UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
CORPORATION FINANCE

May 2, 2017

Stephen H. Meyer
Sullivan & Cromwell LLP
1700 New York Avenue, N.W., Suite 700
Washington, DC 20006

Re: In the Matter of Citizens Bank, N.A. and Citizens Bank of Pennsylvania
Waiver of Disqualification under Rule 506(d)(2)(ii) of Regulation D

Dear Mr. Meyer:

This letter responds to your letter dated April 28, 2017 ("Waiver Letter"), written on behalf of Citizens Bank, N.A. and Citizens Bank of Pennsylvania ("Citizens"), and constituting an application for a waiver of disqualification under Rule 506(d)(2)(ii) of Regulation D under the Securities Act of 1933. In the Waiver Letter, you requested relief from any disqualification that arose as to Citizens under Rule 506 of Regulation D under the Securities Act by virtue of the orders ("Orders") entered by the Office of the Comptroller of the Currency ("OCC") and the Federal Deposit Insurance Corporation ("FDIC"). The two OCC orders were entered August 10, 2015, against RBS Citizens, National Association, n/k/a Citizens Bank, National Association (AA-EC-2014-109), and November 15, 2015, against Citizens Bank, National Association (AA-EC-2015-58), and the FDIC order was entered on August 12, 2015 against Citizens Bank of Pennsylvania (FDIC-14-0336k and FDIC-14-0337b). The Orders found violations of Section 5 of the Federal Trade Commission Act.

Based on the facts and representations in the Waiver Letter and assuming Citizens complies with the Orders, the Division of Corporation Finance, acting for the Commission pursuant to delegated authority, has determined that Citizens has made a showing of good cause under Rule 506(d)(2)(ii) of Regulation D that it is not necessary under the circumstances to deny reliance on Rule 506 of Regulation D by reason of the entry of the Orders. Accordingly, the relief requested in the Waiver Letter regarding any disqualification that arose as to Citizens under Rule 506 of Regulation D by reason of the entry of the Orders is granted on the condition that it fully complies with the terms of the Orders. Any different facts from those represented or failure to comply with the terms of the Orders would require us to revisit our determination that good cause has been shown and could constitute grounds to revoke or further condition the waiver. The Commission reserves the right, in its sole discretion, to revoke or further condition the waiver under those circumstances.

Very truly yours,

Sebastian Gomez Abero
Chief, Office of Small Business Policy
Division of Corporation Finance

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April 28, 2017

By ELECTRONIC MAIL AND FEDERAL EXPRESS

Sebastian Gomez Abero
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F St., N.E.
Washington, D.C. 20549

Re: In the Matter of Citizens Bank, N.A. and Citizens Bank of Pennsylvania

Dear Mr. Gomez Abero:

This letter is submitted on behalf of our clients, Citizens Bank, N.A. (the "*National Bank*") and Citizens Bank of Pennsylvania (the "*Pennsylvania Bank*", and together with the National Bank, the "*Banks*"). The Banks, each a subsidiary of Citizens Financial Group, Inc. (the "*Company*" or "*Citizens*"), hereby request, pursuant to Rule 506(d)(2)(ii) of Regulation D promulgated under the Securities Act of 1933, as amended (the "*Securities Act*"), a waiver of any disqualification from relying on the exemption provided by Rule 506 of Regulation D ("*Rule 506*"). The disqualification is applicable as a result of consent orders agreed to by the Banks issued by their prudential banking supervisors as follows:

a) the entry of orders by the Office of the Comptroller of the Currency (the "*OCC*") set forth in *In re RBS Citizens, N.A., n/k/a Citizens Bank, N.A.,* Providence, Rhode Island, of AA-EC-2014-109, August 10, 2015 (the "*OCC Reconciliation Orders*"), and by the Federal Deposit Insurance Corporation (the "*FDIC*") set forth in *In re Citizens Bank of Pennsylvania,* Philadelphia, Pennsylvania, FDIC Docket Nos.14-0336k & 14-0337b, August 12, 2015 (the "*FDIC Reconciliation Order,*" and together with the OCC Reconciliation Order, the "*Reconciliation Orders*"), and

b) the entry of orders by the OCC set forth in *In re Citizens Bank, N.A.*, Providence, Rhode Island, AA-EC-2015-58, November 10, 2015 (the "*OCC Add-on Products Orders*").

