

**Supporting Statement for the
Recordkeeping and Disclosure Requirements
Associated with the CFPB's Regulation E (Electronic Fund Transfer Act)
(Reg E; OMB No. 7100-0200)**

Summary

The Board of Governors of the Federal Reserve System (the Board), under delegated authority from the Office of Management and Budget (OMB), proposes to extend for three years, with revision, the Recordkeeping and Disclosure Requirements Associated with the CFPB's Regulation E (Electronic Fund Transfer Act) (Reg E; OMB No. 7100-0200). Since 2011, the Consumer Financial Protection Bureau (CFPB) has been responsible for issuing most of the Electronic Funds Transfer Act (EFTA) regulations that apply to financial institutions and other entities (with the exception of certain motor vehicle dealers), other than the provisions governing debit card interchange fees and routing of debit card transactions^{1,2}. However, the Federal Reserve continues to be responsible under the Paperwork Reduction Act (PRA) for renewing every three years the information collections mandated by the regulation for institutions that are supervised by the Federal Reserve. The PRA classifies reporting, recordkeeping, or disclosure requirements of a regulation, including the recordkeeping and disclosure requirements of Regulation E, as a "collection of information."³

On July 21, 2011, rulemaking authority for EFTA, except EFTA section 920, was transferred from the Federal Reserve to the CFPB under the Dodd-Frank Act for entities other than certain motor vehicle dealers excluded from the CFPB's authority under Dodd-Frank Act section 1029. In December 2011, the CFPB published an interim final rule establishing its own Regulation E to implement the parts of the EFTA over which it has authority at 12 C.F.R. part 1005, which substantially duplicated the Federal Reserve's Regulation E.⁴

Since the CFPB published the interim final rule to establish its own Regulation E, the agency has issued several final rules affecting Regulation E. On February 7, 2012, a notice of final rulemaking was published in the *Federal Register* to implement section 1073 of the Dodd-Frank Act, which provides new disclosures, error resolution, and cancellation rights to consumers sending remittance transfers abroad (77 FR 6194). The February 2012 remittance transfer rule was subsequently amended in final rules published in the *Federal Register* on August 20, 2012 (77 FR 50244) and May 22, 2013 (78 FR 30662) and a technical correction published in the *Federal Register* on July 10, 2012 (77 FR 40459). These rules collectively went into effect on October 28, 2013. The Federal Reserve proposes to modify its information collection to reflect these new requirements, which is discussed more fully below.

¹ Section 920 of the EFTA regulates debit card interchange fees and routing of debit card transactions and is implemented by the Federal Reserve's Regulation II, 12 CFR part 235.

² The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) excluded certain motor vehicle dealers from the CFPB's authority and those dealers are, therefore, subject to applicable provisions of the Federal Reserve's Regulation E. See section 1029 of the Dodd-Frank Act, Pub. L. 111-203, 124 Stat. 1376 (2010), 12 U.S.C. 5512, 5519, 5581. The Bureau's Regulation E is published at 12 CFR part 1005 and the Federal Reserve's Regulation E is published at 12 CFR part 205.

³ See 44 U.S.C. § 3501 *et seq.*

⁴ See 76 FR 81020 (Dec. 27, 2011).

After the remittance transfer rules went into effect, the CFPB published another final rule in the *Federal Register* on September 18, 2014 (79 FR 55970) to extend for another five years a temporary provision that permits insured financial institutions to estimate certain remittance transfer pricing disclosures and to make other clarifications and technical corrections. The September 2014 rule became effective on November 17, 2014.

On March 26, 2013, a notice of final rulemaking was published in the *Federal Register* to implement a change to the EFTA eliminating the requirement that a fee notice be posted on or at an ATM (78 FR 18221). The amendments did not affect the requirement that a specific fee disclosure appear on the screen of the machine or on paper issued from the machine. The Federal Reserve believes that the elimination of this notice requirement will have a negligible effect on its information collection.

