

From: New England Federal Credit Union, James L. St.Peter  
Subject: Reg I I - Debit card Interchange

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Comments:

February 17, 2011

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

Dear Ms. Johnson:

I am writing on behalf of the management and members of New England Federal Credit Union in response to recently proposed regulations regarding debit card interchange. While our credit union has strong disagreements with the law and believe that it will ultimately harm the consumer, we will limit our comments to the regulatory control options proposed by the Federal Reserve.

Our primary concern with the regulations proposed is that they must better enforce the compliance by all parties to the two tiered pricing system as stated in the law passed by Congress. Specifically, the regulation should do more to require networks to support the two tiered pricing system and prohibit merchants from discriminating against customers of cards issued by small financial institutions. We would recommend that a mechanism that penalizes merchants for discriminatory practices be added to the proposed regulation.

In addition, we strongly support routing option A as option B would impose additional expensive card processing infrastructure on small financial institutions. We view option A as sufficient in providing the merchant a least cost route option for the transaction.

Given that such safeguards may take additional time to implement, we would encourage the Fed to delay enforcement until there has been ample time by all parties to modify systems in a way that ensures compliance and prevents discrimination by merchants.

Thank you for accepting our comments.

Sincerely;

James L. St.Peter  
New England Federal Credit Union