

ELECTRONIC FUND TRANSFERS & REGULATION E

Purpose

The Consumer Financial Protection Bureau's Regulation E (Reg E) implements the provisions of the Electronic Fund Transfer Act (EFTA). The EFTA establishes the basic rights, liabilities, and responsibilities of consumers who use electronic fund transfer services and of financial institutions that offer these services.

Coverage

Regulation E applies to any electronic fund transfer (EFT) that authorizes a financial institution to debit or credit a consumer's account. An EFT is any transfer of funds that is initiated through an electronic terminal, telephone, computer, or magnetic tape for the purpose of ordering, instructing or authorizing a financial institution to debit or credit an account.

EFTs include, but are not limited to ATM and point-of-sale (POS) transactions; debit card transactions; direct deposits/withdrawals of funds; ACH transfers; transfers initiated by telephone; payments transferred under a bill payment service; and international remittance transfers sent via EFT.

Exceptions

Payments made by checks/drafts at an electronic terminal are generally not covered by Regulation E. However, an ACH transfer where a member has provided a check to allow a merchant or other third party to capture the MICR (magnetic ink character recognition) encoding to initiate the transfer is considered an EFT covered by Regulation E (i.e., "electronic check conversions" or ECK transactions).

In addition, Regulation E does not cover wire transfers through Fedwire, automatic transfers by account-holding institutions, and incidental telephone transfers that are not initiated under a prearranged plan that allows periodic or recurring transfers. There is also a small institution exemption for preauthorized transfers to or from accounts held at an institution with \$100 million or less in assets (on the preceding December 31).

Requirements

An electronic fund transfer (EFT) is any transfer of funds that is initiated through an electronic terminal, telephone, computer, or magnetic tape for the purpose of ordering, instructing or authorizing a financial institution to debit or credit an account.

EFTs include, but are not limited to, the following:

- point-of-sale (POS) transfers;
- automated teller machines (ATM) transfers;
- direct deposits or withdrawals of funds;
- transfers sent via ACH (Automated Clearinghouse);
- transfers initiated by telephone;
- transfers resulting from debit card transactions (whether or not initiated through an electronic terminal);
- payments made by a bill payer under a bill payment service (unless made solely by check, draft or similar paper instrument); and
- international remittance transfers sent via EFT.

There are, however, a number of transactions which are not covered by Regulation E. For example, payments made by checks/drafts at an electronic terminal are generally not covered by Reg E. However, an ACH transfer where a member has provided a check to allow a merchant or other third party to capture the MICR (magnetic ink character recognition) encoding to initiate the transfer is considered an EFT covered by Reg E. These transactions are called “electronic check conversions” or ECK transactions. (*See below: EFTs Using Information from a Check.*)

In addition, Reg E does not cover wire transfers through Fedwire, automatic transfers by account-holding institutions, and incidental telephone transfers that are not initiated under a prearranged plan that allows periodic or recurring transfers. There is also a small institution exemption for preauthorized transfers to or from accounts held at an institution with \$100 million or less in assets (on the preceding December 31).

EFTs Using Information from a Check

The credit union will have to follow certain rules if it initiates an electronic check conversion (ECK) transaction (e.g., the credit union converts a check to an EFT from another institution provided as payment for a mortgage loan). These rules generally apply to merchants, but also cover any other payee that initiates one of these transactions.

An ECK transaction occurs when a consumer authorizes a one-time EFT from his or her account using information from a check to initiate the transfer. Reg E applies whether the check is blank, partially completed, or fully completed and signed; whether the check is presented at a POS or mailed to a payee or lockbox and later converted to an EFT; or whether the check is retained by the consumer, the payee, or the payee’s financial institution.

An electronic check conversion transaction can only proceed when it has been authorized by the consumer. A consumer authorizes the transaction when he receives the appropriate notice and then goes forward with the transaction.

A credit union that initiates an ECK transaction must notify the consumer that:

- The check will be processed as a one-time EFT; and
- The funds may be debited from the consumer's account as soon as the same day payment is received, and, as applicable, that the consumer's check will not be returned by the financial institution holding the account.

For point-of-sale (POS) transactions, a notice must be posted in a prominent and conspicuous location, and a copy of the notice must be provided to the consumer at the time of the transaction, such as on the receipt. For accounts receivable conversion (ARC) transactions, the notice will typically be on a billing statement or invoice. The credit union need not obtain the member's written authorization to conduct the transaction.

Model Clauses for Authorizing One-Time EFT Using Information from a Check (Reg E Appendix A-6)

Notice About Electronic Check Conversion:

When you provide a check as payment, you authorize us either to use information from your check to make a one-time electronic fund transfer from your account or to process the payment as a check transaction.

[You authorize us to collect a fee of \$ ____ through an electronic fund transfer from your account if your payment is returned unpaid.]

Alternative Notice about Electronic Check Conversion (Optional):

When you provide a check as payment, you authorize us to use information from your check to make a one-time electronic fund transfer from your account. In certain circumstances, such as for technical or processing reasons, we may process your payment as a check transaction.

[Specify other circumstances (at payee's option).]

[You authorize us to collect a fee of \$ ____ through an electronic fund transfer from your account if your payment is returned unpaid.]

Notice for Providing Additional Information about Electronic Check Conversion

When we use information from your check to make an electronic fund transfer, funds may be withdrawn from your account as soon as the same day [you make] [we receive] your payment [and you will not receive your check back from your financial institution].

What about re-presented checks? The electronic re-presentment of a returned check is not covered by Reg E. A re-presented check transaction occurs when a check used to pay for goods or services is returned for insufficient funds and the merchant/payee re-presents the check electronically through the ACH system. The resulting EFT in this case is considered a continuation of a transaction originated by check and is, therefore, excluded from Reg E coverage. However, any fee assessed by the payee for re-presentment, such as a collection fee, would be covered by Reg E if authorized by the consumer and debited from the consumer's account.

ISSUANCE OF ACCESS DEVICES

Credit unions must issue some type of "access device," such as an ATM/debit card or identification code in order for account holders to access their funds via EFT. Credit unions may issue access devices:

- when a member requests or applies for the device, or
- when the credit union renews or substitutes a new device for an accepted access device (e.g., replacing an ATM card with a debit card).

An unsolicited device may be issued in limited circumstances, subject to specific validation rules. A credit union may distribute an access device to a member on an unsolicited basis if the access device is:

- not validated, meaning that the credit union has not yet performed all the procedures that would enable a member to initiate an EFT using the access device;
- accompanied by a clear explanation that the access device is not validated and how the member may dispose of it if validation is not desired;
- accompanied by the disclosures of the consumer's rights and liabilities that will apply if the access device is validated; and
- validated only in response to the member's oral or written request for validation, after the credit union has verified the member's identity by a reasonable means.