The Federal Reserve accounts for the paperwork burden associated with the CFPB's Regulation E only for Federal Reserve-supervised institutions.⁵ The total current annual burden is estimated to be 59,650 hours. With proposed revisions the total annual burden is estimated to be 493,321 hours.⁶

Background and Justification

The EFTA ensures adequate disclosure of basic terms, costs, and rights relating to electronic fund transfer (EFT) services debiting or crediting a consumer's account. The disclosures required by the EFTA are triggered by certain specified events. The disclosures inform consumers about the terms of the electronic fund transfer service, activity on the account, potential liability for unauthorized transfers, and the process for resolving errors. To ease institutions' burden and cost of complying with the disclosure requirements of Regulation E (particularly for small entities), Regulation E includes model forms and disclosure clauses.

Regulation E applies to all financial institutions. In addition, certain provisions in Regulation E apply to entities that are not financial institutions, including: those that act as service providers or automated teller machine (ATM) operators; merchants and other payees that engage in electronic check conversion (ECK) transactions, the electronic collection of returned item fees, or preauthorized transfers; issuers and sellers of gift cards and gift certificates; and remittance transfer providers.

Description of Information Collection

The disclosure requirements associated with Regulation E are described below. No other

⁵ Other federal agencies account for the paperwork burden that Regulation E imposes on the institutions for which they have supervisory authority.

⁶ The Federal Reserve accounts for the following types of institutions, except those that are supervised by the CFPB: state member banks, their subsidiaries, subsidiaries of bank holding companies, U.S. branches and agencies of foreign banks (other than federal branches, federal agencies, and insured state branches of foreign banks), commercial lending companies owned or controlled by foreign banks, and organizations operating under section 25 or 25A of the Federal Reserve Act (12 U.S.C. § 601-604a; 611-631). The CFPB supervises, among other institutions, insured depository institutions with over \$10 billion in assets and their affiliates (including affiliates that are themselves depository institutions regardless of asset size and subsidiaries of such affiliates).

federal law mandates these disclosures, although some states may have similar requirements.

Initial Disclosures and Change-In-Terms (Sections 1005.7(b), 1005.8(a), and 1005.18(c)(1))

Institutions that offer EFT services must provide written disclosures to a consumer who contracts for those services. The purpose of these disclosures is to provide consumers with information about the terms of the EFT services offered at the time of the initial agreement, and subsequently, in the event of changes in certain required disclosure terms. Initial disclosures include: information about the consumer's liability for unauthorized transfers; the types of transfers available and any limitations on the frequency and dollar amount of transfers; any fees imposed by the financial institutions for EFTs or the right to make EFTs; a summary of the consumer's right to documentation of transfers and to stop payment of preauthorized transfers; and information on resolving errors on the account. The initial disclosures must be provided when a consumer contracts for EFT services or before the first electronic transfer involving the account is made.

A change-in-terms notice is required if the change would result in increased liability for the consumer, increased fees, fewer types of available EFTs, or stricter limitations on the frequency or dollar amounts of transfers. A change-in-terms notice must be mailed or delivered to the consumer at least 21 days before the effective date of the change in term or condition.

A financial institution's initial disclosures, if applicable for payroll card accounts for which the financial institution will not be providing regular written periodic statements, must disclose: a telephone number that the consumer may call to obtain the account balance; the means by which the consumer can obtain an electronic account history, such as the address of an Internet website; and a summary of the consumer's right to receive a written account history upon request (in place of the summary of the right to receive a periodic statement required by section 1005.7(b)(6)), including a telephone number to call to request a history. In addition, the disclosures must include an error resolution notice substantially similar to the notice contained in section A-7(b) in appendix A.

