Regulation Z. We look forward to continued dialogue with the Board on these provisions and the Regulation Z proposal as whole.

§ 226.5 General Disclosure Requirements
§226.5a Credit and Charge Card Applications and Solicitations

Citi supports the various changes made to §§ 226.5 and 226.5a in the current proposal. In general, we believe these changes will enhance the transparency of credit card disclosures, promote comparison shopping by consumers, and enhance competition in the credit card industry. As noted in our introduction, we commend the Board's use of consumer testing to develop many of these changes. We hope that the Board will continue to rely on such testing when exercising its regulatory authority in the area of credit card disclosures.

We also wish to offer our express support for the Board's clarifications in the area of electronic disclosures. These include new comments 5(a)(1)(ii)(A)-1, 5(a)(1)(iii)-1, and 5(b)(1)(ii)-1, which clarify that the notice and consent requirements of the E-Sign Act do not apply to electronic disclosures provided to a consumer following the consumer's request for services in electronic form. We believe these clarifications will help expedite electronic transactions for the benefit of both consumers and credit card issuers and are consistent with existing law and other commentary provisions concerning electronic disclosures.

§ 226.9(c) Change in Terms Notice

Citi is concerned about the combined effect of the proposed Regulation AA restrictions on increasing annual percentage rates ("APRs") on existing balances and the previously proposed increase in the change in terms notice period from 15 to 45 days. We believe the combination of these elements, as implemented by proposed § 226.9(c)(2)(iii)(A)(7) and the corresponding changes to Model Form G-20, would create a confusing change in terms notice for consumers. We also believe the combination would result in unreasonable delays in implementing changes in terms for the many credit card issuers that do not make mid-cycle pricing adjustments.

Citi believes the combination of the change in terms notice with proposed Regulation AA is confusing and exacerbates the effects of delay.

Proposed subsection (7) represents a material change to the 45-day change in terms notice proposed by the Board in 2007. Under this subsection, a change in terms notice providing for an annual percentage rate ("APR") increase would need to identify the balances to which the new APR would apply and those to which it would not apply due to the proposed Regulation AA restrictions on interest rate increases on existing balances. Proposed Model Form G-20 offers the following as the applicable model language for such a notice issued on January 1:

> Beginning 2/15/08, any rate increases described below will apply to transactions made on or after 1/15/08. Current rates will continue to apply to transactions made before 1/15/08.

This is a confusing notice. The consumer receiving it on or about January 1 is told that January 15 will serve as a dividing line between balances that will receive the new APR and those that will not as of February 15. The choice of January 15 as the date for the dividing line is unexplained and may be perceived as a complete mystery by most consumers. The status of transactions made between January 15 and February 15 is unclear as well, particularly to those unschooled in the intricacies of the Board's proposals. Perhaps most confusing is the message being communicated by the January 15 date. For example, a consumer might interpret the date as a recommendation to accelerate spending to receive an economic advantage before the change in the APR, even though the results of such accelerated spending may have just the opposite effect if it lengthens the duration of outstanding balances.

The dates used in the model notice also belie the reality faced by the many card issuers who do not make mid-cycle changes in APRs. For those issuers, the 15-day dividing line between existing and new balances is actually a 30-day dividing line, and the 45-day notice period is actually a 60-day period. For those issuers, a January 1 notice would establish February 1 as the dividing line between existing and new balances and March 1 as the effective date of the notice. In short, the restrictions on the pricing freedom of those issuers and their resulting costs would be doubled from those suggested by the notice.

Citi believes there are simpler ways to promote pricing stability.

Citi continues to believe that there are simpler ways to promote credit card pricing stability. Consistent with that belief, we renew the support we gave in our October 2007 comment letter for a rule prohibiting voluntary interest rate increases or other changes in the term of a credit card account for at least one year from the date the card is issued. As we noted at that time, we believe that rate increases or other changes during the first twelve months of card membership warrant particular attention because of the element of acute consumer surprise. A rule promoting early stage rate and terms stability in consumer credit card accounts (with exceptions for the expiration of promotional APRs and the operation of variable APR, penalty APR, and other contractual provisions) would prevent such surprise and ensure that consumers benefit from disclosures made to them in solicitation and account-opening materials.

