

Federal Reserve Bank of San Francisco
101 Market Street, San Francisco, California 94105

August 31, 2006

**BANKING SUPERVISION AND REGULATION:
REGULATION E FINAL RULE**

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

**Approval of Final Rule on Payroll Card Accounts Under Regulation E and Request for
Public Comment on an Interim Final Rule**

The Federal Reserve Board announced its approval of a final rule to provide that payroll card accounts are covered by the Board's consumer protection regulation governing electronic fund transfers.

The final rule grants flexibility to financial institutions that must provide account transaction information to payroll card users. Under the rule, institutions are not required to provide paper periodic statements to consumers, if the institution makes account transaction information available electronically, by telephone, and in writing upon a consumer's request.

The amendments to address payroll card accounts are being made to Regulation E, which implements the Electronic Fund Transfer Act; and, to the official staff commentary, which interprets the requirements of Regulation E. The effective date is July 1, 2007.

In a separate action, the Board requested public comment on an interim final rule to provide additional clarification regarding Regulation E's coverage of the electronic collection of insufficient funds fees by merchants and other payees and consumer notice requirements for electronic check conversion transactions. The effective date for the interim final rule is January 1, 2007, consistent with a previously issued January 2006 final rule; however, certain provisions regarding the fee disclosures will have a delayed compliance date of January 1, 2008. The Board requests comment on the interim final rule within thirty days after publication in the Federal Register.

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 rule on payroll card accounts under Regulation E, and the request for comment on the interim final rule, please contact our Banking Supervision and Regulation Department at (415) 974-3028.

FEDERAL RESERVE BANK OF SAN FRANCISCO

Attachment: [Docket No. R-1247](#)
[Docket No. R-1265](#)