BARCLAYS

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Via Electronic Mail

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

Regarding Docket No. R-1286

Dear Ms. Johnson:

Barclays Bank Delaware ("B B D") is pleased to be able to submit this comment letter in response to the proposed clarifications to the revisions to the open-end credit provisions of Regulation Z and its Official Staff Commentary that were recently published by the Board of Governors of the Federal Reserve (the "Board") in the *Federal Register* on May 5, 2009 ("Current Proposal").

B B D appreciates the opportunity to make its views known on the Current Proposal. B B D believes that most of the specific proposals in the Current Proposal are appropriate and well thought out. B B D's comments are limited to those issues that are most impactful to it.

Disclosure of A P R at Point of Sale

Risk-Based Pricing

The revised Regulation Z provides that, except in very limited circumstances, an issuer would be required to disclose in the account-opening table the A P R(s) that would apply to an account. This provision of the Revised Regulation Z created significant operational difficulties to those credit card issuers that provide the section 2 2 6.6 disclosures at the point of sale in connection with the opening of a new account, such as commonly occurs in a retail environment. These difficulties arose from a practical inability of a card issuer to provide the actual A P R in the table itself if the program has more than one possible A P R, such as may occur in connection with risk-based pricing. Under the Credit CARD Act of 2009 we believe it will be imperative that card issuers utilize risk based pricing at the account opening stage of a customer relationship. Unless amended by the Board, the revised Regulation Z will have the unintended impact of forcing issuers to provide products with a "one size fits all" price model if they intend to open an account at the point of sale and comply with the disclosure requirements.

We applaud the Board for addressing this concern by proposing a process that would permit card issuers to disclose the A P R(s) applicable to the account outside the account-opening table if the A P R(s) on the account will vary due to the applicant's creditworthiness. Specifically, an issuer providing the account-opening disclosures in person *(e.g.,* at the point of sale) at the time a credit card account is opened in connection with financing the purchase of goods or services may, at the creditor's option, disclose in the account-opening table either: (i) the specific A P R applicable to the consumer's account; or (ii) the range of A P Rs that could apply, if the disclosure includes a statement that the A PR depends on the consumer's creditworthiness and refers the consumer to an account agreement or other disclosure provided with the account-opening table where the applicable A P R is disclosed. We believe that this provision in the Current Proposal will give creditors the necessary flexibility to open a credit card account at the point of sale while still ensuring that consumers have access to important account disclosures. We therefore urge the Board to retain this clarification.

In-Store Advertising of Promotional Offers

We believe the Current Proposal as it relates to risk-based pricing and the opening of an account for immediate use (such as at the point of sale) is useful, and we also urge the Board to consider other circumstances that may be relatively unique to the point-of-sale environment and in need of special guidance. In particular, it is common for a card issuer to have a variety of promotional offers in connection with co-branded credit card offerings. For example, card issuers offer discounted A P Rs on co-branded accounts in connection with a variety of possible transactions at the co-brand partner's retail location. This could include a 0 percent A P R on a specific appliance purchase at the cobrand partner's retail location and a 2.9 percent A P R on a specific electronics purchase in addition to the standard purchase and other A P Rs. Furthermore, these promotions could vary by the week, or even by the day.

We are concerned that the Board has not provided sufficient clarity to card issuers as to how they could disclose the myriad of promotional offers as part of the account-opening table. It is simply not practical for an issuer to develop dozens of account-opening tables based on the APRs that are offered at the time the disclosure is provided. Even if the issuer could develop the tables in a reasonable manner, it is unlikely that the retail partner would be able to rotate the stock appropriately and accurately to ensure that the proper account-opening tables are provided at the correct times. We do not believe that such arrangements are necessary to provide consumers with the important account-opening disclosures. We believe that the Board should amend the revised Regulation Z for purposes of in-person disclosures relating to promotional offers as the Board did with respect to risk-based pricing. Specifically, we believe an issuer should be permitted to provide an account-opening table that includes the range of nonpromotional APRs that could apply, with a statement that any applicable promotional A P R and related terms *(for example,* promotion expiration) can be found with the other A P R(s) disclosed in the account agreement or other disclosure documents.

