

## Unfair or Deceptive Acts or Practices (UDAP) Meeting with Members of Public

September 15, 2008

OTS staff met with representatives of the American Securitization Forum (ASF) to discuss ASF's reaction to the May 19, 2008 proposed UDAP rule.

In attendance for OTS: Deborah Dakin, Richard Bennett, Suzanne McQueen, Michael Trager-Kusman

In attendance for AFS: Tom Deutsch (AFS), Vernon H.C. Wright (retired MBNA), Andrew Faulkner (Skadden, Arps), Benjamin Klubes (Skadden, Arps), George Seeberger (Portfolio Information Corp.), Richard Johns (Capital One)

AFS representatives raised many of the same points as in their August 4, 2008 comment letter. They started by providing background information on how credit card securitizations work and differ from other types of securitizations. They then moved to a detailed discussion of the proposal to limit APR increases on outstanding balances. They expressed concerns about interfering with the ability to change interest rates based on market changes and indicated fixed rate card issuers would likely switch to variable rate credit cards as a result. They also expressed concerns about interfering with the ability to change interest rates based on credit risk changes and the increase in APRs and fees across the board that would likely result. They also expressed concern that allowing repricing of outstanding balances only after the consumer is 30 days late would turn into a 60 day period because of notice requirements and the inability to increase rates mid-cycle. They explained that these limitations could cause investors to lose confidence in the credit card securitization market, especially if they are applied retroactively and create litigation risk. They also briefly discussed other concerns such as the idea of allowing consumers to select their own payment allocation and recommended an 18 month effective date.