For mature accounts, we are prepared to renew our support for the Board's 2007 proposal increasing the change in terms notice period from 15 to 45 days (again, with exceptions for the expiration of promotional APRs and the operation of variable APR, penalty APR, and other contractual provisions), but only if the proposed Regulation AA restrictions on APR increases on existing balances are withdrawn or substantially revised. We believe the combination of a 45-day notice period and these proposed Regulation AA restrictions would unduly restrict a card issuer's pricing freedom and expose the credit card issuer to substantial economic risk. We believe that such risk would inevitably manifest itself in higher prices and decreased credit availability for most consumers.

§ 226.9(g) Penalty APR Notice

Citi believes that the proposed revisions to § 226.9(g)(3)(D) and Model FormG-21 and proposed additions of § 226.9(g)(3)(E) and comment 9(g)-1 present equally if not more significant issues of consumer confusion and undue interference with credit card issuer pricing responses to mitigate risk. Under these provisions, the 45-day penalty APR notice proposed by the Board in 2007 would be overlaid on the proposed Regulation AA restriction on applying penalty APRs to existing balances unless triggered by a payment that is late by 30 days or more. One result of this overlay would be consumer notices and account interest rate structures of extraordinary complexity. Another would be protracted delay in risk-based pricing actions by credit card issuers in response to consumer defaults.

Citi urges the Board to revise § 226.9(g)-1(ii)(D).

As an initial matter, Citi urges the Board to revise proposed comment 9(g)-1.ii.D, which purports to illustrate the timing of a notice necessary to apply a penalty APR to existing balances in cases where a penalty APR already applies to new balances. Under this illustration, the late payment must be 30 days late before the penalty APR notice can be issued and the 45-day period can begin to run. This timing contrasts sharply with Model Form G-21 and the other proposed illustrations. Under the model form and those other illustrations, the penalty APR notice can be issued and the 45-day period can begin to run as soon as the payment is late. The credit card issuer does not need to wait until the payment is 30 days late.

Citi believes comment 9(g)-1.ii.D is flawed as proposed and should be conformed to the other proposed illustrations for two basic reasons. First, illustration D is inconsistent with the express terms and policies underlying Regulation Z's proposed 45-day penalty APR notice period and Regulation AA's proposed 30-day late payment requirement for imposing a penalty APR. As evidenced by Model Form G-21 and the other proposed illustrations, nothing in the text of these proposals prevents the 30 and 45 day periods from overlapping, and permitting them to do so avoids the extraordinary 75-day delay between a late payment and the imposition of a penalty APR that would result if the periods were required to run sequentially. Second, the timing described in illustration D does not result in a useful reminder to the consumer. Unlike the model form and the other proposed illustrations, the notice described in illustration D would not provide the consumer with an opportunity to take action to avoid the penalty APR on existing balances by paying his or her bill before it becomes 30 days late. This notice also comes too late to allow the consumer to shop for a balance transfer opportunity without the burden of a 30-day late payment on his or her credit history.

We also urge the Board to clarify the introduction to the illustrations in comments 9(g)-1.i and 1.ii in a manner consistent with our recommended change to illustration D. The introduction currently provides that the penalty APR notice "must be provided after the event that triggers the rate increase." The Board should expand upon this statement to clarify that the event that triggers the rate increase is the late payment itself; that this applies equally in cases where no penalty APR applies to an account and where a penalty APR already applies to new balances; and that in both situations a penalty APR notice may be issued as soon as the payment is late.

Citi believes the combination of the penalty APR notice with Regulation AA is extremely confusing.

In a broader sense, the Board's extensive commentary illustrations in proposed comment 9(g)-1 show the tangle resulting from the combination of Regulation Z's proposed 45-day penalty APR notice and Regulation AA's proposed restriction on applying a penalty APR to existing balances unless triggered by a payment that is late by 30 days or more. These illustrations also show the difficulty of communicating the implications of these provisions to lawyers and industry experts let alone consumers. The result is almost impossible for anyone to understand.