BACKGROUND

The Reconciliation Orders

The Reconciliation Orders were a consensual resolution of findings by the OCC and the FDIC that the Banks had engaged in unfair and deceptive practices in violation of Section 5(a)(1) of the Federal Trade Commission Act, 15 U.S.C. § 45(a)(1) ("*Section 5*").[1] The underlying issues arose from the Banks' processes used from 2008 until November 2013 for handling discrepancies that arise when the amount of funds deposited by bank customers in non-cash transactions did not agree with the amount of funds encoded on the deposit slips that the customers filled out. Below certain thresholds, the Banks' policies were to accept the amounts encoded by the customer on the deposit slip, regardless of whether the actual sum of the deposited items was higher or lower. Sometimes the discrepancy was caused by the Banks' imaging technology misreading the amounts on the checks or other deposited items; more often, the discrepancy was caused by a mistake made by the customer in filling out the deposit slip. For somewhat higher amounts, the Banks' review procedures required that the differences be reconciled, but these procedures were not followed consistently and the amount on the deposit slip was automatically credited in many cases. Accordingly, for some miscalculated deposits, customers were credited with more than they had deposited, and for others, they were credited with less than they had actually deposited. The OCC and the FDIC (together, the "*Agencies*") also determined that the Banks' disclosures in their deposit account agreements about deposit verification did not accurately describe the Banks' reconciliation practices.

The Reconciliation Orders, issued without the Banks either admitting or denying the findings, found that the Banks' practices were unfair and deceptive within the meaning of Section 5 because they caused or were likely to cause substantial consumer injury and that the Banks had engaged in deceptive practices because the deposit agreements had failed to describe accurately the Bank's processes for resolving discrepancies, and, as a result, reasonable consumers were likely to be misled.

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[1] Section 5 provides in pertinent part that "unfair or deceptive acts or practices in or affecting commerce, are hereby declared unlawful." The Federal banking agencies enforce Section 5 through the authority granted in Sections 8(b), (e), and (i) of the Federal Deposit Insurance Act (the "*FDI Act*"), 12 U.S.C. §§ 1818(b), (e), and (i)(2), to bring actions based on violations of "any law or regulation."

The OCC also based its Reconciliation Orders on unsafe or unsound banking practices because the Banks had not properly assessed the risks from their deposit reconciliation processes and did not have adequate internal controls and staffing.

The Banks do not dispute that their deposit reconciliation execution was deficient. In November 2013, Citizens completed the implementation of a four-year project to upgrade significantly its branch-level imaging technology. The upgraded systems had the effect of greatly reducing, if not eliminating mis-addition in deposit item transactions. The Banks also modified their deposit agreements to explain better the deposit reconciliation process, and took action to improve internal controls. The Reconciliation Orders recognize that the violations ceased at that time.[2]

In addition to augmenting risk management and compliance programs, and providing restitution to customers, as further discussed below, under the Reconciliation Orders, the Banks have paid civil money penalties of $10 million assessed by the OCC and $3 million by the FDIC.

Because of these findings, absent a waiver, as set forth in Rule 506(d), the Banks and other issuers and participants in offerings as provided in Rule 506(d) may not rely on the Regulation D exemption, because each of the Reconciliation Orders "[c]onstitutes a final order based on a violation of a law … that prohibits … deceptive conduct…"

The OCC Add-on Products Orders

The National Bank has also entered into a consent order and agreed to the assessment of a civil money penalty with the OCC concerning certain practices with respect to the marketing and operation of two consumer "add-on" products – an identity theft protection product that provides credit monitoring, credit report retrieval, and other services to help protect against identity theft, and a debt cancellation product that covered certain life events. The add-on products were marketed to the National Bank's customers who had credit cards

The OCC found that the National Bank engaged in certain unfair and deceptive practices with respect to add-on products, and determined that the National Bank had committed a violation of the OCC's debt cancellation product disclosure regulation.

The principal issue that led to the OCC Add-on Products Orders was the practice—determined to be unfair—that consumers were billed for the identity theft

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2 OCC Reconciliation Orders at Article I (1); FDIC Reconciliation Order at Second Introductory Paragraph.

protection product who were not receiving some or all of the credit monitoring or credit report access features of the product.

With respect to the debt cancellation product, the OCC found that the National Bank or its service provider may have denied the claim or miscalculated the amount of the claim, which the OCC determined to be an unfair practice.

The deceptive practice charged also involved the debt cancellation product. The OCC found that the Bank or its service provider had improperly administered the offered 30-day free review period, because "a small number of customers"[3] were not credited or product fees were imposed upon their accounts despite cancelling their enrollment within the free review period. The OCC determined that failing to comply with the terms of the debt protection agreement was a deceptive practice.

The OCC also found that the National Bank had violated an OCC regulation governing the marketing of debt cancellation products stemming from the timing of disclosures concerning cancellation and refund rights.

