

1700 G Street NW, Washington, DC 20552

November 15, 2016

Prepaid Rule’s Effective Dates

On October 5, 2016, the Consumer Financial Protection Bureau (Bureau) issued a final rule (Prepaid Rule) amending Regulations E and Z to create comprehensive consumer protections for prepaid accounts, including payroll card accounts and government benefit accounts. The Prepaid Rule imposes new requirements for prepaid accounts generally, and changes some existing requirements for payroll card accounts and government benefit accounts. These requirements will generally apply to existing accounts as well as those opened or acquired after the effective date. Most new requirements and changes are effective October 1, 2017, although the requirement to submit prepaid account agreements to the Bureau is effective October 1, 2018. The Prepaid Rule also provides some exceptions and accommodations to the general October 1, 2017 effective date. This chart highlights the Prepaid Rule’s effective dates and related exceptions and accommodations, but it is not a substitute for reviewing the Prepaid Rule. Additional implementation resources are available at

<http://www.consumerfinance.gov/policy-compliance/guidance/implementation-guidance/prepaid-rule/>.

Section	Effective date and related exception or accommodation
<p>Pre-acquisition and on device disclosures</p> <p>12 CFR 1005.18(h); comments 18(h)-1 through 5 See also 1005.18(b); 1005.18(f)(3)</p>	<ul style="list-style-type: none"> ▪ Generally, financial institutions (FIs), as defined in Regulation E, are required to provide short form and long form disclosures (together pre-acquisition disclosures,) for prepaid accounts and include certain disclosures on prepaid account access devices, such as cards, beginning October 1, 2017. ▪ The Prepaid Rule does not require FIs to pull and replace prepaid account packaging materials or prepaid account access devices, provided that those materials are produced in the normal course of business prior to October 1, 2017, even if these materials would not otherwise comply with the Prepaid Rule’s disclosure requirements. ▪ This exception applies to disclosures contained on, in, or with packages for prepaid accounts; for example, disclosures on packages sold at retail and disclosures for payroll card accounts or government benefit accounts that are distributed in packages or envelopes. It does not apply to disclosures that the FI makes available or provides electronically, orally, or in any form other than on pre-printed materials.

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For example, disclosures printed on paper by the FI upon a consumer’s request must comply with the Prepaid Rule beginning October 1, 2017. Similarly, if the FI does not provide a physical access device, it must include the required access device disclosures on the website, mobile application, or other entry point the consumer uses to electronically access the account beginning on October 1, 2017.

- Disclosures and access devices that are manufactured, printed, or otherwise produced on or after October 1, 2017 must comply with the Prepaid Rule’s disclosure requirements.
- FIs must provide certain information to consumers who acquire prepaid accounts on or after October 1, 2017 in packaging materials that were manufactured, printed, or otherwise produced prior to October 1, 2017 and that do not contain disclosures in compliance with the Prepaid Rule. The FI must notify the consumer of any changes to the account’s terms and conditions as a result of the Prepaid Rule taking effect such that a change in terms notice would have been required under 12 CFR 1005.8(a) or 1005.18(f)(2) for existing customers. The FI must also mail or deliver initial disclosures pursuant to 12 CFR 1005.7 and 1005.18(f)(1) that were updated as a result of the Prepaid Rule taking effect.
- An FI may provide the notice or disclosures either as a separate document or include it in another notice or mailing that the consumer receives regarding the prepaid account to the extent permitted by other laws and regulations.
- The FI must provide the notice and the updated initial disclosures within 30 days of obtaining the consumer’s contact information, such as the consumer’s mailing address or email address.
- If the FI has obtained consumer consent in accordance with the E-Sign Act, then the notice and updated initial disclosures may be provided electronically.
- Both the notice and the updated initial disclosures may be provided electronically without regard to the E-Sign Act’s consumer consent requirements, if the FI has not obtained the consumer’s consent to provide disclosures in electronic form, or is not already sending account-related mailings (for example, an embossed card following registration) to the consumer within 30 days of obtaining the consumer’s contact information. An FI that has not obtained the consumer’s contact information is not required to provide the notice of changes or the updated initial disclosures.

Notices of changes in terms and conditions for existing accounts

- FIs are not required to provide pre-acquisition disclosures required by the Prepaid Rule for accounts opened before October 1, 2017. However, for these accounts, an FI must notify the consumer of any changes to the prepaid account’s terms and conditions as a result of the Prepaid Rule taking effect such that a change in terms notice would have been required under 12 CFR 1005.8(a) or 1005.18(f)(2) for existing

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12 CFR
1005.18(h)(2)(iii) and
(iv); comments 18(h)-
3 through 5

customers. The FI must provide the notice at least 21 days in advance of the change becoming effective, provided the FI has the consumer’s contact information, such as the consumer’s mailing address or email address. However, if the FI obtains the consumer’s contact information less than 30 days in advance of the change becoming effective or after it has become effective, the FI may instead notify the consumer of the change within 30 days of obtaining consumer’s contact information.