Periodic Statements (Section 1005.9(b) and 1005.18(b))

The purpose of the periodic disclosure requirement is to ensure prompt and accurate documentation of consumers' use of EFT services. The disclosures must include: transaction information for EFTs occurring during the statement period; fees assessed during the statement period for EFTs, the right to make transfers, or account maintenance; opening and closing balances; the address and telephone number for error inquiries; and a telephone number for verification of preauthorized transfers to the consumer's account if the institution uses that option. Institutions are required to send a periodic statement for each monthly cycle in which an EFT has occurred and at least quarterly if no transfer has occurred. Modified requirements apply to passbook and certain other types of accounts. Also, as an alternative to providing periodic statements for payroll card accounts, a financial institution may make account transaction information available to the consumer by telephone, electronically, and upon the consumer's request, in writing.

Because periodic statements required under Regulation E are typically included with monthly checking and savings account statements provided under Truth in Savings Act (Regulation DD), the burden associated with this requirement for entities subject to the Federal Reserve's supervisory authority is accounted for in the Disclosure Requirements Associated with CFPB's Regulation DD (Truth in Savings) (Reg DD; OMB No. 7100-0271), and is therefore not accounted for in the Regulation E burden estimate. The burden associated with this requirement for financial institutions that are not subject to Regulation DD is addressed in the Estimate of Respondent Burden section of this proposal.

Error Resolution Notice and Procedures for Resolving Errors (Sections 1005.8(b) and 1005.11)

Institutions must notify consumers about their rights and responsibilities in connection with errors involving EFTs by providing either a complete statement of error resolution rights each year or a shorter error resolution rights summary on or with each periodic statement. Error resolution rights summaries are typically included with monthly checking and savings account statements provided under Regulation DD, therefore the Regulation E burden associated with this requirement for entities subject to the Federal Reserve's supervisory authority is accounted for in the estimate of the paperwork burden under Regulation DD.

When a consumer provides notice of an error, the institution must investigate and determine whether an error occurred.⁷ Generally, if the institution is unable to complete its investigation of the error within 10 business days, it may take up to 45 calendar days provided it provisionally credits the disputed amount to the consumer's account within the 10 business days, notifies the consumer, orally or in writing, of the provisional crediting, and gives the consumer full use of the funds during the investigation.⁸ The institution must correct the error, if any, report the results to the consumer, and notify the consumer that the provisional credit has been made final or that it has been debited, depending on the institution's determination. A correction notice may be included in the periodic statement if it is clearly identified, and the statement is mailed or delivered within the applicable time limit. For payroll card accounts where the financial institution provides alternative disclosures to regular periodic statements, the timing requirements for the error resolution procedures are modified.⁹

Exclusions From Gift Card and Gift Certificate Coverage (Section 1005.20(b)(2))

Section 1005.20(b)(2) implements exclusions from coverage under the gift card requirements in section 1005.20, including an exclusion for cards, codes, or other devices that are reloadable and not marketed or labeled as a gift card or gift certificate. As noted in section 1005.20(b)(2)-4.i., institutions will qualify for this exclusion so long as they establish and

⁷ A consumer's potential liability for an unauthorized transfer depends on when the consumer notifies the financial institution of the loss or theft of an access device or of the unauthorized transfer. See 12 C.F.R. § 1005.6. These benchmarks are modified for financial institutions providing alternative disclosures to periodic statements for payroll card accounts. See 12 C.F.R. § 1005.18(c).

⁸ The institution need not provisionally credit the account and take up to 45 days to investigate the error if the institution requests the consumer to provide a written confirmation within 10 business days of an oral notice of error, but the institution does not receive the written confirmation.

⁹ See 12 C.F.R. § 1005.18(c).

maintain policies and procedures reasonably designed to avoid the marketing of a prepaid card not otherwise subject to the rule, such as a general-purpose reloadable card, as a gift card or gift certificate.

Prohibition on Sale of Gift Certificates or Gift Cards with Expiration Dates (Section 1005.20(e)(1))

Institutions involved in issuing and selling gift certificates or cards are required to adopt policies and procedures to provide consumers with a reasonable opportunity to purchase a certificate or card with at least five years remaining until the certificate or card expiration date.

