

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

February 3, 2010

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

Agencies Issue Final Rules on Risk-Based Pricing Notices

The Federal Reserve Board and the Federal Trade Commission announced on December 22, 2009 final rules that generally require a creditor to provide a consumer with a notice when, based on the consumer's credit report, the creditor provides credit to the consumer on less favorable terms than it provides to other consumers. Consumers who receive this "risk-based pricing" notice will be able to obtain a free credit report to check the accuracy of the report.

Risk-based pricing refers to the practice of setting or adjusting the price and other terms of credit provided to a particular consumer based on the consumer's creditworthiness. The final rules provide creditors with several methods for determining which consumers must receive risk-based pricing notices.

As an alternative to providing risk-based pricing notices, the final rules permit creditors to provide consumers who apply for credit with a free credit score and information about their score. Today, most consumers must pay a fee to obtain their credit score.

The final rules implement section 311 of the Fair and Accurate Credit Transactions Act of 2003, which amends the Fair Credit Reporting Act.

The *Federal Register* notice is attached. The final rules are effective January 1, 2011.

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:

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Attachment: *Federal Register* notice: [699 KB PDF](#)