In addition to order provisions requiring improved compliance programs and third party vendor oversight, and restitution, the National Bank also has paid a $2 million civil money penalty.

Because of the OCC Add-On Product Orders, absent a waiver, the National Bank and certain other parties as provided in Rule 506(d) may not rely on the Regulation D exemption, because each of the OCC Add-on Products Orders "[c]onstitutes a final order based on a violation of a law … that prohibits … deceptive conduct…"

DISCUSSION

The Banks understand that the Reconciliation Orders and OCC Add-on Products Orders (collectively, the "*Banking Agency Orders*") currently disqualify the Banks and any issuer with respect to which the Banks act in any capacity described in Rule 506(d)(1) from relying on Rule 506 of Regulation D. The Commission has the authority to waive these disqualifications upon a showing of good cause that such disqualifications are not necessary under the circumstances.[4]

REASONS FOR GRANTING A WAIVER

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[3] Add-on Products Orders, Article I (12).

[4] *See* 17 C.F.R. § 230.506(d)(2)(ii).

The Banks respectfully request that the Commission waive any disqualifying effects that the Banking Agency Orders may have under Rule 506 of Regulation D. The Banks believe that the facts support a conclusion that the granting of a waiver would be consistent with the guidelines for relief published by the Division of Corporation Finance.[5]

The Reconciliation Orders

1. Nature of Violations: No Relationship to the Offer and Sale of Securities

None of these violations relates in any way to the offer and sale of securities. The Banks' deposit processing and reconciliation operations line of business is necessarily managed and controlled differently than the Banks' wealth management and other securities-related operations. The personnel who directly oversee the Banks' deposit operations processes have no responsibility for securities offerings, investment management accounts, or other securities-related activities. The Banks have different compliance structures, approval processes and risk management oversight for securities and investment-related businesses than for the Banks' operational infrastructure. Accordingly, a problem in deposit reconciliation processes or related customer disclosures would not be indicative of a similar problem in the investment management business line.

2. No Finding of Scienter

The OCC and the FDIC found that the Banks are liable under Section 5 for a deceptive practice stemming from disclosures in their deposit account agreements that were inadequate to alert customers to the actual deposit reconciliation practices conducted by the Banks. There was no finding of *scienter* in any form. Section 5 liability attaches without proof of "*scienter*, reliance or injury…." unlike the elements of common law fraud.[6]

3. Responsibility for the Misconduct

The Reconciliation Orders do not assign to any individual Bank or Company employees responsibility for the violations. Nevertheless, management and oversight of the deposit reconciliation process has been changed since the period covered by the Reconciliation Orders.

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5 *See* SEC, Division of Corporation Finance, Waivers of Disqualification under Regulation A and Rules 505 and 506 of Regulation D, March 13, 2015, at https://www.sec.gov/divisions/corpfin/guidance/disqualification-waivers.shtml.

6 *FTC* v. *Freecom Communications, Inc.*, 401 F.3d 1192, 1204 n.7 (10th Cir. 2005).

4. Duration of the Alleged Violation

The period encompassed by the Reconciliation Orders is January 2008 until November 2013.[7] In 2011, however, the Banks lowered the thresholds for automatically crediting the deposit slip amounts, thereby mitigating the issues after that point. As noted above, as a result of system upgrades, the challenged practices ended by November 2013, which had the effect of greatly reducing, if not eliminating, mis-addition in regular deposit item transactions.

5. Remedial Steps

As discussed above, the Banks resolved the issues arising from their reconciliation practices in three ways. First, the extensive branch-level technology upgrade that was fully implemented by November 2013 eliminated the practice of allowing differences between the amount that the customer put on a regular branch deposit slip and the amount the Bank calculated from its review of the deposit items.[8] Second, at approximately the same time, the Banks revised their deposit agreements to provide a more detailed explanation of how the deposit reconciliation process worked. Third, the Banks significantly upgraded internal control and risk assessment processes as they pertained to this area of the Banks' operations.

The OCC Reconciliation Order includes remedial provisions requiring that the National Bank submit for "no-supervisory objection" and thereafter comply with a written risk management program concerning deposit reconciliation practices. The program must include risk assessments, risk mitigating procedures, training in Section 5 compliance, escalation processes for Section 5 and related policies, as well as policies so that the National Bank's control functions have sufficient authority to review deposit reconciliation practices, and then identify and remedy deficiencies. The OCC Reconciliation Order also includes corresponding auditing, training and senior management oversight requirements. As noted, the National Bank significantly augmented its risk management procedures for deposit reconciliation well before the Reconciliation Orders were issued.