For example, a stripped down version of the Board's illustrations in comments 9(g)-1.ii.A and 1.ii.D posit a scenario in which a consumer

- pays 15 days late in mid-June,

- receives a notice at the end of June stating that a penalty APR will apply starting in mid-August to transactions made prior to mid-July,
- pays late again in mid-November, but this time more than 30 days late, after which the consumer
- receives a notice at the end of November stating that a penalty APR will apply in mid-January (or, if the credit card issuer is one of the many that does not make mid-cycle interest rate changes, early February) to transactions made before mid-July.

Understanding this scenario, understanding the applicable notices, tracking the application of the penalty APRs to the consumer's account, and relating the penalty APRs to the consumer's default behavior is almost an exercise in legal due diligence and certainly not an exercise designed for the average consumer. In addition, the credit card issuer's opportunity to complete a risk-based pricing response to the consumer's deteriorating account behavior is extraordinarily delayed. Here, the consumer first signals trouble through a late payment in early June, but the issuer is unable to make a risk-based pricing adjustment on balances from July or earlier until 7-8 months later at the beginning of the next year.

Citi continues to believe that the penalty APR notice should target only "off-us" defaults.

In our October 2007 comment letter, we urged the Board to re-target the proposed penalty APR notice so that it applied only to "off-us" defaults with another creditor. We also urged the Board to combine the re-targeted notice with a consumer opt out right. Consistent with views expressed by Comptroller of the Currency Dugan, we argued then and continue to believe now that this alternative would be a more direct way to address the problems of rate increase "surprises" and perceived unfairness that the proposed penalty APR notice was designed to tackle. *As the Board's own consultant found*, these problems are not associated with late payments and other "on-us" defaults with the same creditor.[1] The difference is that "on-us" defaults arise from terms fully disclosed to the consumer in the Schumer box and the card agreement. Moreover, the improvements to those disclosures proposed by the Board in 2007, such as the addition of penalty APR triggers to the Schumer box and the new account-opening disclosure box, will only serve to enhance their effectiveness.

If the Board again chooses not to re-target the penalty APR notice to "off-us" defaults only, we renew our recommendation that the Board at least decrease the penalty APR notice period to help credit card issuers salvage some elements of their risk-based pricing strategies. We again urge the Board to reduce the length of the notice period to (1) 15 days from the date of mailing, if the notice is mailed on a stand-alone basis, or (2) 1 billing cycle (adjusted for mailing time) if the notice is provided on the periodic statement. By the latter, we mean that a notice given on a periodic statement mailed to a consumer will take effect as of the first day of the consumer's next billing cycle (so that, for example, a notice provided in a periodic statement

[1] Macro International Inc., Design and Testing of Effective Truth in Lending Disclosures, May 16, 2007. See, for example, page 10, which states that consumers understand that the APRs on their credit card accounts can increase "if they mess up somehow" through a late payment or similar default.

mailed in early October following the close of the consumer's September billing cycle would take effect on the first day of the consumer's November billing cycle).

Comment 12(a)(2)-2.v Replacement of Limited Use Cards

Citi is concerned about the breadth of comment 12(a)(2)-2.v, which would prohibit a credit card issuer from substituting a general use credit card for an "inactive" private label or other limited use card accepted at a smaller merchant base. For purposes of the proposed comment, an "inactive" card is deemed one that has no outstanding balance and has not been used for an extension of credit in the previous 24 months.

We urge the Board to adopt two exceptions to this proposed comment as follows:

(1) The comment should not apply where the limited use card is replaced by a general use card that carries similar branding. For example, the comment should not apply in cases where (i) a "Department Store X" private label card is replaced by a "Department Store X" Visa or MasterCard or (ii) a bank-branded limited purpose card usable only at one type of merchant, e.g., the Bank X Car Repair Card, is replaced with a Bank X Visa or MasterCard. In such cases, the similar branding reduces the risk that the holder of the inactive limited use card will be surprised or confused by the new general use card; and

(2) The comment should not apply where the merchant sponsoring the limited use card ceases to do business. In such a situation, holders of the limited use card are likely to be aware of the merchant's situation, thereby reducing the risk of surprise and confusion. In addition, because the merchant's closure would eliminate any opportunity to reactivate the original card, those card holders would likely appreciate the replacement credit that would allow them to shop elsewhere.