DISCLOSURES

In general, credit unions are required to provide initial Reg E disclosures when the member contracts for EFT services, then subsequently each time the member initiates an EFT, and on each periodic statement. In addition, disclosures must be provided when the credit union changes the terms of the EFT agreement. Reg E disclosures must be in writing, in a clear and readily understandable form, and in a form the consumer can keep. Financial institutions are permitted to deliver EFTA disclosures via electronic communication, as long as the consumer agrees to receive the disclosures electronically. (See also “Electronic Communication.”)

Initial Disclosures

The credit union must provide certain initial disclosures when the member contracts for EFT services, or before the first EFT transfer is made involving the member's account. These initial disclosures must include:

- a summary of the member's liability under Reg E, or under any applicable state law or agreement (e.g., contract with VISA or MasterCard);
- telephone number/address of contact for reporting unauthorized EFTs;
- the credit union's business days;
- the types and limitations on EFTs the member may make;
- any fees imposed by the credit union for EFTs or for the right to make transfers;
- a summary of the member's right to receipts and periodic statements, and notices regarding preauthorized transfers;
- a summary of the consumer's right to stop payment;
- summary of the credit union's liability to the member for failure to make or stop certain transfers;
- the circumstances under which the credit union may provide information concerning the member's account to third parties (e.g., consumer reporting agencies); and
- an error resolution notice.

When listing the types of permissible transfers, don't forget to add electronic check conversions (ECK) to your initial Reg E disclosures if you haven't done so already. The Federal Reserve Board has added language to the model disclosures that credit unions may use to inform members that they may allow a merchant or other payee to make a one-time payment from a checking account using information from a check to pay for purchases or to pay bills.

ATM Surcharge Notice. The Gramm-Leach-Bliley Financial Modernization Act of 2000 added an ATM surcharge notice to the above list for inclusion in the initial disclosure.

The initial disclosure must include a notice that a fee may be imposed by an ATM operator when a member initiates an EFT or makes a balance inquiry at an ATM operated by an institution other than the credit union, and by any network used to complete the transaction. The Federal Reserve Board's model language suggests the following:

"When you use an ATM not owned by us, you may be charged a fee by the ATM operator [or any network used] (and you may be charged a fee for a balance inquiry even if you do not complete a fund transfer)."

Receipts at Electronic Terminals

Credit unions that make receipts available at the time the consumer initiates an EFT at an electronic terminal. The receipt must set forth:

- the amount of the EFT;
- the date the consumer initiated the transfer;
- the type of transfer and type of account to or from which funds were transferred (unless only one type of account may be accessed);
- a number or code identifying the consumer's account or the access device (e.g., ATM card) used to initiate the transfer;
- the location of the terminal; and
- any third party to or from whom the funds were transferred.

As of August 6, 2007, EFTs of \$15 or less no longer require receipts.

Periodic Statements

Credit unions must also send a periodic statement for each monthly cycle in which an EFT has occurred, and at least quarterly if no transfer has occurred. Periodic statements must include:

- transaction information for each EFT occurring during the cycle, including: (1) the amount of the transfer, (2) the date the transfer was credited to or debited from the member's account, (3) the type of transfer and type of account to or from which funds were transferred, (4) the terminal location for EFTs initiated at electronic terminals (except deposits of checks/drafts), and (5) the name of any third party to or from whom funds were transferred;
- the member's account number;
- any fees assessed against the account;
- account balance for the beginning and close of the statement period;
- an address and telephone number for account inquiries; and
- a telephone number for members to call regarding preauthorized transfers (if the credit union uses the telephone notice option -see below).

Preauthorized Transfer Notice

Preauthorized EFTs are authorized in advance to recur at substantially regular intervals. Such EFTs may only be authorized by a writing which is signed or "similarly authenticated" by the member. The credit union must provide either positive notice (the transfer occurred) or negative notice (the transfer did not occur) to the member when a preauthorized transfer is initiated at least once every 60 days, or install a readily available telephone line that the member may call to determine whether or not a transfer has occurred. In order to stop payment, the member must notify the credit union orally or in writing at least three business days before the scheduled date of the transfer.

Change in Terms Notice

The credit union must provide prior notice to the member if it plans to increase members' fees or liability, provide fewer types of available EFTs, or place stricter limitations on the frequency or dollar amount of transfers.

Notice of these changes must be provided to the member at least 21 days before the effective date. However, no prior notice is required if an immediate change is necessary to protect the security of the account or the system. If the change becomes permanent, the credit union may notify members in writing on or with the next periodic statement, or within 30 days of making the change permanent.

Error Resolution Notice

In addition, an error resolution notice must be delivered at least once each calendar year, or the credit union may include an abbreviated notice on or with each periodic statement. (See error resolution procedures below)

UNAUTHORIZED TRANSFERS

A member's liability for an unauthorized EFT or series of related unauthorized transfers is limited by Reg E. However, keep in mind that a consumer may only be held liable for an unauthorized transfer if the appropriate initial disclosures detailing the member's liability under the EFT agreement are provided by the credit union.

If the member notifies the credit union within two business days after learning of the loss or theft of an access device (ATM, debit card), the member's liability will not exceed the lesser of \$50 or the amount of the unauthorized transfers that occur before notice to the credit union. If the member fails to notify the credit union within two business days after discovery, his or her liability will not exceed the lesser of \$500 or the sum of (1) \$50 or the amount of the unauthorized transfers that occur within the two business days, whichever is less; and (2) the amount of unauthorized transfers that occur after the close of two business days and before notice to the credit union, provided the credit

union proves that the transfers would not have occurred had the member notified the credit union within that two-day period.

In addition, the member must report any unauthorized transfers on his or her periodic statement within 60 days of the credit union's transmittal of the statement to avoid liability for subsequent transfers. If the member fails to do so, his or her liability shall not exceed the amount of the unauthorized transfers that occur after the close of the sixty days and before notice to the credit union, and must not exceed the amount that the credit union establishes would not have occurred had the member notified the credit union within the 60-day period.

