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Federal Trade Commission
Office of the Secretary
Room 159
600 Pennsylvania Avenue, N.W.
Washington, D.C. 20580

RE: FTC File No. R411001
<u>Proposed Revisions to the Telemarketing Rule</u>

Ladies and Gentlemen:

Citigroup welcomes the opportunity to comment on the Commission's proposed revisions to the Telelmarketing Sales Rule, promulgated to implement the Telemarketing and Consumer Fraud and Abuse Prevention Act of 1994 (the "Act"). Abusive telemarketing practices and telemarketing fraud are serious problems, and Citigroup supports the efforts of the Commission in continuing to address these issues. Moreover, Citigroup is aware from dealings with its customers and the proliferation of state "do-not-call" lists that telemarketing choice is an issue that is important to consumers.

Citigroup is also keenly aware of the economic importance of telephone communication in providing customer service and in marketing its financial products to consumers. As a company that communicates with approximately one million customers and consumers by telephone each day, Citigroup is concerned that any telemarketing regulation address abuses without adversely impinging on customer service or legitimate telemarketing. For that reason, this comment begins with a description of the scope of Citigroup's businesses and the ways in which the proposed rule will adversely affect Citigroup's relationship with its customers and its ability to market its value-added products and services.

Citigroup then discusses the following seven specific suggestions to enhance the effectiveness and focus of the proposed rule. First, Citigroup must be able to communicate with its existing customers and to make them aware of its additional or alternative products and services that may serve the customer more effectively. An overly broad "do-not-call" registry that does not permit calling of existing customers will jeopardize customer relationships and force Citigroup's customers, in choosing national registration, to forego some types of telephone communication from their bank, broker, insurance company, credit card provider and financial adviser. Second, the proposed rule also has the potential to impinge on customer relationships by regulating incoming calls the customer has chosen to place. Third, the proposed rule appears to limit Citigroup's ability to share an encrypted account number or sequence number with the third party contractors who make calls to its customers. This will result in practices that present greater risks to the consumer, are contrary to the structure permitted by the Commission in its own Regulation P and seriously hamper Citigroup's marketing of its own services.

Fourth, the national "do-not-call" list should not only offer consumers the ability to opt out of telemarketing calls on a national basis with a single registration, it should also offer companies the opportunity to honor the wishes of consumers by reference to a single national list. The proposed national registry must supplant multiple state lists. Fifth, the Commission should recognize wire transfers and certain debit cards as offering the same protections as credit card transactions and should treat them comparably. Sixth, the Commission should continue to permit predictive dialers because they enhance accuracy in placing calls. Finally, the Commission should clarify the scope of the proposed rule with respect to depository institutions, insurance organizations, securities dealers and investment advisors. Citigroup faces the prospect of a patchwork of subsidiaries that are covered by the proposed rule and others that are exempt. With all of these issues to be addressed, Citigroup strongly urges the Commission to republish a revised rule for additional comment.

Telephone Discussion with Customers about Products and Services is Crucial for Citigroup's Diverse Financial Businesses

Citigroup is a diversified global financial services company. It is the nation's largest registered financial holding company. Citigroup and its subsidiaries provide a broad range of financial services to consumer and corporate customers and have 192 million customer accounts in 100 countries. Citigroup engages in retail and corporate banking and asset management and trust services through ten insured depository institutions, including Citibank, NA. It engages in life insurance and annuity underwriting and a range of insurance agency activities through its Primerica and Travelers Life Insurance subsidiaries, and in securities activities through Salomon Smith Barney, a registered broker/dealer and a member of the New York Stock Exchange.

As a financial holding company, Citigroup is regulated on a consolidated basis by the Federal Reserve. In addition, each of its major lines of business is subject to regulation by federal and/or state regulators, as well as self-regulatory organizations and exchanges. Its bank and thrift subsidiaries are chartered and supervised by the Office of the Comptroller of the Currency, the Office of Thrift Supervision or certain State Banking Departments. Its life insurance underwriting subsidiaries are regulated by various state insurance regulators. The Securities and Exchange Commission and the New York Stock Exchange regulate its securities subsidiaries.

