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MEMORANDUM

May 11, 2020

To Our Clients and Friends

Re: CFPB Finalizes Remittance Rule Amendments

The Consumer Financial Protection Bureau has amended its Remittance Rule to permit depository institutions to continue to estimate certain fees and exchange rate information and to increase the threshold that determines whether a remittance transfer provider is subject to the rule. The amendments are effective July 21st.

USE OF ESTIMATES

Currently, an exception to the Remittance Rule permits depository institutions to use estimates of the exchange rate and covered third-party fees instead of exact amounts in disclosures to consumers. This exception expires on July 21, 2020. The amended rule provides a permanent exception that permits depository institutions to estimate the exchange rate for a remittance transfer to a particular country if the recipient will receive funds in the country's local currency and the institution made no more than 1,000 remittance transfers in the prior calendar year to that country. The amended rule also provides a permanent exception that permits depository institutions to estimate covered third-party fees for a remittance transfer to a recipient's institution if the institution made no more than 500 remittance transfers to that designated recipient's institution in the prior calendar year.

COVERAGE

Currently, a person is deemed not to be providing remittance transfers if the person provided 100 or fewer remittance transfers in the previous calendar year and provides 100 or fewer remittance transfers in the current calendar year. The final rule increases that number to 500 transfers annually. As a result, a remittance provider making no more than 500 transfers annually in the current and prior calendar years would not be subject to the Remittance Rule.

TRANSITION PERIOD

The amended rule provides a transition period for depository institutions that exceed the 1,000-transfer or 500-transfer thresholds to continue to provide estimates for a reasonable period of time while they come into compliance with the requirement to provide exact amounts. The CFPB had previously announced that it does not intend to cite in or initiate enforcement actions against depository institutions in connection with the disclosure of exact third-party fees and exchange rates for remittance transfers that occur after July 20, 2020 and before January 1, 2021.

SCHWARTZ & BALLEEN LLP

A copy of the CFPB's *Federal Register* notice is available on our website at <http://schwartzandballen.com/news.html>.

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