Electronic Communication

A consumer may agree to receive from a financial institution in electronic form any disclosure that Regulation E requires be provided in writing, subject to the consent and other requirements of the Electronic Signatures in Global and National Commerce Act (E-Sign Act), so long as the disclosure complies with the regulation in all other respects. Any reference to a mandatory written disclosure does not exclude the possibility that the consumer may agree to receive the disclosure in electronic form.

Disclosures Related to ECK Transactions and Collecting Returned Item Fees Electronically (Sections 1005.3(a) and (b)(2))

A merchant or other payee who initiates an ECK transaction must provide a notice that the transaction will or may be processed as an EFT. For point-of-sale transfers, the 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. A person initiating an EFT to collect a fee for the return of an EFT or a check that is unpaid must provide notice to the consumer stating that the person may electronically collect the fee and the dollar amount of the fee. If the fee may vary due to the amount of the transaction or due to other factors, then an explanation of how the fee will be determined must be provided instead. For returned item fees that may be collected electronically in connection with a point-of-sale transaction, the notice must be posted in a prominent and conspicuous location. A copy of the notice must be provided to the consumer at the time of the transaction or mailed to the consumer's address as soon as reasonably practicable after the person initiates the EFT to collect the fee. The Federal Reserve previously estimated one-time burden for implementing the disclosures and believes that, on a continuing basis, there would be no additional increase in burden.

Terminal Receipts (Sections 1005.9(a))

An institution offering an EFT service must provide a receipt each time a consumer initiates an EFT of more than \$15 at an electronic terminal (for example, an ATM). Terminal receipts can provide documentation and proof of the transfer in the event of a later dispute. The terminal receipt, which must be provided at the time of the transfer, must include the amount, date, and type of transfer, as well as other information identifying the transaction. Because these

disclosures are machine-generated and do not involve an employee of the institution, for purposes of the PRA, burden associated with this requirement is negligible.

Preauthorized Transfers (Section 1005.10)

A preauthorized transfer is an EFT authorized in advance to recur at substantially regular intervals. Preauthorized transfers from a consumer's account may only be authorized by a writing signed or similarly authenticated by the consumer.

For preauthorized transfers *to* the consumer's account, the institution must provide oral or written notice of the transfer (positive notice) or that the transfer did not occur (negative notice). In lieu of providing positive or negative notice, the institution may, and typically does, provide a readily available telephone number that the consumer can call to verify receipt of the deposit. If positive notice is provided to the consumer by the payor, as in most cases, the financial institution need not provide notice. Therefore, the burden of this requirement is negligible.

For preauthorized transfers *from* the consumer's account, if a payment will vary in amount from the previous transfer under the same authorization or from the preauthorized amount, either the institution or the payee must provide written notice to the consumer of the amount and date of the transfer. Alternatively, the institution or the payee may give the consumer the option of receiving notice only when a transfer falls outside a specified range or only when a transfer differs from the most recent transfer by more than an agreed-upon amount. Because in the vast majority of instances the payee, rather than the bank, satisfies this obligation, the burden on banks is negligible.

Disclosures at ATMs (Section 1005.16(c))

An ATM operator that imposes a fee on a consumer for initiating an EFT or balance inquiry must provide screen or paper notice that an ATM fee will be imposed and the amount of the fee before the consumer is committed to paying the fee. Because these disclosures are machine-generated and involvement by an employee of the institution is minimal, for purposes of the PRA, burden associated with this requirement is negligible. The EFTA eliminated a requirement that a fee notice be posted on or at an ATM. Since the burden of providing the notice was negligible, the elimination of this notice requirement will have a negligible effect on PRA burden.

Overdraft Services Opt-In Requirement (Section 1005.17(b))

In general, a financial institution shall not assess an overdraft fee for paying ATM and one-time debit card transactions that overdraw a consumer's account, unless the consumer affirmatively consents, or opts in, to the institution's payment of overdrafts for these transactions, pursuant to an opt-in notice that is substantially similar to Model Form A-9. The Federal Reserve took one-time burden when this section was implemented and staff believe that, on a continuing basis, there is no additional ongoing burden as the disclosure was sufficiently accounted for once incorporated into the current initial account disclosure section 1005.7(b).

