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Congress of the United States
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SENIOR WHIP

DEMOCRATIC CAUCUS

March 21, 2011

Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551

Docket No. R-1404
RIN No. 7100 AD63

Dear Board of Governors:

I am writing to urge you to apply the exclusivity and routing provisions in subsection 920(b)(1) of the Electronic Fund Transfer Act (EFTA) to ATM transactions.

Section 920(b)(1) of the EFTA prevents the dominant payment card networks from imposing anticompetitive routing restrictions that force merchants to route debit transactions on the dominant networks. It is important to note that these networks not only impose routing restrictions on merchants handling point-of-sale transactions, they impose similar restrictions on ATM operators handling ATM transactions. The networks force ATM operators to route on the dominant networks even when the dominant networks charge the ATM operators higher support fees and pay the ATM operators lower ATM interchange than the competition. These restrictions have increased the ATM operators' transaction costs which, in turn, have created an incentive to increase consumer fees and take some ATMs out of operation. The exclusivity and routing provisions would address this problem.

If the exclusivity and routing provisions apply to ATM transactions, the Federal Reserve should require each card to be enabled with more than one unaffiliated ATM network. If only one ATM network is required, the consumer benefits would be lost. The freedom to route an ATM transaction is useless if you are not given the choice of two ATM networks.

Thank you for considering my views on this important matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Sheila Jackson Lee". The signature is fluid and cursive, with the first name being the most prominent.

Sheila Jackson Lee
Member of Congress