- An FI may provide the notice either as a separate document or include it in another notice or mailing that the consumer receives regarding the prepaid account to the extent permitted by other laws and regulations.
- If the FI has obtained consumer consent in accordance with the E-Sign Act, then the notice may be provided electronically.
- The notice may be provided electronically without regard to the E-Sign Act’s consumer notice and consent requirements, if the FI has not obtained the consumer’s consent to provide disclosures in electronic form, or is not already sending account-related mailings (for example, an embossed card following registration) to the consumer at least 21 days in advance of the change becoming effective (or within 30 days of obtaining the consumer’s contact information if the FI obtains the contact information less than 30 days in advance of the change becoming effective or having become effective). An FI that has not obtained the consumer’s contact information is not required to provide the notice of changes.
- The FI is not required to provide the notice for prepaid accounts that are closed or inactive, as defined by the FI. However, if an inactive account becomes active, the FI must provide the notice within 30 days of the account becoming active again.

**Pre-acquisition
short form
disclosure of
certain additional
fee types**

12 CFR
1005.18(b)(2)(ix)(D);
comment
18(b)(2)(ix)(D)(2)-1

- With limited exceptions, the Prepaid Rule requires that the new pre-acquisition short form disclosure list the two fee types (other than the static fee types required to be listed on the short form as well as any purchase price, activation fee, and finance charges related to credit) that generated the highest revenue from consumers during the previous 24 months. Any fee types that generated less than 5 percent of the total revenue from consumers are also excluded.
- If an FI does not have 24 months of fee revenue data for a particular prepaid account program from which to calculate the additional fee types in advance of October 1, 2017, the FI must disclose the additional fee types based on the revenue it reasonably anticipates the prepaid account program will generate over the 24 month period that begins on October 1, 2017.

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<p>Account transaction histories</p> <p>12 CFR 1005.18(h)(3)(i); comment 18(h)-6.i</p> <p><i>See also</i> 1005.18(c)(1) through (4)</p>	<ul style="list-style-type: none"> ▪ Beginning October 1, 2017, FIs relying on the periodic statement alternative are required to make available to consumers electronic account transaction histories that cover at least the 12 months preceding the date on which the consumer electronically accesses the account. They must also provide to consumers, upon request, written account transaction histories that cover at least the 24 months preceding the date on which the FI receives the consumer’s request. ▪ The Prepaid Rule accommodates FIs that do not have sufficient data to comply in full with this requirement on October 1, 2017. If, on October 1, 2017, the FI does not have readily accessible the data necessary to provide such histories for the required time periods (12 and 24 months, respectively), the FI may make available or provide the histories using the data for the time period it has until the FI accumulates the necessary data to comply with the full time periods. Thus, all FIs must make available the full 12 months of electronic account transaction history no later than October 1, 2018, and provide upon request the full 24 months of written account transaction history no later than October 1, 2019.
<p>Summary total of fees</p> <p>12 CFR 1005.18(h)(3)(ii); comment 18(h)-6.ii</p> <p><i>See also</i> 1005.18(c)(4) and 1005.18(c)(5)</p>	<ul style="list-style-type: none"> ▪ Beginning October 1, 2017, both periodic statements and account transaction histories must disclose a summary total of all fees that the FI assessed against the account for the prior calendar month and for the calendar year to date. ▪ The Prepaid Rule accommodates FIs that do not have the data needed to comply in full with this requirement on October 1, 2017. If, on October 1, 2017, the FI does not have readily accessible the data necessary to calculate summary totals for the prior calendar month and the calendar year to date, the FI may display the summary totals using the data it has until the FI has accumulated the data necessary to display the summary totals as required. In this situation, the FI would first display the monthly fee total beginning on November 1, 2017 (i.e., periodic statements and histories accessed or provided in November 2017 would display the monthly fee total for October 2017). The FI would display the year to date fee total beginning on October 1, 2017 rather than for the entire calendar year 2017. On January 1, 2018, all FIs must begin displaying year-to-date fee totals for calendar year 2018.
<p>Submission of agreements</p> <p>12 CFR 1005.19(f); comments 19(f)-1 and 2</p> <p><i>See also</i> 1005.19(b)</p>	<ul style="list-style-type: none"> ▪ With limited exceptions, issuers must submit prepaid account agreements to the Bureau. Effective October 1, 2018, an issuer must submit the prepaid account agreements it offers as of October 1, 2018 to the Bureau within 30 days (i.e., no later than October 31, 2018). ▪ After October 1, 2018, issuers must submit new and amended prepaid account agreements and notifications of withdrawn agreements to the Bureau within 30 days after offering, amending, or ceasing to offer the agreement.

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	<ul style="list-style-type: none">▪ The October 1, 2018 effective date does NOT apply to the Prepaid Rule's posting requirement or the requirement in 12 CFR 1005.19(c) to provide consumers with their individual agreements in 12 CFR 1005.19(d). That is, beginning on October 1, 2017, an issuer must post to its publicly available website prepaid account agreements that are offered to the general public and must make available to all consumers their individual agreements.
Other Prepaid Rule requirements	<ul style="list-style-type: none">▪ Effective October 1, 2017, FIs are required to comply with all other provisions of the Prepaid Rule and Regulation E and Z generally. For additional discussion of the Prepaid Rule's requirements, see the related summaries and reference materials available at http://www.consumerfinance.gov/policy-compliance/guidance/implementation-guidance/prepaid-rule/.