In response to the Board's request for comment on the issue, we also support an increase from 24 to 36 months in the period of inactivity required before a private label or other limited use card is deemed inactive. In our experience, a good number of private label cards are reactivated in the third year following two years of dormancy. The reason is that private label cards tend to have long life-cycles and sporadic usage patterns often centered on major purchases, such as appliances, major electronics, and automotive repairs. For example, a consumer may obtain such a card to receive a discount on a major purchase at a retailer, ignore the card thereafter for routine purchases, and then next use the card in a later year for another major purchase at the same retailer. These usage patterns make it unlikely that a consumer would be surprised or confused by a card substitution that occurs within 36 months of inactivity.

In addition, we urge the Board to revise proposed comment 12(a)(2)-2.v to delete a confusing redundancy. The second sentence of this proposed comment refers to situations "where the account is inactive and the consumer has not obtained credit with the existing merchant base within 24 months prior to the issuance of the new card. (Underscoring added.)

The underscored language is already incorporated into the definition of "inactive account" set forth in comment 12(a)(2)-2.v. It is therefore both unnecessary and potentially harmful to the proper interpretation of the comment.

§ 226.16(2)(i)(A) "Promotional Rate" Definition

Citi urges the Board to make a small addition to § 226.16(2)(i)(A) to clarify the definition of "Promotional Rate." We believe the prong of the definition set forth in subsection (A) would be clarified through the addition of the language underscored below:

> [*Promotional rate* means:]
>
> (A) Any annual percentage rate applicable to one or more balances or transactions on a consumer credit card account for a specified period of time that is lower than the annual percentage rate that will be in effect on those balances or transactions at the end of that period[.]

§ 226.16(h) "Deferred Interest" Offers

Citi has significant concerns about § 226.16(h), which imposes new disclosure requirements on the advertising of deferred interest offers. Our concerns are informed by extensive consultations with various merchants for whom we issue private label and co-brand credit cards. For these merchants, deferred interest offers and advertising are a key tool for selling consumer durables and other major merchandise. Together, we believe that the disclosure requirements as proposed would substantially curtail deferred interest offers due to the additional disclosure burden in advertising them. This would not be a positive development for consumers, who save considerable amounts of interest as a result of such offers.

To help avoid these adverse consequences, Citi urges the Board to make the following changes to § 226.16(h) as proposed:

The Board should exclude in-store displays. The Board should exclude in-store displays, such as posters, banners, and product tags, from the application of § 226.16(h). The dense series of disclosures required by the proposed rule are inappropriate for in-store displays, where merchandise is generally the focus, references to deferred interest or other credit offers are generally brief, and consumers are unlikely to study or absorb the relatively complex information subject to the disclosures. The Board itself recognizes this in § 226.16(h)(5), which excludes similar types of advertising vehicles that use minimalist copy, including direct mail envelopes and Internet banner and pop-up advertisements, from most of the rule's disclosure requirements. In the event the Board decides against a blanket exclusion for in-store displays, it should at least permit in-store displays to fulfill the advertising requirements of § 226.16(h) through an asterisked cross-reference to a store clerk, application brochure, or other source of detailed information about the deferred interest offer. Such an approach would be similar to § 226.16(f) proposed by the Board in 2007 for television and radio advertisements, which permits the promotion of a toll-free telephone number for information regarding fees and most other "trigger terms" rather than the disclosure of the "trigger terms" themselves.

The Board should delete references to "no payment" offers. "No payment" offers, in which a consumer's payments are suspended for a promotional period but interest continues to accrue during that period, do not fall within the literal terms of the "deferred interest" definition set forth in § 226.16 (h)(2) and clarified in comment 16(h)-1. Such offers are also inapposite to the deferred interest disclosures set forth in §§ 226.16(h)(3) and (4). However, these offers could be construed as deferred interest offers due to the Board's references to the phrase "no payments" in § 226.16(h)(3) and (4) and comments 16(h)-3 and 16(h)-4. Accordingly, the Board should strike the "no payments" references from these provisions and comments.