**Disclosures Related to Loyalty, Award, or Promotional Cards,
(Section 1005.20(a)(4)(iii))**

In order to qualify for an exclusion from coverage under the gift card requirements in section 1005.20, section 1005.20(a)(4)(iii)(A) requires a loyalty, award, or promotional gift card to state on the card, code, or other device itself that it is issued for loyalty, award, or promotional purposes. This statement must be on the front of the card, code, or other device to enable consumers to easily identify the type of card and avoid potential consumer confusion arising from the fact that a loyalty, award, or promotional gift card may otherwise look identical to a gift card that a consumer may purchase directly from a merchant. In addition, disclosure of the expiration date for the underlying funds are to be stated on the front of a loyalty, award, or promotional gift card because such cards typically have shorter expiration dates than other certificates or cards subject to the rule. See section 1005.20(a)(4)(iii)(B). Where the card and funds expiration date are the same, a single disclosure regarding the expiration dates satisfies the requirement in section 1005.20(a)(4)(iii)(B). The Federal Reserve previously estimated one-time burden for implementing the disclosures and staff believe that, on a continuing basis, there would be no additional increase in burden.

**Disclosures Related to Gift Certificate or Gift Card Expiration and Funds
Expiration (Section 1005.20(e)(3))**

Three disclosures must be stated on the certificate or card, as applicable: (1) the terms of expiration of the underlying funds or, if the underlying funds do not expire, that fact; (2) a toll-free telephone number and, if one is maintained, a website that a consumer may use to obtain a replacement certificate or card after the certificate or card expires, if the underlying funds may be available; and (3) a statement that the certificate or card expires, but the underlying funds either do not expire or expire later than the certificate or card, and that the consumer may contact the issuer for a replacement card. The Federal Reserve previously estimated one-time burden for implementing the disclosures and staff believe that, on a continuing basis, there would be no additional increase in burden.

Proposed Revisions

Associated with Rules on Providing Disclosures for Remittance Transfers (Section 1005.31), Procedures for Resolving Errors for Remittance Transfers (Section 1005.33), Acts of Agents for Remittance Transfers (Section 1005.35), and Remittance Transfers Scheduled Before the Date of Transfer (Section 1005.36)

The Federal Reserve proposes to modify its information collection as described below to reflect new disclosure requirements associated with the CFPB's recent amendments to Regulation E.

Disclosures for Remittance Transfers (Section 1005.31)

A remittance transfer provider must provide written prepayment disclosures to a consumer sender who requests a remittance transfer to a designated recipient abroad. The

purpose of these disclosures is to provide consumers, when they request a transfer and before they make a payment, with information about taxes and fees they will incur and the total amount the designated recipient will receive. Prepayment disclosures include: the transfer amount, fees imposed and taxes collected by the provider, the exchange rate, covered third-party fees, the total amount that will be received by the designated recipient, and a statement that non-covered third-party fees or taxes collected by a person other than the provider may apply to the remittance transfer.

A remittance transfer provider must also provide a written receipt to a sender when payment is made. In addition to the information required in the prepayment disclosure, a receipt must also include the date in the foreign country when funds will be available to the designated recipient, the name and if provided, the telephone number/address of the designated recipient, information on resolving errors and the right to cancel the transaction, contact information for the remittance transfer provider, a statement that the sender can contact the State agency that licenses or charters the remittance transfer provider and the CFPB, and the transfer date if the transfer has been scheduled in advance.

In lieu of a separate prepayment disclosure and receipt, a remittance transfer provider may provide a combined disclosure when a sender requests a remittance transfer, prior to making payment. If a remittance transfer provider chooses to provide a combined disclosure, the provider must provide the consumer with proof of payment when payment is made.

Upon a sender's request, a remittance transfer provider must promptly provide a long form error resolution and cancellation notice that provides more detail on the sender's error resolution and cancellation rights.

