



Masashi Oka  
President  
Chief Executive Officer

February 22, 2011

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

**Re: Proposed Rule on Debit Card Interchange Fees, Docket No. R-1404**

Dear Ms. Johnson:

This letter is to express Union Bank's opposition to the rule proposed by the Board of Governors of the Federal Reserve System (the "Federal Reserve") (the "Proposed Rule") to implement the debit card interchange provisions of Section 1075 (the "Durbin Amendment") of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank"). Union Bank recognizes the hard work and difficult decisions that went into drafting the Proposed Rule, but along with The Clearing House Association ("TCHA"), Consumer Bankers Association ("CBA"), Financial Services Roundtable ("FSR") and other related trade associations, firmly believe that the government price controls it imposes are legally defective, because they are neither authorized by nor consistent with the Durbin Amendment.

Moreover, the Proposed Rule does not allow Union Bank and other financial institutions to cover the actual costs associated with providing consumers and merchants with a safe, efficient and effective debit system. This will force institutions to increase revenues elsewhere which may have profound adverse consequences on consumers (particularly low-income Americans), and the United States payments system and economy as a whole. The Proposed Rule must be fundamentally revised to avoid this outcome.

As the second largest bank headquartered in California, Union Bank is particularly concerned about the negative and unintended impacts on our state. We are especially concerned about the potential to significantly restrict the accessibility of low cost financial services to consumers (particularly low-income consumers) who contribute greatly to California's overall economy, and are already enduring significant financial hardships given the current high unemployment in many regions across the state.

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As a member of TCHA, CBA, FSR and other national and state trade associations, we have been actively involved in developing the joint industry association comment letter on the Proposed Rule and are in support of the issues detailed in the letter submitted to you today.

Given that the Durbin Amendment was introduced as a last minute addition to Dodd-Frank, the American people were not afforded a full debate in Congress on the matter, nor were they provided with any comprehensive analysis noting the impacts on consumers, the banking system or the overall economy. As a result, we are also urging that you delay the effective date for two years on the Proposed Rule in order to allow ample time for further Congressional hearings on the Proposed Rule and a thorough assessment of its impact.

Thank you for your immediate attention, Union Bank and the industry look forward to further discussing the issues with you.

Sincerely,



Masashi Oka  
President and Chief Executive Officer  
Union Bank