****** Please note that Reg E offers the minimum required protection for consumers. Financial institutions that issue debit cards, however, may offer consumers more protection. In addition, VISA and MasterCard have instituted zero liability policies for fraudulent use of their branded credit and debit cards. Therefore, credit unions' disclosures must reflect VISA and MasterCard's policies. ******

ERROR RESOLUTION PROCEDURES

Credit unions must follow specific error resolution procedures. These error resolution procedures of Reg E need only be followed when the member notifies the credit union of the error; not if the credit union discovers the error on its own.

Reg E's definition of "error" includes unauthorized EFTs, as well as incorrect EFTs to or from a member's account, the omission of an electronic fund transfer from a periodic statement, the credit union's computational or bookkeeping error, and the member's receipt of an incorrect amount from an electronic terminal.

Although the regulation's definition also covers a member's inquiry to determine whether or not an error exists, errors do not include a member's routine inquiry concerning the balance in an account, or a request for information for tax or other recordkeeping purposes.

The member has 60 days after receiving a periodic statement to notify the credit union that an error has occurred. The notice may be written or oral; however, the credit union may require the member to provide written confirmation of an error within 10 business days of an oral notice. If the member makes a timely request for documentation or further clarifications to determine whether or not an error has occurred, the member's notice will be considered timely if received by the credit union no later than 60 days after the credit union sends the requested information.

The credit union must promptly investigate the matter and determine within 10 business days whether or not an error occurred (20 days for a new account, i.e., less than 30

days old). However, the credit union may take up to 45 days (90 days for foreign and POS debit card transactions, and new accounts) to conduct its investigation if it:

- provisionally credits the member's account within 10 business days of receiving the error notice (20 days for new accounts);
- informs the member within 2 business days after providing the provisional credit of the amount and date of the crediting, and gives the member full use of the funds;
- corrects the error, if any, within 1 business day after determining that an error occurred; and
- reports the results to the member within 3 business days after completing the investigation (including, if applicable, notice that provisional credit has been made final).

What if no error occurred? In addition to following the above procedures, the credit union must include a written explanation of its findings when it reports the results of the investigation to the member. The explanation must note the member's right to request the documents that the credit union relied on in making its determination. Upon the member's request, the credit union must provide copies of these documents.

When the credit union debits the provisionally credited amount, it must notify the member of the following:

- the date and amount of the debiting; and
- that the credit union will honor checks/drafts or similar instruments payable to third parties and preauthorized transfers from the member's account (without charge as a result of an overdraft) 5 business days after the notification. But the credit union need only honor items it would have paid if the provisionally credited funds had not been debited.

If the credit union has fully complied with the requirements of Reg E for error resolution, it has no further responsibilities under the rule should the member reassert the same error.

FEE DISCLOSURES AT ATMs

Regulation E requires automated teller machine (ATM) operators that impose fees on consumers to provide notice that a fee is being imposed and disclose the amount of the fee.

Credit unions that operate ATMs must post the notice in a prominent and conspicuous location on or at the ATM; and display the notice on the ATM screen or provide it on paper before the consumer is committed to paying a fee.

An automated teller machine operator may impose a fee on a consumer for initiating an electronic fund transfer or a balance inquiry only if the consumer is provided the required notice, and (s)he elects to continue the transaction or inquiry after receiving the notice.

Please note that the Fed has clarified that credit unions may disclose on ATM signage that a fee will be imposed or, in the alternative, that a fee “may” be imposed on consumers initiating an EFT or balance inquiry if there are circumstances under which some consumers would not be charged for such services. However, if a fee will be imposed in all instances, the notice must state that a fee “will” be imposed.

FEES FOR OVERDRAFT SERVICES

A credit union must provide an opt-in notice and obtain the member’s affirmative consent before charging any fees for paying ATM and one-time debit card overdrafts “pursuant to the institution’s overdraft service.” The regulation does not cover overdrafts related to check, ACH, or recurring debit transactions (e.g., preauthorized electronic fund transfers).

The term “overdraft service” means: “a service under which a financial institution assesses a fee or charge on a consumer’s account held by the institution for paying a transaction (including a check or other item) when the consumer has insufficient or unavailable funds in the account.” In other words, the credit union has an overdraft service if it ever charges fees for paying ATM/POS overdrafts.

The term “overdraft service” does not include any payment of overdrafts via a line of credit subject to Reg Z, including transfers from a credit card account, home equity line of credit, or overdraft line of credit; or a the transfer of funds from another account held individually or jointly by the member, such as a savings account.

For accounts opened on or after July 1, 2010, notices must be provided and opt-in obtained before overdraft fees may be assessed. Credit unions have until August 15, 2010 to obtain an opt-in from existing members. After Aug. 15th, the credit union will have to stop assessing overdraft fees for any existing members who have not opted in by that date.

4 step opt-in requirement

A credit union cannot charge a fee on a member’s account for paying an ATM or one-time debit card overdraft, unless the credit union:

- Provides the member with a notice in writing (or electronically, if the member agrees) segregated from all other information, describing the credit union’s overdraft service(s).

- Provides a reasonable opportunity for the member to affirmatively consent, or opt in, to the service for ATM and one-time debit card transactions. A credit union can provide a form to fill out and return in person or mail back to the credit union; a readily available telephone line that members can call to opt-in; or for members who have agreed to do business electronically, a Web-based form where members can click on a check box and then click a button to confirm their choice.
- Obtains the member's affirmative consent, or opt-in, to the credit union's payment of ATM or one-time debit card transactions. Note that the consent must be obtained separately from other consents or acknowledgements, including the consent to receive disclosures electronically.
- Provides the member with confirmation of his consent in writing (or electronically, he agrees), which includes a statement informing the member of the right to revoke such consent. The credit union can provide a copy of the member's completed form or send a separate letter acknowledging that the member has elected to opt into the overdraft service. If the credit union uses the completed form for the confirmation, it must include verbiage regarding the member's revocation rights.

Affirmative consent and revocation

The member may affirmatively consent to the credit union's overdraft service at any time in the manner described in the opt-in notice, and may revoke consent at any time in the same manner used to provide consent. The member's affirmative consent to the credit union's overdraft service is effective until revoked by the member (unless the credit union terminates the service). And, the credit union must implement the member's revocation of consent as soon as "reasonably practicable."

For joint accounts, the credit union must treat the affirmative consent of any of the joint account owners as affirmative consent for that account. Similarly, the credit union must treat a revocation of affirmative consent by any of the joint account owners as revocation of consent for that account.

