



Dow Chemical  
Employees' Credit Union

June 24, 2011

Ms. Jennifer J. Johnson  
Secretary of the Board  
Board of Governors of the Federal Reserve System  
20th Street and Constitution Avenue N.W.  
Washington, D.C. 20551

Re: Rule Governing Debit Card Interchange Fees

Dear Ms. Johnson:

Dow Chemical Employees' Credit Union (DCECU) is a \$1.4 billion institution serving nearly 56,000 member-owners. These consumers carry over 34,000 debit cards in their pockets. We believe that they could be adversely impacted by the final Debit Card Interchange Rule that will be introduced next Wednesday, June 29, 2011, without assurance of the workability of the small issuer exemption carved out by Congress in the Dodd-Frank Act of 2010.

On behalf of our consumer-members, DCECU requests that the Board please take the following points into consideration when finalizing this rule.

- Congress directed the Board to consider **costs** to large debit card issuers but intended the **income** to small issuers be protected through the exemption if provided for debit card issuers with assets under \$10 billion.
- The Board should make the exemption for small issuers work by requiring the networks to report to the Board that they have developed a two-tiered system that will provide higher fee income for small issuers than the Board allows for large issuers.
- The Board should require ongoing reporting from the networks on fees to small issuers, to ensure the two-tiered system remains effective.
- The Board should in turn report that information to Congress on a periodic basis, preferably at least annually.
- This monitoring system, that in essence allows the Board to oversee the two-tiered system, will help ensure such a system is provided and maintained. It will also provide evidence that Congress would need to step in should the system not be functioning as well as it should in order to protect small issuers' incomes.

- As the Board has acknowledged, the fee ceiling may ultimately impact all issuers. In light of this, the Board should include **all allowable costs** in the fee ceiling for large issuers.
- With additional flexibility under the interchange statute for merchants to determine how debit card transactions are routed, the ceiling must be as high as the statute will allow in order to lessen the difference between fees for large and small issuers.
- This will help minimize incentives for merchants to want to direct transactions to large issuers and for networks to lower fees paid to small issuers.
- The Board should exempt small issuers from the routing and exclusivity provisions that provide latitude to merchants on the routing of transactions and require issuers to belong to at least two networks.
- If the Board determines it does not have legal authority to do that, it should delay these provisions for at least two years.
- The fee ceiling provisions must take effect July 21, 2011 but there is no statutory effective date for the routing and exclusivity provisions.

In addition, as you know, the debit interchange rule is scheduled to take effect on July 21, only 22 days after the final rule is announced. We also appeal to the Board to use your existing authority to provide the financial institutions and payment networks an appropriate amount of time to meet these new obligations and comply with the law. May we suggest a timeframe of at least three months as previously outlined in the enacted statute?

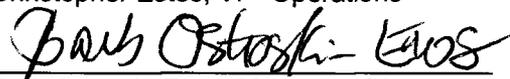
We realize the complexity of this issue and the challenges you face in ensuring meaningful implementation of Congressional intent on this issue. We applaud your decision to take the necessary time to review and respond to over 11,000 comments on your proposed rule and look forward to viewing the final rule next week.

Respectfully submitted,

The Dow Chemical Employees' Credit Union  
Debit Interchange Response Team



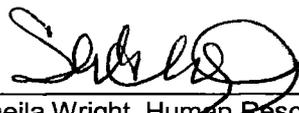
Christopher Estes, VP- Operations



Barb Ostroski-Enos, Marketing Director



Lisa L. Gray, Compliance Specialist



Sheila Wright, Human Resource Manager



Susan Valley, Debit Card Manager