

FEDERAL RESERVE BANK OF SAN FRANCISCO
101 MARKET STREET, SAN FRANCISCO, CALIFORNIA

June 7, 2005

**BANKING SUPERVISION AND REGULATION:
REGULATION DD—FINAL AMENDMENTS**

To State Member Banks, Bank
Holding Companies, U.S. Branches
and Agencies of Foreign Banks,
and Others Concerned,
in the Twelfth Federal Reserve District

Amendments to Regulation DD (Docket R-1197)

The Federal Reserve Board has published final amendments to Regulation DD, which implements the Truth in Savings Act, and the regulation's official staff commentary to improve the uniformity and adequacy of information provided to consumers when they overdraw their deposit accounts. The final amendments, in part, address a specific service provided by many depository institutions to pay checks and allow other transactions when there are insufficient funds in an account. This service is often referred to as "bounced-check protection" or "courtesy overdraft protection."

Depository institutions sometimes provide overdraft services to deposit account customers as an alternative to a traditional overdraft line of credit. To address concerns about the marketing of this service, the final rule expands the regulation's prohibition against misleading advertisements to cover institutions' communications with current customers about their existing accounts. The staff commentary provides examples of advertisements that would ordinarily be misleading.

Other revisions to Regulation DD require additional disclosures about fees and other terms for overdraft services, including in advertisements. To assist consumers in understanding the financial impact of overdrawing their accounts, the final rule requires institutions that promote the payment of overdrafts in an advertisement to disclose on periodic statements the total dollar amount imposed for overdraft fees and the total dollar amount imposed for returned-item fees, both for the statement period and for the calendar year to date.

The final rule is effective July 1, 2006.

Additional Information

All circulars and documents are available on the Internet through the Federal Reserve Bank of San Francisco's Internet site, at <http://www.frbsf.org/banking/letters>.

For additional information about the final amendments, please contact our Banking Supervision and Regulation Department at (415) 974-3028.

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[Attachment: Docket R-1197](#)