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7 OCC Reconciliation Orders at Article I (1); FDIC Reconciliation Order at Second Introductory Paragraph.

8 Certain deposit procedures that were not at issue in the enforcement action and that generally are used only by businesses (*e.g.*, night depository and "declared value" deposits) are subject to different procedures that permit a small error tolerance.

The Banks have agreed in the Reconciliation Orders to provide refunds to both personal and business accounts that were "under-credited" for individual deposits as a result of the reconciliation practices. Customer transactions resulting in an "over-credit" do not reduce the refunds, even for individual customers who had some "over-credits" and some "under-credits." The expected aggregate amount of redress is approximately $22.5 million. The refund program is complete, with payments made to eligible customers by account credit or check through the end of September 2016. There will be ongoing actions to follow-up on returned mail, and, eventually, escheatment for uncashed checks.

The FDIC Order did not include any provisions requiring remedial measures concerning the practices of the Pennsylvania Bank.

As a general matter, the Banks have greatly increased their attention to deposit reconciliation execution and disclosure issues over the last several years, which accounts in large part for the Agencies' limitation of the duration of the violations found to the period ending in November 2013.

Similarly, the Banks have also enhanced their overall efforts to comply with Federal consumer financial laws in recent years, particularly with respect to preventing unfair or deceptive acts or practices. The Banks have each adopted a "UDAAP Policy." The UDAAP Policy defines Unfair, Deceptive or Abusive Acts or Practices and outlines specific program elements which must be incorporated into the program and adhered to by all relevant business lines related to product design, marketing and disclosures, sales practices, servicing and collections, ongoing product reviews, expressions of dissatisfaction/complaint handling and data requirements, training and management information. The Banks employ the "Three Lines of Defense" model to incorporate compliance to policy standards. The business lines "own" the requirement to meet the UDAAP policy (first line), consumer compliance develops and coordinates implementation of the policy while also providing oversight and guidance (second line), and internal audit conducts independent testing to assure that the policy is being followed (third line).

The OCC Add-on Product Orders

1. Nature of Violations: No Relationship to the Offer and Sale of Securities

The add-on products-related violations also bear no relationship to securities offerings or transactions. The National Bank's consumer credit card and other consumer businesses have different management and control structures than the wealth management and other securities-related operations. The personnel who directly oversee consumer businesses do not have responsibility for securities offerings, investment management accounts that may acquire securities, or other securities-related activities.

As with deposit operations, the National Bank has different compliance structures, approval processes, and risk management oversight for securities and investment-related businesses than for the National Bank's consumer businesses. Accordingly, a problem in the marketing and administration of add-on products would not be indicative of a similar problem in the investment management business line.

2. No Findings of Scienter

The OCC Add-on Product Orders also do not include any findings of *scienter* or other purposeful misconduct. As noted above, Section 5 liability attaches without proof of "*scienter*, reliance or injury...." unlike the elements of common law fraud.

3. Responsibility for the Misconduct

The Add-On Products Orders do not assign to any individual Bank or Company employees responsibility for the violations. The issues principally involve the Bank's third-party vendors.[9] The Bank has since terminated its relationships with these vendors.

4. Duration of the Alleged Violation

The OCC Add-on Product Orders found that the practices with respect to the debt cancellation product, including the deceptive practice involving the 30-day free review period feature of the debt cancellation, lasted from 2005 until 2013. The billing practices at issue with respect to the identity theft protection product occurred between 2008 and 2014.[10]

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[9] OCC Add-on Products Orders at Article I (3), (7),

[10] OCC Add-on Products Orders at Article I (3), (8), (12).

5. Remedial Steps

The OCC Add-on Products Order requires that the National Bank achieve and maintain a program to ensure compliance with Section 5. The Banks have been enhancing their consumer compliance efforts over the last several years and will be implementing further enhancements to avoid issues like those addressed in the OCC Add-on Products Orders. The Banks have developed written policies and procedures for identifying and reporting any violation of Section 5 of the FTC Act. Pursuant to the Banks' UDAAP policy, "[i]t is the Policy of [the Banks] to prohibit unfair, deceptive or abusive acts or practices and to treat customers in a manner that is fair, equitable, transparent and consistent with consumer protection laws and regulations, and in accordance with safe and sound banking practices." With respect to add-on product marketing and administration, the National Bank is required to adhere to a detailed set of requirements in overseeing and controlling third party service providers who provide sales and administration services for optional add-on products.

