



July 5, 2024

Richard Kim, Esq.
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Dear Mr. Kim:

The following additional information request relates to (1) the application filed by Capital One Financial Corporation (“Capital One”), the parent of Capital One, National Association (“CONA”), both of McLean, Virginia, to acquire 100 percent of Discover Financial Services (“Discover”), Riverwoods, Illinois, and thereby indirectly acquire Discover Bank, Greenwood, Delaware, pursuant to section 3 of the Bank Holding Company Act of 1956¹ (“BHC Act”), and (2) the notice filed by Capital One to indirectly acquire DFS Services LLC, Riverwoods, Illinois; Discover Financial Services (Canada), Inc., Vancouver, British Columbia, Canada; PULSE Network LLC, Houston, Texas; and Diners Club International Ltd., Riverwoods, Illinois, pursuant to sections 4(c)(8) and 4(j) of the BHC Act.² Please provide responses to each of the following questions, including the questions in the Confidential Annex. Supporting documentation should be provided, as appropriate.

To the extent the information requested below is not yet available, provide a date by which the requested information is expected to be made available to the Board of Governors of the Federal Reserve System (“Board”).

Section 4 of the BHC Act

1. Discuss Capital One’s future plans with regard to GTC Insurance Agency, Inc. (“GTC”), including whether Capital One would intend for GTC to engage in the sale of insurance or change its license status to “active” following consummation of the proposed transaction. Clarify whether all other licenses held by GTC are currently inactive, if applicable.
2. Exhibit C of Capital One’s June 14, 2024, Additional Information Response notes that Diners Club Taiwan, Ltd., Taipei, Taiwan, (1) provides support to partners on the Discover Network, Diners Club Network, and Pulse Network; (2) provides support to acceptance, acquiring and digital partners to grow acceptance; and (3) provides certification support for terminal vendors and labs. Describe each of these activities in greater detail.
3. Exhibit C of Capital One’s June 14, 2024, Additional Information Response (“Response”) notes that Discover Global Employment Company Private Limited, provides the following services to DFS Services LLC, Diners Club International Ltd., and Discover Financial

¹ 12 U.S.C. § 1842.

² 12 U.S.C. § 1843(c)(8) and (j).

- Services (UK) Limited: assisting franchisees and partners with payments, franchise businesses, and network arrangements; services related to increasing network transaction volume, issuance, and acceptance; assisting the global ATM and interoperability teams; and assisting in the launch of new products and programs. Describe each of these activities in greater detail.
4. For each property owned or leased by Discover Properties LLC, confirm the share of occupancy by Discover Properties LLC and the share of occupancy by any third parties (e.g., such as third parties that may lease or sublease any real estate or office space). Also describe in greater detail the arrangements by which Discover Properties LLC “house[s] employees.”
 5. Clarify the circumstances under which Diners Club Services Private Ltd. receives any revenue from unaffiliated third parties, if applicable.
 6. Clarify the circumstances under which DFS International Inc. receives revenue from unaffiliated third parties, if applicable.

Provide your response via EZ-File #111944 within eight business days. Any information for which confidential treatment is desired should be so labeled and separately bound in accordance with section 261.17 of the Board’s Rules Regarding Availability of Information. The public portion of any response should be so designated. The Board will make the public portion of this request and the public portion of any response available on the Board’s website, where it will be readily accessible to the commenters and to other interested parties.³ Please also send a copy of your response to the Office of the Comptroller of the Currency Senior Licensing Analyst Jenny Small at Jenny.Small@occ.treas.gov, the Federal Deposit Insurance Corporation Senior Case Manager Jeffrey Ralston at jralston@fdic.gov, and the Delaware Office of the State Bank Commissioner Senior Deputy Commissioner Lisa Collison at lisa.collison@delaware.gov.

If you have any questions, please contact Katherine Eike of this Reserve Bank via email at kathy.eike@rich.frb.org.

Sincerely,



Jeffrey Deibel
Vice President

cc: Board of Governors
Office of the Comptroller of the Currency
Federal Deposit Insurance Corporation
Delaware Office of the State Bank Commissioner

³ See <https://www.federalreserve.gov/foia/capital-one-discover-application-materials.htm>.