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**Wayne A. Abernathy**  
Executive Vice President  
Financial Institutions Policy  
and Regulatory Affairs  
Phone: 202-663-5222  
Fax: 202-828-6076  
wabernat@aba.com

May 27, 2008

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

Re: Docket No. R-131  
Request for extension of comment letter deadline  
Proposed changes to Regulation DD  
Truth in Savings Act

Dear Ms. Johnson:

The Federal Reserve Board has published jointly with the Office of Thrift Supervision and the National Credit Union Administration two proposals affecting overdraft policies, one that amends Regulation AA (Unfair and Deceptive Acts and Practices Act) and a second, that amends Regulation DD (Truth in Savings Act). The proposed provisions of Regulation AA related to overdrafts policies and the proposed changes to Regulation DD are integrally linked to each other: Regulation AA proposes substantive rights and Regulation DD proposes how those substantive rights are disclosed. The deadline for comments to Regulation AA is August 4, 2008. The deadline for comments to Regulation DD is July 18, 2008.

We appreciate the Agencies desire to finalize regulations by the end of the year, but respectfully request that the Board extend the deadline for Regulation DD to correspond with the deadline of Regulation AA.

Proposed Regulation AA raises important operational and technical issues with respect to overdraft protection services that require adequate time to investigate, evaluate, and carefully articulate a final position. Additional time is especially important to smaller institutions, which are more dependent on core processors and third party vendors for obtaining information related to the technical and operational issues. Accordingly, banks will need the entire proposed comment period to evaluate the Regulation AA proposal. However, the substantive provisions proposed under Regulation AA are directly related to disclosures proposed in Regulation DD, and comments to Regulation DD will naturally follow those made about Regulation AA. Accordingly, because the two proposals are integrally linked, it is not effective to separate the two by imposing two divergent deadlines.

For example, Regulation AA proposes to allow bank customers to choose to “opt-out” of having any overdrafts paid, but also allow them to choose to opt-out out only “for the payment of overdrafts at “automated teller machines and for point-of-sale transactions initiated by a debit card.” It is not clear whether this opt out would apply to *all* debit card transactions, including those where the card is not present, such as preauthorized bill payments and online and phone transactions, or only those made in person (“card present” situations), and the operational issues involved in either case. However, whether or not a partial opt-out is feasible and whether all debit transactions are covered will make a significant difference in the wording of the notice proposed in Regulation DD, as it would be important for customers to understand which transactions are covered. The evaluation of the procedural and operational issues are likely to inform our comments on disclosure issues that are currently subject to a shorter comment period.

The earlier comment deadline for Regulation DD means that banks might not have sufficient information to offer comments on that proposal’s notices because they have not yet reached conclusions about the related substantive provisions of proposed Regulation AA.

For these reasons, we respectfully request that the Federal Reserve Board and the Office of Thrift Supervision extend the Regulation DD deadline to August 4, 2008.

Sincerely,



Wayne A. Abernathy  
Executive Vice President  
Financial Institutions Policy  
and Regulatory Affairs

cc: Office of Thrift Supervision  
National Credit Union Administration  
Sandra Braunstein