The Board should modify the requirements for disclosing the deferred interest period under § 226.16(h)(3) as follows:

- The Board should provide that the deferred interest period is "clearly and conspicuously" disclosed within the meaning of § 226.16(h)(3) if it is disclosed in type size that is at least 60% of the type size of the reference to the deferred interest offer. We believe the "same type size" safe-harbor standard set forth in comment 16-2 is too rigid to accommodate many reasonable advertising layouts and that a 60% safe-harbor standard would ensure clear and conspicuous disclosure of the deferred interest period;

- The Board should provide that disclosure of the deferred interest period meets the "immediate proximity" standard of § 226.16(h)(3) if it is made in either the "same graphic presentation" or "same phrase" as the reference to the deferred interest offer. The reason for adding "same graphic presentation" to the "same phrase" formulation currently proposed in comment 16(h)-2 is that deferred interest offers are often not presented in prose with discernable phrases. A prime example is Sunday newspaper advertising supplements, in which product photographs are intertwined with various types of headline text; and

- The Board should provide that the deferred interest period that must be disclosed under § 226.16(h)(3) is the deferred interest period as advertised and does not include any additional period of deferred interest provided by the creditor due to weekend ending dates for billing cycles, mail holidays, or for other reasons. This issue arises because the "deferred interest period" is defined in § 226.16(h)(2)(ii) as the "maximum period" of deferred interest, which might be interpreted as including both advertised *(e.g.,* "180 days") and any additional days of deferred interest (*e.g*., an additional 2 or 3 days due to the timing of the billing cycle).

The Board should modify the requirements for disclosing the terms of the deferred interest offer under § 226.16(h)(4) as follows:

- The Board should provide that the "first page of the principal promotional document" described in comment 16(h)-4 as the place to disclose the terms of the deferred interest offer means, in the case of catalogues, booklets, and other multi-page promotional documents, the first page in which the deferred interest offer is referenced and not the first page of the document itself. The Board should also provide that the "most prominent" reference described in comment 16(h)-4 on such a page (or the pages of the alternative documents described in the comment) is, in the case of a multi-page advertisement, the most prominent reference on either of two facing pages. Both of these clarifications will achieve prominent disclosure of the deferred offer's terms while facilitating compliance;

- The Board should provide that the disclosure of the terms of the deferred interest offer meets the "closely proximate" standard of § 226.16(h)(4) if they are disclosed in either the "same graphic presentation" or "same paragraph" as the applicable reference to the deferred interest offer for the same reasons discussed above in § 226.16(h)(3); and

- The Board should clarify that the terms of the deferred interest offer under § 226.16(h)(4) may otherwise be disclosed in any "clear and conspicuous manner," perhaps through an appropriate modification to comment 16-2.

Effective Date

The size and complexity of the Board's Regulation Z proposal, as published in 2007 and modified by the current proposal, will present a daunting and expensive implementation task for credit card issuers. In our industry, even basic systems changes take many months to implement. What is being proposed here is far more complex and difficult. It will require an extended design and planning period followed by a major effort to program systems changes, test them, refine them, and then test them again prior to rollout. This is particularly challenging to card issuers who operate their businesses on multiple systems platforms. In addition, the Board's proposal will require equally significant changes to printed materials and Internet sites, operational procedures, employee training, and a host of other business processes.

Accordingly, Citi renews its request that the Board establish an effective date for the Regulation Z proposal that is *at least* 18 months from the date of final promulgation. We believe that credit card issuers will require *at least* that amount time to develop and deploy the systems and operational changes necessary to implement the proposal in an orderly manner. We believe that is even more true now than when we first made the request in October 2007 due to the deepening credit crisis, deteriorating economy, and the strains that both are placing on financial institutions large and small.

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On behalf of Citigroup, I thank you again for this opportunity to comment on the Board's recently proposed amendments to Regulation Z's open-end credit rules. If you have questions on any aspects of this letter, please call me at (212) 559-2938, Joyce ElKhateeb at (212) 559-9342, or Karla Bergeson at (718) 248-5712.

Sincerely,

Carl V Howard

Carl V. Howard
General Counsel-Bank Regulatory

Cc: Joyce ElKhateeb
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