Opt-in notice

Reg E contains specific content and format requirements for the consumer opt-in notice. The notice must be substantially similar to the Model Form A-9 set forth in Appendix A of the regulation and include (as applicable):

- a brief description of the credit union's overdraft service and the types of transactions covered by the service, including ATM and one-time debit card transactions;
- the dollar amount of any fees or charges assessed by the credit union for paying an ATM or one-time debit card transactions;

- the maximum number of overdraft fees or charges that may be assessed per day, or, if applicable, that there is no limit;
- an explanation of the member's right to opt-in to the credit union's overdraft service for the payment of ATM and one-time debit card transactions, including the methods by which the member may consent to the service; and
- any alternative plans for covering overdrafts (e.g. line of credit or funds transfer from another account to cover overdrafts), if available.

The credit union may modify the content to:

- Indicate that the member has the right to opt-in to, or opt-out of, the payment of overdrafts under the institution's overdraft service for other types of transactions, such as checks, ACH transactions, or automatic bill payments;
- Provide a means for the member to exercise this choice; and
- Disclose the associated returned item fee and that additional merchant fees may apply.
- Disclose the member's right to revoke consent.

For notices provided to members who have opened accounts prior to July 1, 2010, the credit union may describe its overdraft service with respect to ATM and one-time debit card transactions with a statement such as "After August 15, 2010, we will not authorize and pay overdrafts for the following types of transactions unless you ask us to."

Exception to the notice and opt-in requirements

The regulation provides an exception to the notice and opt-in requirement for institutions that have a policy and practice of declining to authorize and pay ATM and one-time debit card transactions that they reasonably believe would overdraw the consumer's account. In other words, the Fed won't require a credit union to go through the process of providing the notice and obtaining the opt-in if the credit union doesn't have a policy of paying overdrafts. Credit unions may apply this exception on an account-by-account basis.

However, this is not an exception to the fee prohibition. The credit union still cannot charge a fee unless it has provided the proper notice, and obtained the member's affirmative consent/opt-in -- even in cases where the credit union doesn't have a formal overdraft program but pays an authorized ATM/debit card transaction that overdraws a member's account. The credit union can, however, deduct the amount overdrawn from the member's account.

Also note that, without a member's opt-in, the credit union cannot charge a fee for declining to pay an ATM/debit card transaction. According to Federal Reserve Board

staff, consumers who have chosen not to opt in have an expectation that transactions will be declined and that they will not be charged fees.

Cannot condition opt-in or vary account terms

Credit unions cannot require the member to opt-in to the overdraft service for ATM/debit card transactions in order to have checks, ACH and other types of transactions paid. Credit unions also cannot decline to pay check, ACH and other transactions because the member hasn't opted in to the ATM/debit card overdraft service.

Lastly, credit unions must provide members who don't opt-in with the same account terms, conditions and features as provided to consumers who do opt in. For example, interest/dividend rates paid, fees assessed, type of debit card provided, minimum balance requirements, account features like access to online bill payment, etc.

ELECTRONIC COMMUNICATION

The Fed's 2001 interim rules on electronic communication were eliminated, effective December 10, 2007. Regulation E no longer mandates any particular means of electronic delivery of disclosures, such as sending and re-sending disclosures via e-mail. The Fed eliminated these requirements because of concerns about data security, identity theft, and "phishing" (using fraudulent e-mail requests to obtain consumers' confidential personal or financial information) that have become more pronounced since 2001.

The Fed also eliminated the provisions regarding retention of electronic disclosures posted on a website for at least 90 days, since industry practice is to retain the information for much longer. Credit unions are now simply permitted to deliver Regulation E disclosures to consumers in electronic form, subject to compliance with the consumer consent provisions of the Electronic Signatures in Global and National Commerce Act (ESIGN). The mandatory compliance date was October 1, 2008.

PAYROLL CARD ACCOUNTS

Payroll cards are considered "accounts" for purposes of Regulation E coverage. The rule covers accounts that are directly or indirectly established through an employer to which electronic fund transfers of the consumer's wages or other compensation are made on a recurring basis (one-time payments, such as a final paycheck or emergency situation would not be covered).

Payroll card accounts are covered by Regulation E whether the funds are held in individual employee accounts, or in a pooled account with some form of sub-accounting maintained by a depository institution or third party. A credit union will be required to

comply with this rule if it directly or indirectly holds a payroll card account, or issues and access device to a consumer for use in initiating an EFT from a payroll card account.

Periodic Statements

The Fed has modified the Regulation E disclosure requirements for payroll card accounts so that credit unions have flexibility in how to provide certain account transaction information to payroll card users. Credit unions may elect to provide periodic statements as they normally would for other accounts, or may use an alternative means to provide the account information.

Instead of providing periodic statements, institutions may:

1. Provide access to the account balance through a readily available telephone line;
2. Provide access to an electronic history (such as through an Internet Web site) of the member's account transactions that covers at least 60 days preceding the date the member electronically accesses the account (i.e., enters a user identification code or a password or otherwise complies with a security procedure used by an institution to verify a consumer's identity); and
3. Provide promptly upon the member's oral or written request, a written history of the member's account transactions that covers at least 60 days preceding the date of receipt of the request.

Initial Disclosures

If the credit union uses the above method of providing account information (rather than the customary periodic statement), it must provide in its initial disclosure the means by which a member can access information about his payroll card account, including the telephone number that he may call to obtain his account balance, and information on how the member can electronically obtain a history of account transactions. This could include the address of an Internet Web site.

Credit unions must also include a summary of the member's right to obtain a written history of account transactions upon request, including a telephone number to call to request a history. Instead of the current Regulation E initial and annual notice for error-resolution rights, the credit union must provide an initial and annual notice explaining the error resolution rights associated with payroll card accounts. There are model forms in Appendix A-7 of Reg E that credit unions may use to facilitate compliance with the regulation.

Liability Limitations and Error Reporting

If the credit union opts not to provide a paper periodic statement, the rule specifies two different triggers for beginning the 60-day period for limiting liability for unauthorized

EFTs. The two triggers depend on when and how the consumer has obtained a history of his or her account transactions.

If the member obtains transaction information electronically, the 60-day period begins on the date the account is electronically accessed by the member. If the member has requested a written history of his or her account transactions, the 60-day period begins on the date the credit union sends the written history. The rule specifies that the applicable 60-day period for reporting an unauthorized EFT begins on the earlier of these two dates to clarify when the 60-day period begins to run where a member reviews his account transactions for errors both electronically and using a requested written history.

To assist institutions that may not, or are unable to, track when consumers electronically access their accounts, the Fed's final rule also provides that institutions can comply with the error resolution provisions if they allow a consumer to report an error up to 120 days after the date the transaction allegedly in error was credited or debited to the consumer's account. This approach allows an institution to comply with the regulation without tracking when consumers electronically access their account information and, at the same time, ensures that consumers will have at least 60 days from the date of every transaction listed in the electronic or written statement to report an error.

