

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

December 15, 2006

**BANKING SUPERVISION AND REGULATION:
REGULATION E FINAL RULE AND REQUEST
FOR COMMENT ON PROPOSED 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

Regulation E Final Rule Regarding Consumer Authorization Requirements and Request for Comment on a Proposed Rule

The Federal Reserve Board announced its approval of a final rule regarding consumer authorization requirements when a person, such as a merchant, seeks to electronically collect a fee for checks or other items that are returned unpaid. The final rule clarifies that the requirement to obtain the consumer's authorization applies to the person seeking to electronically collect the returned item fee. The rule contains additional provisions related to the consumer's authorization and the content of notices that must be given to the consumer.

The amendments addressing the electronic collection of returned item fees 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 of the final rule is January 1, 2007. Certain provisions regarding the content of notices that must be provided to consumers in point-of-sale transactions however, will have a delayed compliance date of January 1, 2008.

In a separate action, the Board requested public comment on a proposed rule to except transactions of \$15 or less from Regulation E's requirement that receipts be made available to consumers for transactions initiated at an electronic terminal. The proposed exception is intended to facilitate the ability of consumers to use debit cards in retail environments where the receipt requirement may not be practical or cost-effective. The Board requests comment on the proposed rule within sixty 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 website, at <http://www.frbsf.org/banking/letters>.

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

FEDERAL RESERVE BANK OF SAN FRANCISCO

Attachment: [Docket No. R-1265 \(Final Rule\)](#)
[Docket No. R-1270 \(Proposed Rule\)](#)