

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

December 3, 2014

To State Member Banks, Bank  
Holding Companies, Financial Holding  
Companies, Savings and Loan Holding Companies,  
and Foreign Banking Offices  
in the Twelfth Federal Reserve District

**CFPB Proposes Federal Protections for Prepaid Products**

On November 13, 2014, the Consumer Financial Protection (CFPB) issued a [proposed rule](#) to amend Regulations E and Z to create comprehensive consumer protections for prepaid financial products. The proposal would expressly bring such products within the ambit of Regulation E as prepaid accounts and create new provisions specific to such accounts. In particular, the proposal would, among other things:

- Establish disclosure requirements specific to prepaid accounts.
- Include an option for an alternative to Regulation E's periodic statement requirement that would permit prepaid product providers to make available to consumers certain methods for access to account information in lieu of sending periodic statements.
- Apply Regulation E's limited liability and error resolution provisions to prepaid accounts, with certain modifications.
- Require prepaid account issuers to provide the CFPB with terms and conditions for prepaid accounts, which it would post on a website maintained by the CFPB.
- Require issuers to also post the terms and conditions for prepaid accounts on their own websites or make them available upon request.
- Contain amendments to Regulations Z and E to regulate prepaid accounts with overdraft services or credit features.

The comment period for this proposal will remain open for 90 days from the date of publication in the *Federal Register*, which is expected shortly.

**Resources**

We encourage bankers to understand the changes being proposed and utilize the comment period as an opportunity to influence the final rules and help prevent unintended consequences resulting from any new rules. Those wishing to submit comments may submit them through <http://www.regulations.gov> (Docket No. CFPB-2014-0031 or RIN 3170-AA22) or by following the instructions in the [proposal](#).

**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-supervision/publications/district-circular-letters/>.

For additional information, please contact:

Federal Reserve Bank of San Francisco  
Banking Supervision and Regulation  
(801) 322-7853