



REMITTANCE TRANSFER RULE INTERVIEWS: QUESTIONS FOR NONBANK MONEY TRANSMITTERS

This document is an overview of the type of questions that we would like to ask regarding the temporary exception in the Remittance Transfer Rule. First, there is an overview of the temporary exception. Below that overview are the questions that we will use in our discussions with you. We may not cover every question; however, we hope this list will serve as a useful guide for the types of topics that we would like to cover.

OVERVIEW OF THE TEMPORARY EXCEPTION

The Remittance Transfer Rule requires regulated institutions to provide disclosures to remittance senders containing information about the price of the transfer, including fees and exchange rates. Generally, all disclosed amounts must be exact. However, the rule contains several exceptions that allow providers to estimate the applicable exchange rate, back-end fees and taxes, and total funds to be received. Some of these exceptions are permanent. The focus of this interview is a temporary exception for insured depository institutions and credit unions.¹ The exception is described in section 1005.32(a) of Regulation E. It is currently set to expire on July 21, 2015.

For the temporary exception to apply, the provider must meet the following criteria.

- *Insured institution.* The provider must be an insured depository institution or credit union, or an uninsured U.S. branch or agency of a foreign depository institution.
- *Account-based transfers.* The remittance transfer must be sent from the sender's account with the provider.
- *Unable to determine exact amounts.* The provider must be unable to determine exact amounts for reasons outside of its control. For example, the provider may not be able to determine the exchange rate if it is set by the designated recipient's institution, and the provider has no correspondent relationship with that institution.

¹ The Securities and Exchange Commission (SEC) staff has written a no action letter that concludes that SEC staff will not recommend enforcement action to the SEC under Regulation E if a broker-dealer provides disclosures as though the broker-dealer were an insured institution for purposes of the temporary exception. *See* <http://www.sec.gov/divisions/marketreg/mr-noaction/2012/financial-information-forum-121412-rege.pdf> (accessed on October 16, 2013).

The focus of the temporary exception is on estimates of the applicable exchange rate, and fees imposed on the remittance transfer by a person other than the provider (such as fees imposed by an intermediary bank that assists in the transfer).

If the provider may disclose estimated amounts, and chooses to do so, the provider must calculate the estimates according to one of the specified methods that is listed in Regulation E at section 1005.32(c). If the provider does not use a listed method and chooses to use another method for estimating the transfers, the provider is in compliance so long as the recipient receives the same, or greater, amount of funds than the provider disclosed.

Section 1005.32(a) and section 1005.32(c) and the official interpretation to both are attached to this interview guide.

In the interview questions below, when we refer to “remittance transfers” we are referring to transfers that are covered by the Remittance Transfer Rule (or would have been, if the rule had been in effect at the relevant time).

INTERVIEW QUESTIONS

To set the context for our discussion, we would like to understand the services you offer. We may cover these questions in our initial phone call, when we set up time to speak with you.

COMPANY BACKGROUND

1. Do you provide remittance transfers in the normal course of your business?
2. What type of remittance transfer services do you provide? For example, do you provide the following:
 - a. Wire transfers, through the correspondent banking network?
 - b. International ACH transfers?
 - c. Other proprietary services for which you are the provider? (For example: if you operate a cash-to-cash network, or an international bill pay service). (Please describe)
 - d. Other proprietary services for which another company is the provider? (For example: When you are the agent for a money transmitter). (Please describe)
3. How many remittance transfers do you estimate that you provided in 2013, for each type of service? If more convenient to determine, please estimate the number of remittance transfers you provided for a shorter period in 2013 (such as a calendar quarter, or since the rule took effect on October 28, 2013).
4. What other consumer financial products and services do you provide?

CURRENT DISCLOSURE METHODS:

5. We assume that you are not applying the temporary exception to estimate fees imposed by entities other than the provider. Please also describe the methods that you use to disclose the required fee information.
6. Please discuss whether and how you needed to change your business to comply with the requirement to disclose certain fees imposed by entities other than the provider. What types of

changes did you need to make? How long did those changes take you to make? How much did the various changes cost you? Please describe in detail.

7. We assume that you are not using the temporary exception to estimate exchange rates. Please describe the methods that you use to disclose the required exchange rate information.
8. Please discuss whether and how you needed to change your business to comply with the requirement to disclose exchange rates. What types of changes did you need to make? How long did those changes take you to make? How much did the various changes cost you? Please describe in detail.
9. The Remittance Transfer Rule provides several methods to estimate fees imposed by entities other than the provider. Could you discuss how feasible these methods are? The methods are:
 - a. For certain remittance transfers sent via international ACH, the most recent exchange rate set by the recipient country's central bank or other governmental authority and reported by a Federal Reserve Bank.
 - b. The most recent publicly available wholesale exchange rate and, if applicable, any spread that the remittance transfer provider or its correspondent typically applies to such a wholesale rate for remittance transfers for that currency.
 - c. The most recent exchange rate offered or used by the person making funds available directly to the designated recipient or by the person setting the exchange rate.
 - d. Any other method, so long as the designated recipient receives the same, or greater, amount of funds than the remittance transfer provider disclosed to the consumer. (Please describe method).

The temporary exception is currently set to expire on July 21, 2015. We have not yet decided whether or not to extend the exception for additional time. For the questions below, please assume that the temporary exception will expire on July 21, 2015 and focus on how you believe the expiration will affect you, other industry participants, and consumers.

IMPACT OF THE EXPIRATION OF THE TEMPORARY EXCEPTION

10. Would the expiration of the temporary exception have any effect on the number of customers you serve? If so, please explain what changes you expect and why.
11. What do you anticipate will be the net impact of the expiration of the temporary exception on your profit from remittance transfers? Will it increase, decrease, or stay the same? Please explain why.
12. Do you expect to make any changes in your products, services, business partners or processes in response to the *expiration* of the temporary exception? Why or why not? Please describe any change that you expect.
13. Please describe how you believe the *continuation of the* temporary exception affects your competitive position. Please indicate what type of entities you believe are your competitors.
14. Please describe how you believe the *expiration* of the temporary exception would affect your competitive position. Please indicate what type of entities you believe are your competitors.
15. Do you expect any providers to gain or lose market share in response to the *expiration* of the temporary exception? Why or why not? Please describe the change that you expect.

16. Please describe any other impacts, benefits, or costs that you believe the *expiration* or *continuation* of the temporary exception would have on the industry.
17. Please describe any other impacts, benefits, or costs that you believe the *expiration* or *continuation* of the temporary exception would have on consumers who send remittances.

OTHER TOPICS OF DISCUSSION

18. Please describe any other concerns or comments you have regarding the Remittance Transfer Rule, and its disclosures requirements, cancelation requirements, and error resolution requirements.
19. Please relate any experience that you wish to share regarding your implementation of the Remittance Transfer Rule.
20. Please share any other information about factors driving changes in supply, demand, prices, practice regarding transparency, cancelation, or error resolution, or other characteristics of the remittance transfer market.