

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

May 2, 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

**Consumer Financial Protection Bureau Seeks Public Comment on Amendment to Credit Card Rule**

On April 12, 2012, the Consumer Financial Protection Bureau (CFPB) issued a proposal to revise a 2011 rule on card rule fees, in response to a federal court ruling that had granted a preliminary injunction to block the rule from taking effect.

At issue in the lawsuit is 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 account opening. The 2009 Credit CARD Act limited certain fees charged 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 the account is opened generally cannot exceed \$100. In April 2011, the rules were amended to extend this limitation to fees that the consumer must pay prior to account opening, for example an application fee.

The amendment was challenged in the U.S. District Court for the District of South Dakota. On September 23, 2011, the district court granted a motion for preliminary injunction preventing the amendment from taking effect. As a result of the court's order, the rule relating to pre-account opening fees has not become effective.

In order to resolve the uncertainty caused by litigation, the CFPB is seeking comment on whether it should amend the rule such that it no longer applies to fees charged prior to account opening. The overall 25 percent cap on certain credit card fees charged during the first year, along with the other specific provisions of the CARD Act, would remain in place.

The proposed rule was published in the Federal Register on April 12, 2012. Comments must be received on or before June 11, 2012.

**Resources**

For those wishing to submit comments, the notice, along with information on how to submit comments electronically, is located on the CFPB's website at <http://www.consumerfinance.gov/notice-and-comment/>

**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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