A major focus of Citigroup's business is its Consumer Group, which operates on a global basis and generated approximately 50% of Citigroup's after tax income in 2001. The Consumer Group includes CitiFinancial, the largest consumer finance operation in North America with 2200 offices that offer personal loans, auto loans and real estate secured loans. It includes

Citigroup's credit card business, the largest provider of credit cards in the U.S. and the world, with 93 million accounts. It also includes Primerica Financial Services which sells life insurance and annuities, as well as mutual funds and mortgages and personal loans, through more than 100,000 independent representatives.

Citigroup conducts a significant amount of its business with its customers through the use of the telephone. It conducts this business directly through subsidiaries, such as banks, insurance companies and registered broker/dealers, which do not fall within the jurisdiction of the Commission. It does business through finance companies and mortgage companies and other subsidiaries that do fall within the purview of the Act. It conducts a significant amount of such business through third party contractors, making extensive use of call centers that are staffed by third parties. Certain Citigroup business lines, such its credit card business, depend on telephone access to customers for service, sales, card activation, card upgrades, balance transfers and virtually every aspect of the business. Indeed, telephone communication with customers, often involving the offer of additional products and services, is a necessary component of virtually all of Citigroup's businesses.

It appears that a wide range of Citigroup's routine calls to customers and consumers would fall within the scope of the proposed rule. For example, welcome calls to a new credit card customer may involve an attempt to learn which of the many value-added products and services associated with Citigroup's credit cards the customer may wish to purchase. Other types of routine calls include calls by a broker or investment advisor to a customer to discuss market developments that might result in sales of securities to achieve a different portfolio mix. Service calls, including those to check on possible fraud in an overdrawn bank account, may be covered if the result is a new account with overdraft protection. There may be calls to alert customers that mortgage rates make refinancing beneficial and to inform the customer of a low fee or no fee refinancing option.

Citigroup can offer some insight into the magnitude of the impact of the proposed rule on Citigroup by reference to two of Citigroup's businesses noted above. Citigroup's credit card business is involved with a significant portion of the approximately one million daily calls made and received by Citigroup businesses. Many of these calls, including incoming service calls and outgoing welcoming calls to new customers, now result in the sale of additional products and services. The rule as proposed could preclude or curtail the scope of such calls with customers listed on a national "do-not-call" registry.

The other example involves Citigroup's Primerica subsidiary, which employs more than 100,000 independent representatives to offer personal loans and life insurance and annuities and mutual funds to individual consumers. All of Primerica's sales involve a face-to-face transaction after an initial telephone call. After this face-to-face meeting, however, there may be additional telephone calls to clarify the transaction or to add a new product. Again, putting aside the issue of whether the insurance exemption covers licensed independent agents and agents who may be providing other than insurance products, there is an exemption for telephone calls completed by face-to-face meetings. That exemption does not address the status of subsequent calls with the same customer in the same transaction.

SUGGESTED AMENDMENTS TO OR CLARIFICATIONS OF THE PROPOSED RULE

Although the proposal lists 35 questions for comment, Citigroup has chosen to focus on seven elements of the proposal that present crucial issues for its businesses. Citigroup believes the scope of the issues presented by the proposed rule and the open-ended nature of the proposal in many areas would require that the Commission submit a revised proposal for additional comment.

1. Calls to Existing Customers Should Be Exempt from any National "Do-Not-Call" Registry.

Citigroup believes that a comprehensive national "do-not-call" registry that does not impinge upon customer relationships would provide a benefit to consumers. It would also be preferable for responsible telemarketers if it replaced the myriad of state lists. Citigroup recognizes that it is good business practice to honor the informed decisions of its customers to receive no Citigroup marketing calls. Citigroup's credit card business, for example, actively seeks and honors the views of new customers as to their willingness to receive telemarketing calls from the credit card business, and has provided, for at least seven years, an annual notice to its customers of their right to opt out of such telemarketing calls.

