

March 28, 2011

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

RE: Comments for Regulation Y; Docket No. R-1405 and RIN No. 7100-AD64

Dear Ms. Johnson:

This comment letter is submitted on behalf of First Data Corporation ("First Data") in response to the proposal (the "Proposal") to implement Title I of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("DFA") issued by the Board of Governors of the Federal Reserve System (the "Board"). First Data appreciates the opportunity to present to the Board its view of the Proposal.

By way of background, First Data is a Fortune 300 company that is one of the leading payments processors in the world. Specifically, our services include the following areas:

- Our merchant acquiring and processing services facilitate the ability for merchants to accept consumer payment transactions (e.g. credit, debit, stored value, check, contactless and loyalty cards) at the point of sale, whether those transactions occur at a physical merchant location, or over the phone or the Internet. Our merchant customers have over 4 million locations in the United States.
- Our financial institution services division assists with thousands of financial institutions large and small in their management of their payment transactions, efficiently reducing fraud losses and delivering relevant communications to their customers. First Data provides a comprehensive array of solutions including debit, credit and prepaid processing; card production, print and correspondence; customer contact; Internet banking and bill payment; loyalty and marketing; risk management; data analytics and mobile commerce. Additionally, we own and operate the STAR debit network, one of the leading electronic funds transfer (EFT) networks, as well as the Instant Cash ATM network.

Given our breadth of products and services across the entire payments industry value chain, First Data has a vested interest in maintaining an efficient and competitive payments system. Therefore, we appreciate the opportunity to provide comments on the Board's proposed regulations.

COMMENTS ON THE PROPOSAL

Scope of the Proposed Rule

The Board's Notice of Proposed Rulemaking applies to two aspects of systemic risk that were identified in Title I of the DFA: (1) predominantly engaged in financial activities; and (2) significant nonbank financial company/significant bank holding company. The Act defines financial activities by reference to those activities that have been determined – by statute, regulation, or order – to be financial in nature under section 4(k) of the Bank Holding Company Act.

First Data believes that the definition used to define financial activities captures a significant number of diverse business activities. For example, data processing activities -- as defined in the DFA and the Bank Holding Company Act -- may be provided by third party service providers to financial institutions. In other cases, financial institutions may provide these services "in-house" for themselves.

Consequently, we believe that the Board should take into account the importance of applying a flexible regulatory approach based on the entity that is "predominantly engaged in financial activities." Applying a one-size-fits-all regulatory approach would likely lead to unintended consequences that impose unnecessary, potentially harmful, and costly regulations on certain industry players without any meaningful and corresponding mitigation of risk.

Just as the DFA provides the Financial Stability Oversight Council and the Board with a level of flexibility in determining what entities should be considered systemically important, we urge the Board to exercise an equivalent level of flexibility in implementing its regulatory oversight over systemically important companies.

Once again, we appreciate the opportunity to provide comments on these proposed regulations. Please feel free to contact me with any questions you may have.

Sincerely,

Joe Samuel
SVP Global Public Affairs
First Data