Deferred Interest

We applaud the Board for clarifying its approach to deferred interest programs under Regulation A A. In connection with this clarification, the Current Proposal includes several new disclosure requirements pertaining to deferred interest programs, including on periodic statements and in connection with advertisements.

Periodic Statements

The Current Proposal would require card issuers to disclose deferred interest balances and deferred/waived interest amounts separate from the balances subject to interest during a billing cycle and the interest charges imposed during a billing cycle, respectively. The deferred interest balance (but not a waived interest balance) is to be separately disclosed on the periodic statement and identified by a term other than the term used to identify the other balances (such as "deferred interest balance"). The deferred/waived interest is to be separately disclosed and identified by a term other than "interest charge" (such as "contingent interest charge" or "deferred interest charge"). We believe these disclosure requirements would be beneficial to consumers, and we recommend their adoption.

The Current Proposal also includes a deferred/waived interest expiration disclosure requirement. Specifically, if the account has an outstanding balance subject to a deferred/waived interest program, the periodic statement must disclose the date by which that outstanding balance must be paid in full in order to avoid the obligation to pay finance charges on such balance. The disclosure must be on the front of the periodic statement and it must appear for two billing cycles immediately preceding the billing cycle in which the expiration date occurs. If the duration of the program is such that the reminder cannot be given for the last two billing cycles immediately preceding the disclosed expiration date, the disclosure must be included on all periodic statements during the deferred/waived interest period. Of course, an issuer could also provide the expiration date disclosure on statements prior to those on which it is required, as well. These disclosure requirements are reasonable, and they should be retained.

Advertisements of Deferred/Waived Interest Programs

The Current Proposal includes a variety of new advertising disclosure requirements relating to deferred/waived interest programs. For example, if such a program is advertised, the deferred/waived interest period must be disclosed in a clear and conspicuous manner in the advertisement. If the phrase "no interest" or similar term is used, the phrase "if paid in full" must be included in a certain manner. Deferred/waived interest advertisements must also include information regarding the effect of not paying the balance in full by the expiration date and, if applicable, the consequences if the account is in default. Although we believe these disclosures are generally appropriate, we ask the Board to consider whether disclosures of such length are appropriate for in-store displays, and to consider whether the consumer could be directed to learn more about the offer, such as on the credit application.

We also ask the Board to provide clarity that an issuer is neither expected nor required to explain to a consumer in an advertisement (or any other disclosure) how the payment allocation provisions in Regulation A A may affect the consumer's ability to pay down a deferred interest balance in a manner preferred by the cardholder. For example, a cardholder with one balance at an A P R higher than the deferred interest APR may repay little, if any, of the deferred interest balance until two months prior to the deferred interest expiration. This may result in the consumer having two billing cycles to repay the deferred interest balance, especially with the enactment of the Credit CARD Act and its more restrictive payment allocation requirements. We ask the Board to note explicitly that an issuer need not attempt to provide a disclosure to this effect, especially since the impact of the payment allocation provisions will vary depending on the balances and payment

Change in Terms Notices Required by 5 226.9(c) and (g)

Revised Regulation Z includes certain notice requirements pertaining to changes in terms (section 2 2 6.9(c)) and to increases in APRs due to delinquency or default, or as a penalty (section 2 2 6.9(g)). We ask the Board to provide clarity that if a card issuer intends to increase the A P R on an account in a manner that is both a change in terms *and* an increase in A P R due to delinquency or default, or as a penalty, that the card issuer need not provide two notices describing the same event. For example, if a card issuer were to increase an A P R on an account due to repeated late payments by the cardholder, but the issuer did not reserve the right to do so in the account agreement, we believe the issuer would be permitted to engage in a change in terms and provide the notice required under section 226.9(c) without an additional requirement to provide a second, and duplicative, notice pursuant to section 226.9(g) simply because the change in terms was prompted by delinquencies on the account. We ask the Board to confirm that this is the correct approach.

Again, B B D appreciates the opportunity to provide its comments on the Current Proposal. If you have any questions or comments, please do not hesitate to contact me at dcebrick@barclaycardus.com or (302) 255-8089. Thank you.

Sincerely, signed

Diana Gift Cebrick