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Congress of the United States
House of Representatives

GREGORY W. MEEKS
6TH DISTRICT, NEW YORK

February 21, 2011

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AFRICA AND GLOBAL HEALTH

The Honorable Ben Bernanke
Chairman
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, D.C. 20551

Dear Chairman Bernanke:

I am writing regarding Public Law 111-203, Section 1075, which requires the Federal Reserve to issue rules addressing debit interchange and transaction routing and exclusivity agreements.

As you know, the proposed rule would prohibit all issuers and networks from restricting the number of networks over which debit card transactions may be processed. The Board is inviting comments on two approach options: the first would require at least two unaffiliated networks per debit card, and the other would require at least two unaffiliated networks per debit card for each type of cardholder authorization method (such as signature or PIN). Under both alternatives, the issuers and networks would be prohibited from inhibiting a merchant's ability to direct the routing of *debit* card transactions over the enabled network of their choice. The Federal Reserve should note that the premise behind Section 1075b was never to require prepaid cards to be structured to run on multiple payment networks.

Furthermore, I write to clarify that when the routing provisions were negotiated in conference, the intent was to allow for two unaffiliated networks per debit card; there was absolutely no discussion or contemplation of the second option offered by the proposed rule which would require a minimum of four networks to be enabled per debit card. I have serious concerns about the provisions proposed to address 1075b and, as one of the chief negotiators on this issue during the Dodd-Frank conference committee, I consider the proposal of the second option to be inconsistent with the intent of the final legislation. Further, its adoption in the final rule would contradict our intent by jeopardizing the government efficiencies realized from the use of health savings and government benefit cards, to name only two.

With all due respect, I urge the Board to not overreach on these issues and to follow congressional intent.

I thank you for your attention to this critical matter. If you have any questions, you may contact me at (202) 225-3461.

Sincerely,



Gregory W. Meeks
Member of Congress