PREPAID ACCOUNTS [Effective April 1, 2018]

Regulation E's definition of "prepaid account" includes payroll card accounts and government benefit accounts that are currently subject to Regulation E. In addition, a prepaid account includes a product that is either of the following, unless a specific exclusion applies:

- An account that is marketed or labeled as "prepaid" and is redeemable upon presentation at multiple, unaffiliated merchants for goods and services or usable at ATM; or
- An account that meets all of the following:
 - Is issued on a prepaid basis in a specified amount or is capable of being loaded with funds after issuance;
 - Whose primary function is to conduct transactions with multiple, unaffiliated merchants for goods or services, to conduct transactions at ATMs, or to conduct person-to-person (P2P) transfers; and
 - Is not a checking account, a share draft account, or a negotiable order of withdrawal (NOW) account.

A number of accounts are excluded from the rule's coverage, including:

- Health savings accounts, flexible spending accounts, transit/parking reimbursement accounts and similar types of arrangements;
- Accounts established through a 3rd party and loaded only with qualified disaster relief payments;
- Accounts governed by Regulation E's gift card rule (i.e., gift certificates, store gift cards, loyalty, award, or promotional gift cards, etc.);
- Accounts established for distributing needs-tested benefits under state or local program or administered by a state or local agency; or
- P-2-P functionality of accounts established by or through the United States government whose primary function is to conduct closed-loop transactions on U.S. military installations or vessels, or similar government facilities.

Pre-acquisition Disclosures

The prepaid rule establishes "pre-acquisition disclosure" requirements for prepaid accounts under Regulation E. In general, a consumer acquires a prepaid account by purchasing, opening, or choosing to be paid via a prepaid account.

Credit unions that offer prepaid accounts must provide the following before a consumer acquires the account:

- A short form disclosure that concisely highlights key fees and other prepaid account information;
- Certain information disclosed "outside but in close proximity to" the short form disclosure: institution's name, the name of the prepaid account program, any purchase price for the prepaid account, and any fee for activating the prepaid account; and
- A long form disclosure that contains a complete list of fees and other account information.

The final rule adopts specific content, form, and formatting requirements, and includes several model disclosures that offer a safe harbor to financial institutions that use them.

The rule also requires institutions to include disclosures on the "access device" (card, website, mobile application, etc.): the financial institution's name, website URL, and a telephone number to contact the financial institution about the prepaid account.

Periodic Statements & Periodic Statement Alternative

The amended Regulation E requires institutions to either provide periodic statements for prepaid accounts or a make certain information available to a consumer via a "periodic statement alternative."

A credit union that utilizes the “periodic statement alternative” must provide the following to the consumer:

- Account balance information readily available by telephone.
- An electronic account transaction history covering at least 12 months preceding the date on which the consumer electronically accesses the prepaid account; and
- A written account transaction history available upon request, covering at least 24 months preceding the date on which the credit union receives the consumer’s request for the written account transaction history.

Periodic statements and account transaction histories must display a summary total of the amount of all fees assessed by the credit union against the consumer’s prepaid account for the prior calendar month and for the calendar year to date as well as other information.

Internet Posting and Submission of Prepaid Account Agreements

Subject to limited exceptions, **effective October 1, 2018**, prepaid account issuers will have to submit prepaid account agreements to the CFPB within 30 days after offering, amending, or ceasing to offer the agreement.

If an issuer is required to submit a prepaid account agreement to the CFPB and the prepaid account agreement is offered to the general public, the issuer must also post the account agreement in a prominent and readily accessible location on its website. If the agreement is not posted on the issuer’s website, the issuer must provide a consumer with a copy of the prepaid account agreement no later than 5 business days after the issuer receives the consumer’s request for the agreement. The consumer must be able to request the agreement by phone.

Error Resolution

The prepaid rule extends Regulation E’s limited liability and error resolution requirements to all prepaid accounts, regardless of whether a financial institution has completed its consumer identification and verification process with respect to the account, but does not require provisional credit for “unverified” accounts. Once an account has been verified, the credit union must comply with Regulation E’s provisional credit requirements, for both errors that occur prior to and after account verification, within the provisional credit timeframe. Prepaid account issuers must also comply with Regulation Z error resolution procedures and liability limitations in certain situations, such as when an unauthorized transaction accesses the credit feature of a prepaid account.

Overdraft Credit Features

Prepaid card issuers must give consumers Regulation Z protections similar to those for credit cards if consumers are allowed to use certain linked credit products to pay transactions that their prepaid funds would not fully cover. The final rule uses the term “hybrid prepaid-credit card” to refer to a prepaid card that can access both an overdraft credit feature (subject to Regulation Z credit card rules) and the asset portion of a prepaid account (subject to Regulation E).

Prepaid issuers must generally structure an overdraft credit feature accessible by a hybrid prepaid-credit card as a separate credit feature, not as a negative balance to a prepaid account. An overdraft credit feature can only be structured as a negative balance if the issuer has a policy and practice of declining to authorize certain transactions and doesn’t impose credit-related fees on the asset feature of the prepaid account.

Financial institutions must also provide the same account terms, conditions, and features on a prepaid account without a covered separate credit feature that it provides on prepaid accounts in the same prepaid account program that have a credit feature -- except that the credit union may impose higher fees or charges on a prepaid account with such a credit feature.

GIFT CARDS

Reg E restricts fees and expiration dates that apply to gift cards, certificates and general use prepaid cards that are sold or issued to consumers primarily for personal, family or household purposes.

Reg E defines “gift card” as a card, code or other device that is:

- Issued on a prepaid basis primarily for personal, family or household purposes to a consumer in a specified amount that may not be increased or reloaded in exchange for payment; and
- Redeemable upon presentation at a single merchant or an affiliated group of merchants for goods and services.

The term includes store gift cards as well as network-branded (e.g., Visa, MasterCard), general-use prepaid cards that are redeemable at any merchant that accepts the card brand. The regulation also applies when a physical card is not issued if the device or means of access otherwise acts as a gift card, such as when funds are accessible via an account number, code, or embedded computer chip.

The rule does not apply to cards where the end use is a business purpose, such as travel expenses or office supplies. However, the rules will apply if a business purchases cards and resells or distributes them to consumers primarily for personal, family, or household purposes.