The National Bank has also ceased all of the practices challenged in the OCC Add-on Products Orders for identity theft protection and debt cancellation products, as well as marketing these products. The identity theft protection products are currently in run off, and the debt cancellation product was retired in July 2013.

The National Bank substantially completed the payment of approximately $12.3 million in restitution to eligible consumers pursuant to the OCC Add-on Products Orders by December 31, 2016. There will be ongoing actions following completion of the payments to follow-up on returned mail, and, eventually, escheatment for uncashed checks. The National Bank also has paid a $2 million civil money penalty pursuant to the OCC Add-on Products Orders.

6. Impact on Issuers and Third Parties if Waiver is Denied (applicable to both Reconciliation Orders and Add-on Product Orders)

The disqualification of the Banks' ability to participate in Regulation D offerings would impair the Banks' ability to compete with peers now and more importantly over the ten year duration of the Rule 506(d) disqualification.[11]

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[11] Citizens' businesses that would be directly affected by the disqualification include Citizens Securities, Inc., a subsidiary of the National Bank that is registered as a broker-dealer and as an investment advisor with the Commission, and Citizens Investment Advisors, a separately identifiable department within the National Bank that is also registered as an investment advisor with the Commission. Citizens Capital Markets, Inc., another broker-dealer, is a subsidiary of the

Until September 2014, Citizens was a wholly-owned indirect subsidiary of RBS Group. At that time, RBS Group sold 28% of its equity in Citizens in an initial public offering. On October 30, 2015, RBS Group sold all of its remaining ownership interest in Citizens and, as a result, Citizens is now a stand-alone publicly traded entity. As part of the separation from RBS Group, Citizens plans to enhance significantly the Banks' capital markets activities, especially for the mid-market companies in which the Banks specialize, as well as its wealth management line of business.[12] In order to compete effectively in these areas as a stand-alone banking organization, Citizens expects to augment the Banks' current product offerings, particularly with respect to capital markets and wealth management. An inability to rely on the Regulation D exemption will likely impair the Banks' ability to attract and retain high-quality wealth management personnel, especially at a time like now when Citizens is seeking to increase the Banks' headcount in this area.

As a subsidiary within RBS Group, the Banks' reliance on the Regulation D exemption historically was relatively modest. The recent past, however, is not indicative of what products the Banks will stress as a large, stand-alone regional bank offering a fuller array of financial products and services for mid-market commercial clients and customers who desire more sophisticated wealth management services, such as hedge funds. Without the requested waiver, the Banks' wealth management clientele will not have the benefit of their advisors' expertise in these products.

A Rule 506(d) disqualification may also impair the Banks' ability to fulfill their obligations under the Community Reinvestment Act.[13] In 2013, the Banks announced a commitment to provide more than $1 billion in funding for affordable housing and community development projects over a five year period. Much of this funding comes in the form of equity investments made through funds that rely on the Regulation D exemption from registration. In future investments, the Banks' investment may exceed the 20% beneficial ownership trigger that would disqualify the offering from the exemption.

Citizens Financial Group, the top-tier holding company. That entity is not affected by the disqualification.

12 *See Citizens Financial Group, Inc., SEC Form 424B4,* filed September 25, 2014, at 7 ("We also intend to transition to a more balanced revenue profile by taking steps to further grow our noninterest income through an expansion of our wealth management, capital markets and cash management services to reduce our overall reliance on net interest income.").

13 12 U.S.C. § 2901 *et seq.*

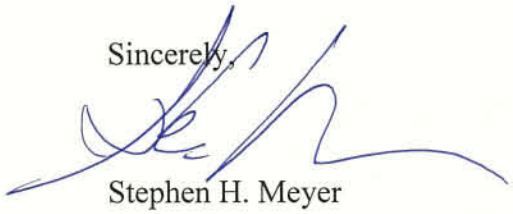
In short, continuation of the Rule 506(d) disqualification will have a meaningful impact on Citizens' ability to execute the strategic plan for the Banks and the Company as a whole during this important transitional period, and may also reduce its ability to satisfy a commitment to the communities it serves to provide meaningful affordable housing and community development funding.

* * *

In light of the grounds for relief discussed above, we believe that disqualification is not necessary under the circumstances, and that the Banks have shown good cause that relief should be granted. Accordingly, we respectfully urge the Commission, pursuant to Rule 506(d)(2)(ii) of Regulation D, to waive the disqualification provision in Rule 506 to the extent it may be applicable as a result of the entry of the Orders.

If you have any questions, please contact Wendy Goldberg at 212-558-7915, or me at 202-956-7605.

Sincerely,



Stephen H. Meyer