The overriding issue presented by the proposed national registry is its lack of flexibility in permitting calls to existing customers. Consumers are offered the opportunity to register to avoid calls from unknown and unwanted marketers, but at the same time they are forced to eliminate contact with those companies with which they have longstanding customer relationships. These relationships are based on two-way communication and the expectation of the customer that the financial institution will make the customer aware of developments and opportunities that may affect the customer's financial status. The customer relationship can be damaged if the institution has introduced a product that better fits the customer's needs or a lower cost service and the financial institution has not called to alert the customer.

Citigroup is concerned about the adverse impact of the proposed national "do-not-call" list on customer relations. In the wake of industry consolidation, customers of large financial institutions have expressed concerns about the level of attention they receive. A national "do-not-call" registry without an existing customer exception can severely hamper Citigroup in meeting customer needs and expectations and limit communication in ways that many customers might not reasonably anticipate. Citigroup's experience with millions of customers suggests that consumers who voluntarily establish business relationships with financial institutions generally expect such institutions to advise them of new products and opportunities for better service or lower prices. A customer's expectation of the level, frequency and scope of communications from his or her chosen financial institution is far different from expectations with respect to companies with which the customer has not chosen to establish a relationship.

A banking organization that is providing proper service to the customer may call to offer refinancing information on long term loans in a changing interest rate environment. It may call to offer a better rate on a certificate of deposit or to suggest a less costly checking account to a customer who alters the number of checks written each month. It may call to offer low balance transfer rates to credit card holders with large balances on other cards. Part of the role of financial organizations is to present alternative products and services to permit the customer to choose the option that best suits his or her needs. In the same manner, a broker who never calls the customer to discuss new products, changing market conditions or refinements to an existing investment strategy may not be serving the customer well. The insurance company may best serve the customer by a call to offer additional renters coverage for a child going off to college or a higher deductible for a more established customer or to discuss the benefits of whole life and term insurance.

With 93 million accounts and nine call centers for its credit card business, as one example, Citigroup has both extensive customer relationships and a significant volume of business at risk if it cannot call customers on a national "do-not-call" list. Although the cards are bank products provided to bank customers, employees of a bank affiliate or a third party contractor provide most of the staff for the credit card call centers. Calls generated by the call centers may offer customers a conversion or an upgrade to a different credit card or a private label card or the purchase of an additional value-added product or service. A large number of the calls are incoming calls to activate a new card or various types of service inquiries. These calls too may result in a customer decision to make a balance transfer or purchase insurance or another value-added product or service.

The absence of an exception for existing customers is contrary to the state "do-not-call" model. With perhaps a single exception, the approximately 20 states with "do-not-call" lists have some form of existing customer exception. These states, therefore, have recognized that an existing customer exception is consistent with consumer expectations. Indeed, the state framework serves to reinforce these existing customer expectations. Many consumers who are familiar with such state lists and register with the proposed Commission list may not intend or even realize that such registration would preclude telemarketing calls from those financial companies with which the customers have longstanding account relationships. In any event, as proposed, the national registry would not offer the customer the choice. Of course, the customer still has the right under the existing Rule to ask any individual company not to call. After the customer has registered there will be no easy way, and certainly none that involves a simple phone call, for the financial institution to be exempted from the blanket effect of the listing.

2. Inbound Calls Should Not Be Subject to the Rule.

The customer initiates incoming calls and does not require protections based on concerns about surprise or inconvenience or privacy. The customer sets the time, defines the purpose and is aware of the company being called. In dealing with inbound customer calls, the overriding purpose of the call from the perspective of the business is to respond by addressing the needs of the customer. The proposed rule recognizes that in general the protections of the rule need not apply to inbound calls.