The regulation excludes certain prepaid products, for example:

- Prepaid cards received through loyalty, award, or promotional programs are not subject to the rule's restrictions on imposing dormancy, inactivity, or service fees, or expiration dates. However, to avoid consumer confusion, the card must state on the front that it is issued for loyalty, award, or promotional purposes, and any funds expiration date that may apply. In addition, all fees must be disclosed on or with the card or certificate.
- Reloadable cards that are not marketed or labeled as gift cards, for example cards provided to the "unbanked" as a substitute for a traditional account, as well as cards that substitute for traveler's checks.
- Certificates issued solely in paper form where only the paper itself may be used to purchase goods and services. This exclusion does not apply if the certificate has a bar code or certificate number that may be used to purchase goods and service, or if it's sent electronically and then reproduced on paper.
- Cards not marketed to the general public, prepaid telephone service cards, and cards redeemable for admission to certain events or venues.

Restrictions on dormancy, inactivity or service fees

Under the new regulation, no "person" may impose a dormancy, inactivity or "service fee" with respect to a gift certificate, store gift card, or general use pre-paid card, unless three conditions are satisfied:

- These fees may only be imposed if there has been no activity on the gift card or certificate within the one-year prior to the imposition of the fee;
- Only one such fee may be assessed in a given calendar month;
- Disclosures regarding dormancy, inactivity or service fees must be clearly and conspicuously stated on the gift card or certificate, and the person issuing or selling the card/certificate must provide these disclosures to the purchaser before the card or certificate is purchased.

"Service fees" are defined as periodic fees that are assessed in connection with the card, as opposed to a one-time fee (e.g., a replacement card fee). The issuer/seller may not retroactively assess dormancy, inactivity, or service fees after the one-year period for prior time periods.

Expiration date restrictions

The regulation also restricts expiration dates. Gift cards or certificates may not be sold or issued unless the expiration date of the funds underlying the certificate or card is no less than five years after the date of issuance (in the case of a gift certificate); or five years after the date of the last load of funds (in the case of a store gift card or general use pre-paid card), which would be date when the card and funds were activated. The gift card issuer/seller won't have to restart the five-year period if it issues or activates a replacement card.

Prior to purchase, the issuer/seller must clearly and conspicuously disclose on the card or certificate: whether the funds underlying the card or certificate may expire; any difference between the expiration date of the actual card/certificate and that of the underlying funds; and that the consumer may contact the issuer/seller for a replacement card.

If the expiration date of the card is different from the expiration date of the underlying funds, the issuer or seller must establish policies and procedures to insure that a consumer has a reasonable opportunity to purchase a card with an expiration date that is at least five years from the date of purchase.

No fees are allowed for replacement cards when the expiration date of the card occurs before the expiration of the underlying funds. However, fees may be charged to replace lost or stolen cards if otherwise permitted by law.

The regulation doesn't require the replacement of lost, stolen, or expired cards. The issuer/seller may send the remaining balance to the consumer instead. However, no fee may be charged for sending the remaining balance unless the card was lost or stolen.

Additional disclosure requirements

In addition to the restriction on dormancy, inactivity and service fees, the regulation requires the disclosure of all other fees imposed in connection with a gift certificate, store gift card or general use pre-paid card. Disclosures include the type of fee, the amount and how it is determined, and the conditions in which the fee may be imposed. Such fees must be "clearly and conspicuously" disclosed on or with the card or certificate prior to purchase. The regulation also requires the disclosure of a toll-free

telephone number and Website if one is maintained that consumers may use to obtain information on fees or replacement cards.

The required disclosures must be in written or electronic form, in a retainable or printable form. For electronic disclosures, the consent and other requirements under the Electronic Signatures in Global and National Commerce Act (ESIGN) will not apply. However, the disclosures still must be provided prior to purchase. Therefore, consumers should not be able to bypass electronic disclosures provided via hyperlink.

Subpart B - Remittance Transfers

The remittance transfer provisions of Regulation E cover credit unions, banks and money transmitters that provide remittance transfers (i.e., international money transfers) to consumers. The rule doesn't apply to institutions that consistently provide 100 or fewer remittance transfers each year; and small dollar transfers of \$15 or less are excluded from the rule's coverage. The amendments are located in Regulation E's Subpart B.

Key Definitions

A “**remittance transfer**” is an electronic funds transfer requested by a sender (consumer in the United States) to a designated recipient (in a foreign country) that is sent by a remittance transfer provider. The definition is quite broad, but generally covers EFTs like international wire transfers and cross-border ACH transactions. It also covers transfers where a consumer provides cash or another method of payment to the credit union and requests that funds be sent to a specified location or account in a foreign country. And, under certain circumstances, the definition can also cover electronic bill payments scheduled in advance.

A “**remittance transfer provider**” is a “person” that provides “remittance transfers” for consumers in the “normal course of business” (regardless of whether the consumer holds an account with such person). Whether a credit union provides remittance transfers in the normal course of business depends on the facts and circumstances, including the total number and frequency of remittance transfers provided by the institution:

- If an institution provided **100 or fewer** remittance transfers in the previous calendar year, and provides 100 or fewer remittance transfers in the current calendar year, then the institution is deemed not to be providing remittance transfers for a consumer in the “normal course of its business” and is exempt from the rule.

- If an institution crosses the 100-transfer threshold, and is then providing remittance transfers for a consumer in the normal course of its business, the final rule permits a “reasonable time period,” not to exceed six months, to begin complying with the remittance transfer rule.

A credit union will not be considered to be acting as a remittance transfer provider when it performs activities as an “agent” on behalf of a remittance transfer provider (e.g., credit union provides remittances as a Money-Gram or Western Union agent).

Required disclosures

The final rule requires a remittance transfer provider to provide a pre-payment disclosure and a receipt. Disclosures must be clear and conspicuous, generally be provided in writing, and must be in a retainable form. Model forms are found in appendix A to the regulation.

Pre-payment disclosure: A provider must provide a written pre-payment disclosure to a sender when the sender requests the remittance transfer, before a payment is made. An oral pre-payment disclosure is permitted if the transaction is conducted entirely by telephone. The pre-payment disclosure must include:

- The amount in the currency in which the funds will be transferred;
- Any fees and taxes imposed by the provider, in the currency in which the funds will be transferred;
- The total amount of the transaction, which is the sum of the transfer amount and fees, in the currency in which the funds will be transferred;
- The exchange rate used by the provider for the remittance transfer (rounded consistently for each currency to no fewer than two decimal places and no more than four decimal places);
- The amount that will be transferred in the currency in which the funds will be received, but only if fees or taxes are imposed;
- Any fees and taxes imposed on the remittance transfer by a person other than the provider (e.g., intermediary), in the currency in which the funds will be received. Per spring 2013 amendments to the rule, providers are not required to disclose fees imposed by a designated recipient’s institution (*unless* the institution is acting as an agent of the provider), and foreign taxes collected by a person other than the remittance provider. Providing such information is optional. Instead of making the disclosure, providers will be required to include disclaimers on the disclosures indicating the recipient may receive less than the disclosed total due to foreign recipient institution fees and foreign taxes; and

- The amount that will be received, in the currency in which the funds will be received.