Certain fee, tax, and exchange rate disclosures in the prepayment and receipt or the combined disclosure may be estimated in certain circumstances pursuant to section 1005.32.

Procedures for Resolving Errors for Remittance Transfers (Section 1005.33)

When a consumer sender provides notice of an error within 180 days after the date the funds are available to the designated recipient, the remittance transfer provider must investigate and determine whether an error occurred within 90 days of receiving the notice of error. The provider shall report the result to the sender, including notice of any remedies available for correcting any error that the provider has determined has occurred within three business days after completing its investigation. If the remittance transfer provider has determined that no error or a different error has occurred, the provider must provide a written explanation of the provider's finding and note the sender's right to request the documents on which the provider relied on making its determination. Upon a sender's request, the provider shall promptly provide copies of the documents on which the provider relied in making its error determination. The remittance transfer provider's policies and procedures shall address the retention of documentation related to error investigations, and providers are subject to the record retention requirements under section 1005.13.

Acts of Agents for Remittance Transfers (Section 1005.35)

Remittance transfers are often sent through an agent of the remittance transfer provider. Section 1005.35 provides that a remittance transfer provider is liable for any violation of the remittance transfer provisions when such agent acts for the provider.

Remittance Transfers Scheduled Before the Date of Transfer (Section 1005.36)

For a one-time transfer scheduled five or more business days before the date of transfer or for the first in a series of preauthorized remittance transfers, a remittance transfer provider must provide the prepayment disclosure and receipt required in sections 1005.31(b)(1) and (2) or the combined disclosure described in section 1005.31(b)(3) as well as an additional receipt if any of the previously provided disclosures contain estimates as permitted under section 1005.32, which must be mailed or delivered no later than one business day after the date of the transfer. If the transfer involves the transfer of funds from the sender's account held by the provider, the additional receipt can 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.

For subsequent transfers in a series of preauthorized remittance transfers, if any of the information on the most recent receipt provided to the consumer is no longer accurate (other than the dates or because the disclosure contained estimates, as permitted under section 1005.32), the provider must mail or deliver an updated receipt within a reasonable time prior to the scheduled date of the next transfer. Unless that updated receipt did not contain any estimates pursuant to section 1005.32, the provider must mail or deliver to the sender a post-transfer receipt no later than one business day after the date of the transfer. If the transfer involves the transfer of funds from the sender's account held by the provider, the post-transfer receipt can 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.

In addition, for subsequent transfers in a series of preauthorized remittance transfers, a provider must disclose to the sender the date the provider will make the subsequent transfer, a statement about the cancellation rights, and contact information for the remittance transfer provider. If the future date or dates of transfer are described as occurring in regular periodic intervals (e.g., the 15th of every month), the provider must disclose any future date or dates of transfer that do not conform to the described interval. These disclosures must be received by the sender not more than 12 months and no less than five business days prior to the date of any subsequent transfer to which it pertains and may be provided in a separate disclosure or as part of one of the other required disclosures. For any subsequent preauthorized remittance transfer that is four or fewer business days after the date when payment is made, these disclosures must be provided on or with the receipt.

Time Schedule for Information Collection

Disclosure requirements associated with Regulation E are triggered by specific events, and disclosures must be provided to consumers within the time periods established by the law

and regulation. Disclosures pertaining to a particular transaction or consumer account are not publicly available.

Legal Status

The Board's Legal Division has determined that the CFPB is authorized to issue its Regulation E pursuant to its authority to prescribe rules to carry out the purposes of the EFTA (15 U.S.C. § 1693b(a)). The obligation to comply with the recordkeeping and disclosure requirements of the CFPB's Regulation E is mandatory. As we understand, the Board does not collect any information under the CFPB's Regulation E, so no issue of confidentiality arises. However, in the event the Board were to obtain this any of the recordkeeping or disclosure documentation during the course of an examination, the information may be protected from disclosure under exemptions 4, 6, or 8 of the Freedom of Information Act (5 U.S.C. § 552(b)(4), (6), and (8)).