The issue under paragraphs 310.2(t)(2) & (3) of the proposed rule arises if the financial institution should ultimately address the customer's inquiry or supplement that inquiry by providing additional value-added products or services. The proposed rule would require that if the call involves an additional seller or marketer, all of the protections applicable to an outbound call would apply. Most basically, this would require the financial institution to determine in the midst of the customer's call whether the customer is registered on the Commission's registry. In the worst case, the financial institution may have to terminate the call or decline to offer the customer the value-added product or service that could address the customer's concern.

At best, the financial institution would have an unduly complicated conversation with the customer. The institution would have to warn the customer that such calls frequently result in the sale of a product and to describe the nature of such product or service. A financial institution may be aware that individuals activating credit cards often take advantage of a balance transfer or purchase insurance. If a call to activate a card often involves transfer to a different representative or the sale of products from an affiliate, the proposed rule appears to prohibit either alternative if the customer is on the national registry. Even in the case of a customer who is not on the national registry, the rule could require a stilted set of disclosures that are unwanted and could damage an initial customer relationship.

The rule does not address the alternatives available if the call should be at a time when an outgoing call is not permitted, but that concern illustrates the difficulties of defining an inbound call as outbound. What elements of the intricate outbound call structure apply? In this area again the Commission is ignoring the experience of the States, which regulate only outgoing calls and do not attempt to impose limits on a call the consumer initiates.

There are a number of ways to prevent the proposed rule from interfering with a high standard of customer service. The best alternative is to exempt all inbound calls from treatment as outbound calls subject to the rule. This approach is based on the principle that control of the agenda of a call made by a customer rests with the customer. The financial institution must address the customer's concerns. If at some point this involves a new product or service to be offered by a new representative, the customer is obviously made aware of the reason when an effort is made to bring a new marketer to the call.

At a minimum, the proposed rule should clarify that no new seller is introduced to the call if the products or services of an affiliate are offered. If a credit card representative, for example, offers balance transfers to the card account from the credit card bank and insurance from another subsidiary of the financial institution, the representative is not introducing a new seller to the customer. Providing related financial products and services in the same line of business through different corporate entities of the same financial institution is invisible to the customer. The proposed rule should not distinguish affiliates as separate sellers in transactions in which the corporate structure is irrelevant to the customer.

Salomon Smith Barney provides one example of a Citigroup company facing this issue. It offers a series of investor education sessions, without charge to consumers. Such sessions have the benefit to the broker of introducing potential customers to brokerage products and services. The advantage to the consumer is enhanced financial literacy. Participants may call after the session to inquire about an account or additional investment planning or to purchase certain securities products. Referrals are necessary in the course of the call as the customer becomes more focused on the product or service that may be more helpful.

The proposed rule appears to require the representative of the affiliate company to interrupt the call to disclose to the customer that the new representative may try to offer the consumer the product or service that the consumer has just requested. The proposed rule may require several such disclosures in the course of a call as the same representative offers products from several different affiliates. At its most absurd, the proposed rule may prohibit the referral to a new representative because the customer's call would be deemed to be an outgoing call. It is not clear that a transfer requested by the customer is possible if the call is after the permissible hour for outgoing calls or if the customer is on an outgoing "do-not-call" list and has not provided written oral verification of permission to call. The proposal should resolve these inconsistencies by continuing the current practice of not regulating incoming calls, or, at a minimum, by exempting referrals to affiliates or the marketing of affiliate products from the outbound call rule.

3. Billing Information Should Not Include Encrypted Account Numbers or Other Sequence Numbers that Permit the Marketer to Identify the Customer but Not to Bill the Account of the Customer.

