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August 15, 2024

VIA EZFile

Brent Hassell
Assistant Vice President
The Federal Reserve Bank of Richmond
P.O. Box 27622
Richmond, VA 23261

Re: Additional Information Regarding Application by Capital One Financial Corporation to Acquire Discover Financial Services (the "Additional Information Request")

We are submitting this letter and the related exhibits in response to your request for additional information, dated July 25, 2024, regarding the application seeking the prior approval of the Board of Governors of the Federal Reserve System (the "Federal Reserve") for Capital One Financial Corporation ("Capital One"), the parent of Capital One, National Association, to acquire Discover Financial Services ("Discover") and thereby acquire control of its subsidiary bank, Discover Bank (the "Application"). For ease of reference, your questions are included in bold with the responses immediately following. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the Application.

Brent Hassell
The Federal Reserve Bank of Richmond
August 15, 2024
Page 2

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Confidential treatment is being requested under the federal Freedom of Information Act, 5 U.S.C. § 552 (the “FOIA”), and the implementing regulations of the Federal Reserve, for the information contained in the Confidential Exhibits Volume to this letter (the “Confidential Materials”). The Confidential Materials include, for example, information regarding the business strategies and plans of (1) Capital One Financial Corporation (“COFC”), Vega Merger Sub, Inc. (“Merger Sub”) and Capital One, National Association (“CONA”) and (2) Discover Financial Services (“Discover”) and Discover Bank, and other information regarding additional matters of a similar nature, which is commercial or financial information that is both customarily and actually treated as private by COFC, Merger Sub, CONA, Discover and Discover Bank and provided to the government under an assurance of privacy. Certain information in the Confidential Materials also includes confidential supervisory information, which is protected from disclosure. None of this information is the type of information that would otherwise be made available to the public under any circumstances. All such information, if made public, could result in substantial and irreparable harm to COFC, Merger Sub, CONA, Discover and Discover Bank. Other exemptions from disclosure under the FOIA may also apply. In addition, investors and potential investors could be influenced or misled by such information, which is not reported in any documents filed or to be filed in accordance with the disclosure requirements of applicable securities laws, as a result of which COFC, Merger Sub, CONA, Discover and Discover Bank could be exposed to potential inadvertent violations of law or exposure to legal claims. Accordingly, confidential treatment is respectfully requested for the Confidential Materials under the FOIA and the Federal Reserve’s implementing regulations.

Please contact the undersigned (212-403-1354), Matthew T. Carpenter (212-403-1031) or Ledina Gocaj (212-403-1022) before any public release of any of this information pursuant to a request under the FOIA or a request or demand for disclosure by any governmental agency, congressional office or committee, court or grand jury. Such prior notice is necessary so that COFC, Merger Sub, CONA, Discover and Discover Bank may take appropriate steps to protect such information from disclosure.

If you have any questions about this submission or confidential treatment request, please do not hesitate to contact me.

Very truly yours,



Richard K. Kim

Brent Hassell
The Federal Reserve Bank of Richmond
August 15, 2024
Page 3

Enclosures

cc (by email):

Jenny Small, Office of the Comptroller of the Currency
(Jenny.Small@occ.treas.gov)

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**Capital One Financial Corporation Public Responses to Additional Information Request
from the Federal Reserve Bank of Richmond, dated July 25, 2024**

Section 4 of the BHC Act

- 1. Public Exhibit C of Capital One’s Additional Information Response dated June 14, 2024 (the “June 14th Response”), states that PULSE Network LLC, Diners Club International Ltd., Discover Financial Services (Canada), Inc., and DFS Services LLC provide services involving “licensing of intellectual property, including trademarks.” Describe in detail the nature of such services for each entity engaging in licensing activities involving third parties. In your response, clarify to what extent the licensing activities are incidental to data-processing or other activities that the Board has determined to be so closely related to banking as to be a proper incident thereto. Indicate whether each entity engaging in licensing activities licenses trademarks to third parties who do not otherwise receive financial services from such entity engaging in licensing activities.**

As part of operating and marketing Discover’s network, each of PULSE Network LLC, Diners Club International Ltd., Discover Financial Services (Canada), Inc., and DFS Services LLC, may license trademarks owned by Discover Financial Services or its subsidiaries¹ to its network partners for use in displaying branding on card payment instruments, at merchant terminals, at merchant locations, in marketing collateral and at ATMs. These entities may license technology specifications to a network partner, such as the licensing of D-PAS specifications to enable payment card functionality. Both of these activities are core components of operating and marketing the network.

As described in the June 14th Response, these entities license trademarks and other intellectual property owned by Discover only to support and facilitate the network business.

Any licensing of Discover’s trademarks to third parties who do not otherwise receive financial services from any Discover entity would be only to support the marketing of the network business, such as for sponsorships promoting card usage with respect to that network business.

- 2. In Public Exhibit A of the June 14th Response, Capital One states that Diners Club International Ltd. operates in South Africa. Describe the arrangement by which the “Platter’s by Diners Club International South African Wine Guide” is published.²³**

“Platter’s by Diners Club International South African Wine Guide” (the “Guide”) is published by a local South African company (the “Licensee”) that does not have any business ties with Diners Club International (“DCI”), other than DCI licensing the use to that Licensee of its

¹ To be precise, the Discover marks are owned by Discover Financial Services; the Diners Club marks are owned by Diners Club International Ltd. and the PULSE marks are owned by PULSE Network LLC.

² See PLATTER’S BY DINERS CLUB INTERNATIONAL SOUTH AFRICAN WINE GUIDE (Philip van Zyl ed., 44th ed. 2023); <https://www.wineonaplatte.com/>.

trademarked name as part of the marketing of Discover's network. The Licensee is not affiliated with DCI and the Guide is produced and distributed without input, review or involvement by DCI.