



THE FEDERAL RESERVE BANK OF RICHMOND

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September 10, 2024

Richard Kim, Esq.
Wachtell, Lipton, Rosen & Katz
51 West 52nd Street
New York, NY 10019-6150
Rkim@wlrk.com

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 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. In the "Nonbank Subsidiaries of Discover Bank" Table of Public Exhibit B of Capital One's letter to the Federal Reserve Bank of Richmond dated June 14, 2024, Capital One states that it intends to rely upon section 4(c)(8) of the BHC Act to retain the voting shares of The Student Loan Corporation ("SLC"), Riverwoods, Illinois, during the period beginning with the consummation of the merger of Vega Merger Sub, Inc. with and into Discover and ending with the consummation of the merger of Discover Bank with and into CONA (the "Intermediate Period"). Public information suggests

¹ 12 U.S.C. § 1842.

² 12 U.S.C. § 1843(c)(8) and (j).

that Discover plans to sell a portfolio of student loans.³ Discuss whether SLC has been or will be sold or dissolved prior to the consummation of Capital One's proposal to acquire Discover. If so, provide the anticipated closing date of the sale of the student loan portfolio and sale or dissolution of SLC. If SLC will not be sold or dissolved, describe in detail the activities it would conduct during the Intermediate Period, and confirm whether Capital One continues to rely on section 4(c)(8) of the BHC Act to retain the shares of SLC during the Intermediate Period.

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.⁴ 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,

E-SIGNED by Brent Hassell
on 2024-09-10 17:32:20 GMT

Brent Hassell
Assistant 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, e.g., <https://www.reuters.com/business/finance/discover-sells-student-loan-portfolio-up-108-bln-2024-07-17/>.

⁴ See <https://www.federalreserve.gov/foia/capital-one-discover-application-materials.htm>.