Citigroup is seeking clarification of the definition of "pre-acquired billing information." The proposed rule provides that it is a deceptive practice for a seller or telemarketer to submit billing information for payment without the customer's express verifiable authorization of, inter alia, the customer's specific billing information, including, under paragraph 310.3 (a)(3), the "name of the account and the account number, that will be used to collect payment...". This requirement does not apply to credit card transactions or any other payment methods that limit the customer's liability for unauthorized charges to the customer's account and also provide for dispute resolution procedures comparable to those in the Fair Credit Billing Act and the Truth In Lending Act. Accordingly, in a credit card transaction, the customer does not have to provide the telemarketer with his or her credit card number.

Exempting credit card transactions from the requirement for express verifiable authorization in order to bill the credit card account protects the customer from the need to disclose a credit card number to complete a sale. This is consistent with the FTC's own warnings, in publications and on its website, to customers to prevent identity theft by taking great care in any disclosure of credit card numbers. It is consistent with the privacy provisions of the Gramm-Leach-Bliley Act ("GLBA"), which prohibit financial institutions from disclosing to any third party for use in telemarketing any account or credit card number.

The practical effect of the GLBA privacy requirements is that financial institutions provide the third parties that market their products with a sequence number or transaction number or encrypted account number that serves to identify the customer. The number that is provided cannot be used to bill the customer. It does not provide the marketer with access to the customer's account. It is merely a means of definitively identifying the customer to be billed by the financial institution upon receiving verification from the marketer that the customer has authorized the purchase. For these reasons, the sequence number is not "billing information" as defined in Section 310.2(c), that is, "data that provides access to a consumer's or donor's account." For purposes of proposed section 310.4 (a)(5) therefore a sequence number should not be viewed as information that the seller financial institution is prohibited from sharing with any person for use in telemarketing.

The Commission has already recognized the difference between an account number or access code on one hand and an encrypted number or sequence number on the other. In the Federal Register notice accompanying its final Regulation P the Commission stated:

> "The Commission believes an encrypted account number is something different from the number itself and thus falls outside the prohibition in section 502(d). In essence, it operates as an identifier attached to an account for internal tracking purposes only. * * * In light of the statutory focus on access numbers, and given the demonstrated need to be able to identify which account a financial institution should debit or credit in connection with a transaction, the Commission has included a clarification. . . stating that an account number, or similar form of access number or access code, does not include a number or code in an encrypted number form, as long as the financial institution does not provide the recipient with the means to decrypt the number. Consumers will be adequately protected by disclosures of encrypted account numbers that do not enable the recipient to access the consumer's account."

65 Fed. Reg. 33669 (May 24, 2000). The sequence number or encrypted number that provides these protections should be excluded from the definition of "billing information" in the proposed rule. The Commission should be consistent in its treatment of such numbers.

Including sequence numbers as "billing information" is inconsistent with the proposed section 310.3(a)(3), which provides an exemption in the case of credit card transactions from the requirement that a consumer provide express oral verification of a sale by reciting the number of the account to be billed. The consumer is thus able to avoid providing the telemarketer with the credit card number. Such an exemption is without practical effect if the telemarketer cannot otherwise provide the credit card bank with a means to identify the consumer to be billed. A broad reading of billing information to include a sequence number compels consumer recitation of his or her credit card number and removes the benefit provided by section 310.3(a)(3).

It is also inconsistent to preclude the transfer from seller to telemarketer of a consumer's credit card number, both in the proposed rule and in GLBA, and then to define "billing information" so broadly as to preclude the sharing of alternative identifying information. Indeed, it is the use of a sequence number that makes it possible to keep the account number out of the hands of the telemarketer. The alternative is to force the customer to provide the actual credit card number and expiration date in order to assure accurate billing. As noted above, this is inconsistent with the approach taken by the Commission in its Regulation P, Section 216.12, and the Commission's pronouncements on identity theft.

In view of the provisions of GLBA itself, and the implementing regulations adopted by the Commission and other financial regulatory agencies, it appears that the Congress, the Commission and other regulatory agencies have found the better course is to allow the card number to remain with the customer and the bank and to require neither to disclose the account number to a marketer. The proposal fails to take account of the careful judgment of Congress and the other agencies or the Commission itself. Citigroup requests that the Commission define "billing information" in a manner consistent with this considered judgment by excluding sequence or transaction numbers or encrypted numbers.