Receipt disclosure: A provider must also generally provide a written receipt when payment is made for the remittance transfer. The written receipt must include:

- All the required pre-payment disclosures;
- The date of availability of funds to the designated recipient. A provider may provide the latest date on which funds will be available, along with a statement that funds may be available earlier;
- The name and telephone number and/or address of the designated recipient, if applicable;
- A statement about the rights of the sender regarding the resolution of errors and cancellation;
- The name, telephone number, and website of the provider; and
- A statement that the sender can contact the state agency that regulates the provider and the CFPB for questions or complaints about the provider.

Combined disclosure: a provider may provide both the pre-payment disclosure and receipt in a single disclosure before the payment is made. However, the sender still must provide proof of payment when payment is made for the remittance transfer.

Electronic disclosures: The provider may provide the pre-payment disclosure in electronic form without regard to ESIGN's consumer consent provisions. The receipt may also be provided in electronic form, but must comply with ESIGN. In the case of a combined notice, ESIGN also applies.

Foreign language disclosures: Disclosures must generally be provided in English, and in each of the foreign languages that the provider principally uses to advertise, solicit, or market remittances at a particular office (where the sender conducts a transaction or asserts an error); or the foreign language the sender primarily used to conduct the transaction, provided that the language is one of the foreign languages that the provider principally uses to advertise, solicit, or market remittance transfer services. If the language used to conduct the transaction is not one of the languages the provider principally uses, the disclosures should be in English.

Remittance transfers conducted entirely by telephone:

- Oral pre-payment disclosure – An oral pre-payment disclosure (or via mobile application or text message) is permitted if the transaction is conducted entirely by telephone in the language primarily used by the sender. However, a provider must send a required written receipt (and any error resolution communication)

with the same language used on the telephone, even if it is not a language the provider principally uses.

- Written receipts – For a transaction conducted entirely by telephone, a written receipt may be mailed or delivered to the sender no later than 1 business day after the date on which payment is made. For a transaction conducted entirely by telephone and involves the transfer of funds from the sender's account held by the provider, the written receipt may be provided on or with the next scheduled periodic statement or within 30 days after payment if a periodic statement is not required.

Estimates on Disclosures

A transfer will qualify for estimated information if it meets one of these two exceptions:

- There is a temporary exception for transfers sent from a deposit account at a federally-insured credit union or other depository institution that cannot determine certain disclosed amounts for reasons beyond their control (e.g., international wire transfers). This exception expires on July 21, 2015. The Dodd-Frank Act permits the CFPB to extend this exception for another 5 years, but the statute requires this exemption to expire after 10 years from the enactment of the Dodd-Frank Act (unless the legislation is later amended to extend this exemption).
- There is a permanent exception for international ACH transfers where the provider cannot determine certain amounts to be disclosed because of the laws of a recipient country, or the method by which transactions are made in a recipient country (e.g., the government of a foreign country sets the exchange rate after a transfer, or the exchange rate is set by law when funds are picked up). The CFPB published a Safe Harbor Countries List on September 26, 2012 to include: Aruba, Brazil, China, Ethiopia and Libya, effective Feb. 7, 2013. The list is subject to change.

Methods of Estimation:

In disclosing the exchange rate, an estimate must be based on one of the following:

- For international ACH transactions, the most recent exchange rate set by the recipient country's central bank and reported by a Federal Reserve Bank;
- The most recent publicly available wholesale exchange rate; or

- The most recent exchange rate offered by the person making funds available directly to the designated recipient.

The estimated exchange rate will also be used to estimate the following:

- Estimated amount in the currency to be received by the designated recipient – This amount should be based on the estimated exchange rate above.
- Estimated other fees by intermediaries – A provider should use its most recent remittance to the recipient's institution or a representative transmittal route identified by the provider.
- Estimated other taxes in the recipient country – A provider should use an estimated exchange rate and estimated fees from intermediaries to calculate the estimated taxes.
- Estimated total to recipient – A provider should disclose the estimated total amount to be received based on the estimated exchange rate, fees, and taxes.

Error Resolution

Reg E requires error resolution rights, standards for resolving errors and recordkeeping, and cancellation and refund policies for all remittance transfers, including those with an estimated exchange rate, fees, and taxes. An "error" includes:

- An incorrect amount paid by a sender in connection with a remittance transfer;
- A computational or bookkeeping error made by the remittance transfer provider relating to a remittance transfer;
- The failure to make available to a designated recipient the amount of currency stated in the disclosure provided to the sender unless:
 - the disclosure stated that an estimate of the amount received; or
 - the failure resulted from extraordinary circumstances outside the remittance transfer provider's control.
- The failure to make funds available to a designated recipient by the date of availability stated in the disclosure provided to the sender unless the failure resulted from:
 - extraordinary circumstances outside the provider's control that could not have been reasonably anticipated;
 - delays related to the provider's fraud screening procedures or BSA, OFAC, or similar requirements; or
 - the remittance transfer being made with fraudulent intent by the sender or any person acting in concert with the sender.

- The sender's request for documentation or for additional information or clarification concerning a remittance transfer, including a request a sender makes to determine whether an error exists.

An error does not include:

- An inquiry about the status of a remittance transfer, except where the funds from the transfer were not made available to a designated recipient by the disclosed date of availability;
- A request for information for tax or other recordkeeping purposes;
- A change requested by the designated recipient; or
- A change in the amount or type of currency received by the designated recipient from the amount or type of currency stated in the disclosure provided to the sender under if the remittance transfer provider relied on information provided by the sender as permitted.

Notice of error: A sender must provide a timely notice of an error to the provider within 180 days of the disclosed date of availability, or within 60 days after receiving additional requested information from the provider. The notice of error must enable the provider to identify the sender (e.g., name, address, or telephone) and the particular remittance transfer, and must also state why the sender believes an error exists.

Time limit and extent of investigation: A provider must investigate the claim and correct any error within 90 days after sender provides a notice of error. The provider must report the results to the sender, including notice of any remedies available for correcting an error, within 3 business days after completing its investigation.