Consultation Outside the Agency

On June 10, 2015, the Federal Reserve published a notice in the *Federal Register* (80 FR 32953) requesting public comment for 60 days on the proposal to extend, with revision, Reg E. The comment period for this notice expired on August 10, 2015. The Federal Reserve did not receive any comments. On August 28, 2015, the Federal Reserve published a final notice in the *Federal Register* (80 FR 52279).

Estimate of Respondent Burden

The total current annual burden for this information collection is estimated to be 59,650 hours and with the proposed revisions is estimated to be 493,321 hours, an increase of 433,671 hours. The Federal Reserve estimates that the 1,018 respondents would take, on average, 120 hours (three business weeks) to update their systems to comply with the disclosure requirements addressed in section 1005.31, resulting in a one-time increase of 122,160 hours. On a continuing basis, the Federal Reserve estimates that 1,018 institutions would take, on average, 8 hours (one business day) per month to comply with disclosure requirements in accordance with section 1005.31 resulting in an increase to ongoing burden of 97,728 hours.

The Federal Reserve estimates that 733,000 consumers would spend, on average, 5 minutes in order to provide a notice of error as required under section 1005.33(b), resulting in an increase to the total annual burden of 61,083 hours. The Federal Reserve estimates that its respondents would take, on average, 4.5 hours per month to address a sender's notice of error as required by section 1005.33(c)(1), resulting in an increase to the ongoing burden of 54,972 hours.

The Federal Reserve estimates that its respondents would take, on average, 40 hours (one business week) annually to ensure compliance with the error resolution requirements under section 1005.33, resulting in a one-time increase to the burden of 40,720 hours. On a continuing basis, the Federal Reserve estimates that its respondents would take, on average, 8 hours (one business day) annually to maintain the requirements under section 1005.33, resulting in an

increase to the ongoing burden of 8,144 hours.

The Federal Reserve estimates that its respondents would take, on average, 40 hours (one business week) to establish policies and procedures for agent compliance under section 1005.35, resulting in a one-time increase to the burden of 40,720 hours. On a continuing basis, the Federal Reserve estimates that its respondents would take, on average, 8 hours (one business day) annually to maintain the requirements under section 1005.35, resulting in an increase to the ongoing burden of 8,144 hours.

The proposed information collection revisions would impose a one-time increase in the estimated annual burden 203,600 hours. On a continuing basis the proposed information collection revisions would increase in the estimated annual burden by 230,071 hours.

The burden for the initial disclosures, change in terms notices, and error resolution rules requirements applies to all Regulation E respondents. For the periodic disclosure requirements, the burden for entities subject to the Federal Reserve's supervisory authority is accounted for in the estimate under Regulation DD. However, there are 190 Regulation E respondents¹⁰ that are not included in the Regulation DD burden estimate and are accounted for under Regulation E for the periodic disclosure requirements, as shown in the table below.

Moreover, no burden for receipts or disclosures related to preauthorized transfers is shown below because that burden is believed to be negligible. Receipts provided at electronic terminals are handled entirely by machine. For preauthorized transfers to a consumer's account, banks ordinarily provide a readily available telephone number that the consumer can call to verify receipt of the deposit. Finally, for preauthorized transfers from a consumer's account, the payee, rather than the bank, ordinarily discloses amounts to be transferred to the consumer.

There is no reporting requirement associated with Regulation E. In addition, for purposes of the PRA, there is no paperwork burden associated with the recordkeeping requirement of Regulation E. Section 1005.13(b) requires, "any person subject to the act and this part to retain evidence of compliance ... for a period of not less than two years from the date the disclosures are required to be made or action is required to be taken," but does not specify the kind of records that must be retained.

The estimated total annual burden represents 3.98 percent of total Federal Reserve System burden.

¹⁰ The 190 Federal Reserve-supervised Regulation E respondents that are not SMBs are comprised of 145 branches and agencies of foreign banks, 44 Edge and agreement corporations, and 1 commercial lending company. The Federal Reserve believes that these respondents do not typically provide periodic statements under Regulation DD.