4. To Be a Truly Central, National Registry, the Proposed "Do-Not-Call" List Must Replace the Multiple State Lists

As proposed, the "national" registry is neither national nor central but rather additional and incremental. The proposed national registry merely adds to the record keeping and administrative burden on companies that must already comply with their own customer requests and differing requirements of at least 20 states, a number that is likely to increase. Citigroup will be compelled to integrate 20 state lists, the proposed Commission list and its own customer directives into a single, constantly updated list. The comprehensiveness the proposal offers customers is not mirrored in that which it provides the users of the list. A comprehensive national registry may well be an improvement on multiple state requirements. Unfortunately, the Commission is compelled or has chosen to limit the reach of its proposal with respect to intrastate calls and the preemption of state list requirements. Citigroup urges the Commission to fully explore its ability to preempt state requirements and to take the steps necessary to create a comprehensive national registry. The Commission should defer final action until it can create a truly central national registry.

Citigroup also notes that the Commission must have the ability to implement this national registry. The proposal is unclear with respect to the cost of or funding for a national registry.

The States can provide some understanding of the requirements for technology and personnel to support such a registry. At a minimum, the registry requires staffing to maintain the list, to service calls, to investigate errors and to provide guidelines to users.

5. The Commission Should Find in its Final Rule that Wire Transfers and Certain Debit Cards Offer Consumers Protections Comparable to those of Credit Cards

The Commission should examine alternative methods of payments more closely and include those with protections similar to those available to those consumers who use credit cards as the means of payment. At a minimum, Citigroup believes that certain Visa and Master Card debit cards provide comparable limitations on liability under the terms of the card contracts. In addition, wire transfers that are subject to the Electronic Funds Transfer Act and the Federal Reserve's Regulation E would qualify as offering limited liability, subject only to a requirement of reasonable notice of unauthorized charges. Citigroup supports the comments of the American Bankers Association on this point.

6. Predictive Dialers Enhance Calling Accuracy and Should Not Be Prohibited

One aim of the Rule currently and the proposal is to assure the accuracy of telemarketing transactions. The Rule seeks to prevent burdens to consumers in the form of inaccurate billing or misunderstandings as to the products ordered or even whether the sale is complete. The Commission raises the issue of limitation on predictive dialers to avoid the annoyance to consumers of calls being disconnected when no operator is available. Citigroup suggests that the accuracy of dialing the correct number more than offsets any inconvenience to a limited number of consumers caused by such dialers. Manual dialing has proven to be less reliable than predictive dialers in reaching the proper consumer. Setting a reasonable abandonment rate of perhaps 5% would, on balance, be less intrusive than a number of erroneous calls due to dialing error. Predictive dialers also reduce the costs that are passed on to consumers.

7. Citigroup Faces a Patchwork of Subsidiaries Almost Randomly Subject to or Exempt from the Rule and Coverage of the Proposed Rule Should Be Clarified.

To the greatest extent possible, the Commission should clarify those lines of business that are exempt from the proposed rule. For financial companies, such as Citigroup, such clarification would include a statement that insurance underwriters, registered broker/dealers and FDIC-insured depository institutions are exempt. It would be useful to include a more detailed listing by the Commission both for ease of reference and because it is the agency charged with interpreting the scope of the exemptions, which at times have been at odds with interpretations of other agencies.

For example, Citigroup would interpret the exemption for banks to include non-deposit trust companies and credit card banks chartered by the states or the Comptroller of the Currency. It would include Utah and California industrial banks that have FDIC insurance. The insurance exemption would include insurance agents, which, as in the case of the underwriting companies, require state licenses. Independent agents that would be placing insurance for third party underwriters would be exempted. Investment advisers who must register with the SEC would be exempt, as well.