Remedies: If the provider determines an error occurred, the provider should correct the error, within 1 business day or as soon as reasonably practicable, by refunding the amount of funds in connection with a remittance transfer not properly transmitted or other appropriate amount, or making available, without additional cost, an appropriate amount to resolve the error and refunding any fees if the error was based on funds availability.

Incorrect account number/recipient institution identifier provided by sender: The spring 2013 rule created an exception from the 2012 final rule's error resolution provisions for certain situations in which a sender provides an incorrect account number or recipient institution identifier (e.g., routing number, Canadian transit number, International Bank Account Number, etc.) and that mistake results in the transfer being deposited in the account of someone other than the designated recipient. All of the following circumstances must be present in order for the exception to apply:

- The provider can demonstrate that the sender provided an incorrect account number or recipient institution identifier to the provider in connection with the remittance transfer;
- The provider used a reasonably available means to verify that the recipient institution identifier provided by the sender corresponded to the recipient institution name provided by the sender;
- The provider gave notice to the sender before the sender paid for the remittance transfer that, in the event the sender provided an incorrect account number or recipient institution identifier, the sender could lose the transfer amount;
- The incorrect account number or recipient institution identifier resulted in the deposit of the remittance transfer into an account that is not the designated recipient's account; and
- The provider promptly used reasonable efforts to recover the amount that was to be received by the designated recipient.

The exception will not apply when the failure to make funds available is the result of a mistake by the provider, or due to incorrect or insufficient information provided by the sender other than an incorrect account number or incorrect foreign recipient institution number (e.g., the wrong name of the recipient institution).

Results of investigation: If a provider determines that no error occurred or that another type of error occurred, the provider should provide a written explanation of its findings, note the sender's right to request the documents that the provider relied on, and respond to the specific complaint. Upon the sender's request, the provider should promptly provide copies of the documents on which the provider relied in making its error determination.

Recordkeeping: A provider must develop and maintain written policies and procedures designed to ensure compliance with the error resolution requirements. The provider must also take steps designed to ensure that an agent complies with the policies and procedures. With respect to record retention, a provider must retain any notices of error and documentation from the sender, and findings of the provider. A provider does not have to maintain records of individual disclosures to each sender but does need to retain records that will help the sender determine if an error exists. A provider should retain documentation, including documentation related to error investigations, for a period of not less than 2 years.

Reassertion of error: A provider that has fully complied with the error resolution requirements has no further responsibilities should the sender later reassert the same error, unless there is new information. The provider has no further error resolution responsibilities if the sender voluntarily withdraws the notice. However, a sender who has withdrawn a notice of error has the right to reassert the allegation unless the provider had already complied with all of the error resolution requirements.

Relation to other laws regarding error resolution: If the sender provides an EFT error notice to the account-holding institution, the institution must comply with:

- Remittance transfer error resolution requirements if the institution is also the remittance transfer provider; or
- Regulation E's standard error resolution provisions if is not also the remittance transfer provider.
- Regulation Z, if an alleged error involves an extension of credit (e.g., member used credit card used to pay for remittance transfer).

Unauthorized remittance transfers: Regulation E's provisions regarding the liability of consumer for unauthorized transfers will apply to the account-holding institution in connection with a remittance transfer; and Regulation Z's provisions will apply to a creditor in connection with an unauthorized use of a credit card.

Cancellation and refund procedures

A sender may provide an oral or written request to cancel a remittance transfer no later than 30 minutes from payment in connection with the remittance transfer, provided that the provider could identify the particular transfer and the transferred funds have not been received or deposited into the recipient's account. The 30 minute requirement must be provided regardless of the provider's normal business hours. A provider must refund the total amount of funds, including all fees (including any fees from third-parties), within 3 business days and may not charge an additional fee for the refund.

Liability due to actions of agents

A remittance transfer provider is liable for any violation of the rule by an agent when an agent acts for the provider. The EFTA provides that enforcement agencies may consider, in any action or other proceeding against a provider, the extent to which the provider had established and maintained policies or procedures for compliance, including policies, procedures, or other appropriate oversight.

Transfers scheduled in advance

The remittance transfer rule has different timing and disclosure requirements for transfers scheduled in advance, including preauthorized transfers.

For a one-time transfer scheduled five or more business days in advance or the first transfer in a series of preauthorized transfers: the timing of disclosures (pre-payment or combined disclosure) is the same as for other remittances transfers.

If a remittance transfer provider used estimates on the pre-payment disclosure or receipt, it must provide the sender with an additional receipt with accurate figures, which generally must be provided no later than one business day after the date on which the transfer was made. If the remittance transfer involves a transfer from your member's

account at the credit union, the receipt may be provided on or with the next periodic statement or within 30 days after the date of the transfer if a periodic statement is not provided.

Subsequent preauthorized transfers: there is no requirement for a prepayment disclosure for subsequent transfers in a series of preauthorized transfers (the supplemental final rule issued in August 2012 eliminated this requirement). An updated receipt must be provided “a reasonable time” prior to the scheduled date of the next subsequent transfer by mail or other delivery method, if certain disclosed information is changed from what was disclosed regarding the first preauthorized remittance transfer.

This updated receipt may also contain estimated information. If estimates are provided, this final rule also requires a remittance transfer provider to provide another updated, accurate receipt to a sender no later than 1 business day after the date on which the transfer is made. If the remittance transfer involves the transfer of funds from the sender’s account held by the provider, then this receipt may be provided on or with the next periodic statement for that account, or within 30 days after the date of the transfer if a periodic statement is not provided.

Cancellation and refund for any transfer scheduled at least 3 business days before the transfer date, including preauthorized remittance transfers: the sender must notify the provider at least 3 business days before the scheduled date of the transfer to cancel the transfer.

This is only an overview of a very complicated regulation. Please refer to Subpart B of Regulation E for more detailed information.

RECORD RETENTION

Credit unions are required to retain “evidence of compliance” with Reg E for a period of not less than 2 years from the date disclosures are required to be made or action is required to be taken. The credit union need not retain records that it has given disclosures and documentation to each member. The credit union need only retain evidence demonstrating that its procedures reasonably ensure the members’ receipt of the required disclosures and documentation.

REGULATORY ENFORCEMENT

Reg E compliance is enforced by the National Credit Union Administration for federal credit unions and the Federal Trade Commission for state chartered credit unions. The Consumer Financial Protection Bureau enforces Reg E for institutions that have total assets over \$10 billion.