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The Fed needs to provide express clarity on alternative B of its proposed implementation of section 1075 of the Dodd-Frank Wall Street Reform and Consumer Protection Act's provision banning debit network exclusivity and providing merchants debit transaction routing choice. In many markets the payment card scheme (rules, brand and interchange) and processing are unbundled. There's no requirement they be bundled. First Data processed MasterCard and Visa transactions between acquirers and issuers until agreeing not to as part of a suit settlement with Visa in 2006. For on-us transactions financial institutions owning the relationship with the cardholder and merchant often but not always provide processing for networks' payment products. In Turkey the lion's share of domestic general purpose credit and debit transactions are MasterCard or Visa all of which are processed by bank-owned cooperative BKM. In the Netherlands Equens processes some MasterCard Maestro transactions. In Brazil Cielo and Redecard pass many MasterCard and Visa transactions directly to issuers bypassing the global card payment networks. The legislation and the Fed's written implementation proposal require merchants have a choice between two networks for processing each debit transaction. Neither the legislation nor your written proposal however read literally would require issuers provide merchants with a choice between two unaffiliated payment schemes. However, during the Fed's December 16, 2010 webcast presentation Fed staff suggested under alternative B merchants might be able to exert downward pressure on interchange implying the Fed may envision merchants choosing the bundled debit card scheme (rules, brand and interchange) and its processing. The distinction whether merchants pick who routs the transaction or pick the payment product, makes a significant difference in how the debit network market works and in the size of the economic transfer from the issuing side of the network (issuers and cardholders) and the networks to the acceptance side of the network (merchants, acquirers and ISOs). Eric Grover Principal Intrepid Ventures