

From: Gregory J. Mills  
Subject: Regulation Z - Truth in Lending

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Comments:

December 29, 2010

Federal Reserve Board

Dear Federal Reserve Board:

We are concerned that the proposal does not include provisions to enforce the small issuer exemption. We urge the Fed to use its authority to reinforce the small issuer exemption and ensure that it works as Congress intended.

Even if a two-tiered system is permitted and works in practice, small issuers will be disadvantaged if the provisions on routing and exclusivity that allow merchants to choose how debit card transactions are processed are not implemented properly. We therefore urge the Fed to adopt routing "Alternative A," which would only require issuers to provide debit cards that can be used over two unaffiliated networks, such as a PIN-based network and an unaffiliated signature-based network. Requiring more than two networks is inconsistent with statutory requirements and would place an unreasonable regulatory burden on our credit union that could negatively impact service to our members.

Thank you in advance for your consideration as I strongly urge your to reconsider the proposed interchange rule to exempt small issuers.

Sincerely,

Gregory J. Mills