Current	<i>Number of respondents</i>	<i>Annual frequency</i>	<i>Estimated average time per response</i>	<i>Estimated annual burden hours</i>
Initial disclosures (1005.7(b) and 1005.18(c)(1))	1,018	250	1.5 minutes	6,363
Change-in-terms (1005.8(a))	1,018	340	1 minute	5,769
Periodic statements (1005.9(b) and 1005.18(b))	190	12	7 hours	15,960
Error resolution ((1005.8(b) and 1005.11))	1,018	30	30 minutes	15,270
Gift Card <u>exclusion</u> policies and procedures (1005.20(b)(2))	1,018	1	8 hours	8,144
Gift Card Policy and procedures (1005.20(e)(1))	1,018	1	8 hours	<u>8,144</u>
	<i>Total</i>			59,650

Proposed	<i>Number of respondents¹¹</i>	<i>Annual frequency</i>	<i>Estimated average time per response</i>	<i>Estimated annual burden hours</i>
Initial disclosures (1005.7(b)) and (1005.18(c)(1))	1,018	250	1.5 minutes	6,363
Change-in-terms (1005.8(a))	1,018	340	1 minute	5,769
Periodic statements (1005.9(b))	190	12	7 hours	15,960
Error resolution ((1005.8(b) and 1005.11))	1,018	30	30 minutes	15,270
<u>Gift Card Exclusion</u> policies and procedures (1005.20(b)(2))	1,018	1	8 hours	8,144
Gift Card Policy and procedures (1005.20(e)(1))	1,018	1	8 hours	8,144
Remittance Transfer Disclosures (1005.31) one-time	1,018	1	120 hours	122,160
Remittance Transfer Disclosures (1005.31) ongoing	1,018	12	8 hours	97,728
Error Notice from sender (Consumers) (1005.33(b)) ongoing	733,000	1	5 minutes	61,083
Time Limits and Extent of Investigation (Section 1005.33(c)(1)) ongoing	1,018	12	4.5 hours	54,972
Transmitter Error Resolution Standards and Recordkeeping Requirements (1005.33(g)) one-time	1,018	1	40 hours	40,720
Transmitter Error Resolution Standards and Recordkeeping Requirements (1005.33(g)) ongoing	1,018	1	8 hours	8,144
Acts of Agents (1005.35) one-time	1,018	1	40 hours	40,720
Acts of Agents (1005.35) ongoing	1,018	1	8 hours	<u>8,144</u>
<i>Total</i>				493,321
<i>Change</i>				433,671

¹¹ Of these respondents, 733 are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$550 million in total assets) – 638 state member banks, 70 branches and agencies of foreign banks, and 25 Edge and agreement corporations. Of the 190 periodic statement respondents, 95 are considered small entities as defined by the Small Business Administration (i.e., entities with less than \$550 million in total assets) -70 branches & agencies of foreign banks, and 25 Edge and agreement corporations.
www.sba.gov/content/table-small-business-size-standards.

The total current annual cost to the public is estimated to be \$3,086,888, and with the proposed revisions would increase to \$25,529,362¹².

Sensitive Questions

This information collection contains no questions of a sensitive nature, as defined by OMB guidelines.

Estimate of Cost to the Federal Reserve System

Since the Federal Reserve does not collect any information pursuant to Regulation E, the cost to the Federal Reserve System is negligible.

¹² Total cost to the public was estimated using the following formula: percent of staff time, multiplied by annual burden hours, multiplied by hourly rates (30% Office & Administrative Support at \$17, 45% Financial Managers at \$63, 15% Lawyers at \$64, and 10% Chief Executives at \$87). Hourly rates for each occupational group are the (rounded) mean hourly wages from the Bureau of Labor and Statistics (BLS), *Occupational Employment and Wages May 2014*, published March 25, 2015, www.bls.gov/news.release/ocwage.t01.htm. Occupations are defined using the BLS Occupational Classification System, www.bls.gov/soc/.