

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

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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 Amends Regulation Z to Revise Credit Card Fee Limits in Response to Federal Court Ruling**

On March 22, 2013, the Consumer Financial Protection Bureau (CFPB) finalized a revision to a 2011 rule that the Federal Reserve Board had issued on credit card fees. The [final rule](#) is in response to a federal court ruling last year that had granted a preliminary injunction to block a part of the 2011 rule from taking effect.

At issue in the lawsuit was the total amount of fees that a credit card issuer may require a consumer to pay with respect to a credit card account prior to the opening of the account. The 2009 Credit CARD Act (CARD Act) limited certain fees during the first year after the account is opened to 25 percent of the account's initial credit limit. For example, if the credit limit is \$400, fees charged during the first year after the account is opened generally cannot exceed \$100. In April 2011, the rules implementing the CARD Act were amended to extend this limitation to fees that the consumer must pay prior to opening an account to include fees such as an application fee.

The 2011 amendment was challenged in federal court, and on September 23, 2011, the court granted a motion for a preliminary injunction preventing the amendment, which also applies the fee limitation to those paid prior to opening an account, from taking effect. In order to resolve the litigation, the CFPB issued an April 2012 proposal to amend the rule to be consistent with the court ruling so that the rule's limitation no longer applies to fees charged prior to account opening. The final rule issued on March 22, 2013, amends Regulation Z to adopt the proposal's elimination of the cap on fees charged prior to account opening.

**Resource**

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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