

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

December 28, 2012

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 to Revise Remittance Transfer Rule Including Extending Implementation Period

On December 21, 2012, the Consumer Financial Protection Bureau (CFPB) issued [proposed](#) revisions to their international remittance rule, including a proposal to extend the implementation period until 90 days after it issues a revised final rule. The proposal builds on a final rule on international money transfers that was published by the CFPB on February 7, 2012, and later supplemented on August 20, 2012. Under the final rule, remittance transfer providers will be required to disclose certain fees and taxes, as well as the exchange rate that will apply to the transfer. The rule also provides consumers with error resolution and cancellation rights.

As indicated in the CFPB's [press release](#), the proposed changes are narrowly targeted to address the rule's provisions on:

1. Disclosure of Foreign taxes and Institution Fees: The proposal would provide increased flexibility and guidance with respect to the disclosure of taxes imposed by a foreign country's central government as well as fees imposed by a recipient's institution for receiving a remittance transfer in an account.
2. Disclosure of Subnational Taxes in Foreign Country: the proposal would require disclosure of foreign taxes imposed by a country's central government, but would eliminate the requirement to disclose taxes imposed by foreign regional, provincial, state, or other local governments.
3. Errors from Incorrect Account Information: Under the proposal, when the provider can demonstrate that the consumer provided an incorrect account number and certain other conditions are satisfied, the provider would be required to attempt to recover the funds but would not bear the cost of funds that cannot be recovered.

The CFPB expects to keep the rulemaking narrowly focused on these issues and to complete the rulemaking process on an expedited basis. Though the rule is set to take effect on February 7, 2013, the CFPB is proposing a temporary delay of that date to accommodate the changes in the current proposal.

Comments on the temporary delay will close 15 days after the proposal is published in the Federal Register, which is expected shortly. Comments on the remainder of the proposal will close 30 days after publication in the Federal Register.

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 formal comments may submit them through <http://www.regulations.gov> (Docket No. CFPB-2012-0050) or by following the instructions in the [Notice of Proposed Rulemaking](#).

Additional information on CFPB rules and related guidance can be found on the CFPB's website at <http://www.consumerfinance.gov/>.

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 regarding supervisory expectations, please contact:

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