Citigroup respectfully requests the Commission to revisit the decision not to exempt the subsidiaries and affiliates of exempt financial companies. From a practical business perspective, distinctions based on whether an employee on a telephone call is employed by the bank or its wholly owned subsidiary or an affiliate make no sense. Decisions on the creation of subsidiaries and the placement of employees in a subsidiary or the parent bank are in many cases artificial to the business activities. The reasons for these corporate distinctions may be largely tax driven or because of unique employment laws in a particular jurisdiction or because of capital or licensing requirements or simply to maintain a uniquely local business presence. Employees often serve as dual employees for parents and subsidiaries and affiliates. The same employee could represent multiple entities on a telephone call with a customer. Exemptions in the proposed rule should be based on types of business rather than on the quirks of a corporate structure.

Moreover, for purposes of dealing with customers distinctions between separate corporate entities are largely invisible and more importantly, irrelevant. It makes no business sense to deny a certain portion of Citigroup's credit card business the ability to contact customers. The proposed rule would require Citigroup to sacrifice customer relationships and to limit its ability to provide its customers with the benefits of a wider array of products and lower cost services that were a basis for the passage of the Gramm-Leach-Bliley Act in 1999. For customers on the national "do-not-call" list, the customer contacts that would be permitted if a bank or thrift calls directly would be prohibited if a subsidiary or affiliate placed the customer call. This distinction is without business or corporate or regulatory purpose. As noted above, Citigroup is regulated on a consolidated basis and each of its major business lines are functionally regulated, and the distinctions in the scope of the proposed rule do not reflect any greater need to reach Citigroup entities that are otherwise unregulated.

CONCLUSION

Citigroup believes that this rule should be revised and proposed for additional comment. In addition to the concerns noted above, the proposal fails to address significant issues about the functioning of the proposed national registry. The proposal does not seek comment on a specific proposal to permit registrants to exempt certain companies. It does not address specifically how consumers will register, how long the registration is effective, how often the users must update new listings, who will bear the cost of the national registry after two years and whether third parties can register for consumers. The proposal appears to depend on technology, the capabilities of which are unclear at this point. A decision to include an exemption for existing customers, as Citigroup urges, would require comment on how to define such an exemption.

In addition, there are significant issues with regard to the definition of "billing information" and the treatment of inbound calls. The proposal also issues a general invitation for additional information on alternative payment methods and the protections they offer in order to assess whether they offer comparable protections to credit cards. The Commission would benefit from another round of more directed comments on such payment issues.

Certain of Citigroup's comments are in the nature of a request for clarification because the proposal appears to be inconsistent with the Gramm-Leach-Bliley Act, the stated policies of the Commission and the Commission's Regulation P. In many areas, the proposal is open-ended and asks for workable alternatives rather than seeking comment on a definite structure. This is clearly an appropriate way to proceed with issues of such significance, and the Commission is to be commended for its thoroughness. Nevertheless, any proposal that raises in excess of 100 questions for comment, from questions of underlying policy to details of implementation, is likely to benefit from publication of an additional, more focused proposal.

Citigroup agrees with the Commission as to the underlying policies in support of a national "do-not-call" list. Citigroup has long recognized that it is counterproductive to attempt to serve the customer by telephone if the customer chooses to receive no telemarketing calls. The Citigroup credit card business, as one example, has conducted, for at least seven years, an annual notification to allow its existing customers to opt out of receiving any credit card telemarketing calls. Citigroup also recognizes that the most efficient method of honoring requests of consumers not to be telemarketed is with a single national registry. This proposal, however, should be revised for additional comment if it is to present a balanced and effective comprehensive national registry.

The Citigroup contacts for this rulemaking are James E. Scott, (212) 559-2485, scottj@citi.com or the undersigned at (212) 559-2938, carl.howard@citicorp.com.

Very truly yours,

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