

FEDERAL RESERVE SYSTEM

12 CFR Parts 202, 205, 213, 226, and 230

**[Regulations B, E, M, Z, and DD;
Docket Nos. R-1040, R-1041, R-1042, R-1043, and R-1044]**

**Equal Credit Opportunity; Electronic Fund Transfers;
Consumer Leasing; Truth in Lending; Truth in Savings**

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Interim Final Rules; lifting mandatory compliance date.

SUMMARY: On March 30, and April 4, 2001, the Board published interim final rules to establish uniform standards for using electronic communication to deliver disclosures required under five consumer protection regulations: B (Equal Credit Opportunity), E (Electronic Fund Transfers), M (Consumer Leasing), Z (Truth in Lending), and DD (Truth in Savings). The Board established October 1, 2001 as the mandatory compliance date for the interim final rules. To address commenters' concerns, the Board is considering adjustments to the rules to provide additional flexibility. Therefore, the Board is lifting the mandatory compliance date for the interim rules. Once permanent final rules are issued, the Board expects to afford institutions a reasonable period of time to comply with those rules.

DATES: This revision is effective immediately; the October 1, 2001, mandatory compliance date for the interim final rules is lifted.

FOR FURTHER INFORMATION CONTACT: David A. Stein or Ky Tran-Trong, Attorneys; Division of Consumer and Community Affairs, at (202) 452-2412 or (202) 452-3667.

SUPPLEMENTARY INFORMATION:

I. Lifting the Mandatory Compliance Date for the Interim Rules

Financial institutions and others covered by the Board's consumer disclosure rules are currently permitted to provide electronic disclosures if they obtain consumers' consent consistent with the requirements of the federal Electronic Signatures in Global and National Commerce Act (the E-Sign Act), which became effective on October 1, 2000. On March 30 and April 4, 2001, the Board published interim final rules to provide guidance on how the E-Sign Act applies to the consumer financial services and fair lending laws and regulations administered by the Board. The Board established

October 1, 2001 as the date for mandatory compliance with the interim final rules. See 66 FR 17779 (Regulation B, Equal Credit Opportunity); 66 FR 17786 (Regulation E, Electronic Fund Transfers); 66 FR 17322 (Regulation M, Consumer Leasing); 66 FR 17329 (Regulation Z, Truth in Lending); 66 FR 17795 (Regulation DD, Truth in Savings).

The interim rules give guidance on the timing and delivery of electronic disclosures. Disclosures can be provided by e-mail or can be made available at another location such as an institution's web site. If a disclosure—such as an account statement or a notice of a change in account terms—is provided at a web site, an institution must notify the consumer of the disclosure's availability by e-mail. In addition, the disclosure must remain available on the web site for 90 days.

A number of commenters on the interim final rules noted that there are operational issues raised by the interim rules' requirement that institutions alert consumers by e-mail when electronic disclosures are made available at another location, such as a web site. They also noted that the October 1, 2001, compliance deadline does not afford them adequate time for making the needed changes.

Some institutions have been offering electronic disclosures for several years under Regulations E and DD, based on interim rules issued by the Board in 1998 and 1999 respectively. See 63 FR 14528; 64 FR 49846. Others have been permitted to give electronic disclosures under Regulations B, M, and Z since the E-Sign Act took effect last year. Many of these institutions have not used e-mail to alert consumers to disclosures posted at their web sites.

Based on the comments, the Board is considering adjustments to the rules to provide additional flexibility. Therefore, the Board is lifting the mandatory compliance date for the interim rules. Institutions may continue to provide electronic disclosures under their existing policies and practices, or may follow the interim rules, until the Board issues permanent rules. Once permanent final rules are issued, the Board expects to afford institutions a reasonable period of time to comply with those rules.

II. Withdrawal of 1998 and 1999 Interim Rules Unaffected

In 1998 and 1999, the Board adopted interim rules under Regulations E and DD respectively, to allow the electronic delivery of certain disclosures, if the consumer agrees. The 1998 and 1999 interim rules did not specify the manner or form of consumer's consent to electronic disclosures.

Effective October 1, 2000, the E-Sign Act permits institutions to provide disclosures to consumers using electronic communications, if the institution complies with the requirements of section 101(c) of that act. The Board's 2001 interim final rules set forth the general rule that institutions subject to Regulations E and DD may provide disclosures electronically only if the institution complies with section 101(c) of the E-Sign Act. Accordingly, the Board's 2001 interim rules provided that the 1998 and 1999 interim rules were withdrawn. The Board's action lifting the mandatory compliance date

for the 2001 interim rules has no effect on the withdrawal of the 1998 and 1999 interim rules.

III. Foreign Language Disclosures

To provide consistency among the regulations, the interim final rules also included revisions to Regulations B (§ 202.4(b)), E (§205.4(a)(2)), and Z (§ 226.27) that permit disclosures in languages other than English as long as disclosures in English are also available upon request. The Board's action lifting the mandatory compliance date for the 2001 interim rules has no effect on these provisions.

By order of the Board of Governors of the Federal Reserve System, August 2, 2001.

(signed) Jennifer J. Johnson
Jennifer J. Johnson,
Secretary of the Board