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February 18, 2011

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 the Federal Reserve's proposed rule on Debit Card Interchange Fees and Routing. Section 1075 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Public Law No: 111-203) charges the Federal Reserve with issuing regulations regarding interchange fees that are "reasonable and proportional." In drafting this legislation, Congress was committed to leveling the playing field for our nation's small merchants, while also establishing a meaningful exemption for small issuers, particularly community banks and credit unions. I strongly urge you to adhere to this intent in drafting the final rule.

I am concerned by comments made by certain Connecticut community banks and credit unions that the small issuer exemption included in the Federal Reserve's proposed rule would not meet the intent set forth by Congress. These concerns were reinforced yesterday by comments made by yourself and FDIC Chairwoman Sheila Bair in testimony before the Senate Banking Committee. For this regulation to be considered successful, it will be critical that the small issuer exemption be effective for our small financial institutions.

Implementation of the final rule on Debit Card Interchange Fees and Routing should not be delayed. I urge you and your staff to expeditiously find a resolution resulting in a small issuer exemption that is effective and sustainable and that levels the playing field for the nation's small merchants.

Sincerely,


JOHN B. LARSON
Member of Congress