

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

July 23, 2009

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

**Federal Reserve Board Approves Interim Final Rule Amending Regulation Z (Truth in Lending)**

The Federal Reserve Board approved an interim final rule on July 15, 2009 amending Regulation Z (Truth in Lending) to require creditors to provide consumers earlier advance notice before the rate on a credit card account is increased or a significant change is made to the account's terms. The amendments also allow consumers to reject such increases and changes by informing the creditor before the increase or change goes into effect.

These revisions are the first stage in the Federal Reserve Board's implementation of the Credit Card Accountability Responsibility and Disclosure Act of 2009 (Credit Card Act). In May 2009, the Credit Card Act amended the Truth in Lending Act (TILA) and other statutes to establish fair and transparent practices for open-end consumer credit plans, including credit cards.

The Credit Card Act's amendments to TILA go into effect in three stages. This interim final rule implements the provisions of the Credit Card Act that go into effect on August 20, 2009. The remaining provisions go into effect on February 22 or August 22, 2010 and will be implemented by the Federal Reserve Board at a later date.

The interim final rule implements the requirements in the Credit Card Act as follows:

- Creditors must provide written notice to consumers 45 days before the creditor increases an annual percentage rate on a credit card account or makes a significant change to the terms of a credit card account.
- Creditors must inform consumers in the same notice of their right to cancel the credit card account before the increase or change goes into effect. If a consumer does so, the creditor is generally prohibited from applying the increase or change to the account.
- Creditors generally must mail or deliver periodic statements for credit cards and other open-end consumer credit accounts at least 21 days before payment is due.

The notice that will be published in the Federal Register is attached. Comments on the interim final rule must be submitted within 60 days after publication in the Federal Register, which is expected shortly.

**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:

Federal Reserve Bank of San Francisco  
Banking Supervision and Regulation  
(415) 974-3214

**Attachment:** [Interim Final Rule Amending Regulation Z \(Truth in Lending\)](#)