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MEMORANDUM

June 16, 2017

To Our Clients and Friends

Re: CFPB Seeks Comment on Proposed Changes to Prepaid Accounts Rule

The Consumer Financial Protection Bureau (CFPB) is requesting comment on proposed changes to its rule regarding prepaid accounts under Regulations E and Z, in response to industry feedback. Comments on the CFPB's proposal are due 45 days after publication in the Federal Register, which is expected shortly.

Among other proposed amendments, the CFPB seeks comments on:

- Regulation E's error resolution and limited liability requirements would not apply to prepaid accounts for which the financial institution's consumer identification and verification process has not been completed. However, if the consumer's identity is later verified, the institution would be required to resolve disputed transactions that occurred prior to verification consistent with the rule.
- Excluding certain business arrangements between prepaid account issuers and traditional credit card issuers from the credit-related provisions of the rule in Regulation Z, to address complications in applying those provisions to credit card accounts already subject to Regulation Z which are linked to digital wallets that can store funds.
- How the provisions regarding unsolicited issuance of access devices and timing of pre-acquisition disclosures apply to prepaid products where no alternative means to receive funds is offered.
- Revisions to the requirement to submit prepaid account agreements to the CFPB.
- Whether a further delay beyond the current April 1, 2018 effective date is necessary in light of the proposed amendments.
- Whether a safe harbor for institutions that comply with the rule prior to the effective date is needed.

If you have any questions, please call Gilbert Schwartz, Robert Ballen, Tom Fox, Heidi Wicker, or Magda Gathani at (202) 776-0700.