

FACT SHEET: SMALL BUSINESS REVIEW PANEL PROCESS

What is a Small Business Review Panel?

A Small Business Review Panel is a means by which the Consumer Financial Protection Bureau (“CFPB”) can obtain input from small businesses that are likely to be directly affected by a regulation that the CFPB may issue. Under the law, when a rule under development may have a significant economic impact on a substantial number of small entities, representatives from the CFPB, the Chief Counsel for Advocacy of the Small Business Administration (SBA), and the Office of Management and Budget’s Office of Information and Regulatory Affairs form a Review Panel. The Panel meets with a selected group of representatives from small businesses. During this outreach meeting, small businesses provide the Panel with important feedback on the potential economic impacts of complying with proposed regulations. They may also provide feedback on regulatory options under consideration and regulatory alternatives to minimize these impacts.

What is the Role of Small Businesses in the Review Panel Process?

Prior to a scheduled Panel outreach meeting, the CFPB distributes outreach materials and a list of the selected small businesses and their representatives to each meeting participant. The outreach materials typically contain:

- information on the background of the proposed rule under development;
- an overview of the proposed rule or regulatory options under consideration;
- other information that will enable small business representatives to provide meaningful comments on the likely economic impacts of the proposed rule and advice on potential alternatives; and
- a list of questions and issues on which the CFPB will seek small business input at the Panel outreach meeting.

During the Panel outreach meeting, the CFPB reviews the regulatory proposals and options or alternatives under consideration with the participating small business representatives. The Panel may ask the representatives to help identify other federal regulations that may overlap, duplicate, or conflict with the CFPB’s proposed rule. The Panel then discusses and obtains input from small businesses on the anticipated compliance requirements and costs of the proposed rule. In addition, the Panel solicits advice regarding potential regulatory alternatives that would minimize any significant economic impacts of the proposed rule on small businesses while accomplishing the objectives of applicable statutes. The CFPB may also solicit feedback from small businesses on how the proposed rule may impact the cost of credit for small entities and ways to minimize any such impact. In addition to providing verbal comments on these issues during the Panel’s outreach meeting, small businesses that are selected to participate in a Panel outreach meeting will be provided an opportunity to submit written comments.

How Does the Review Panel Use the Input Provided by Small Businesses?

Within 60 days of convening, the review Panel issues a report on the input received from small businesses during the panel process. The report also contains the Panel's findings on the potential economic impacts of a regulation on small business and any significant alternatives that accomplish the objectives of the rule while minimizing such impacts. Copies or summaries of any written comments provided by participating small business representatives may also be included with the Panel's report. If the Bureau proposes a rule, the Panel's final report will be placed in the public rulemaking record.

The CFPB discusses and considers the Panel's report and the comments and advice provided by small businesses when it prepares a proposed rule. If the Bureau proposes a rule, any small businesses or organizations, including those that participated in the panel outreach meeting, may submit formal written comments during the public comment period.

How Are Small Businesses Selected to Meet with a Small Business Review Panel?

The CFPB, in consultation with SBA, selects and appoints individuals to represent categories of small entities likely to be subject to the requirements of a rule under development.

A "small entity" may be a small business, a small organization, or a small government, as defined by the Regulatory Flexibility Act. The definition of "small business" varies by industry. Information and guidance on the definition and industry size standards that apply to small businesses is available through the SBA's website at <http://www.sba.gov/size>. Representatives of small organizations that are not-for-profit enterprises and are independently owned and operated and not dominant in their field are also eligible to meet with the Panel if their organizations will be subject to the proposed rule under development.

In selecting representatives, the CFPB first determines the types of small entities (e.g., small businesses, small organizations, and small government jurisdictions) that are likely to be directly subject to the requirements of a rule under development. The CFPB then develops a list of potential individuals to represent the interest of small entities at the Panel outreach meeting. Final representatives will be designated by the CFPB after consultation with the SBA.

CFPB staff contacts each potential representative to confirm small entity status and the representative's willingness and availability to participate in a Panel outreach meeting. During this initial contact, the CFPB provides potential representatives with general information on the background and purpose of the Panel review process and information about logistical and scheduling matters. Small businesses may participate in the Panel outreach meeting in person or by teleconference, but generally travel and participate in the process at their own expense.

While the exact number of representatives selected will vary according to the nature of each rulemaking, typically 15 to 20 small business representatives are selected to meet with the Panel.

Where Can Small Businesses Obtain More Information?

Additional information on matters relating to the Small Business Review process is available from the following sources:

- The Office of Advocacy of the SBA, <http://www.sba.gov/advocacy>
- The Office of Advocacy of the SBA: The Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA), <http://www.sba.gov/advocacy/825>
- SBA Size Standards for Small Businesses: <http://www.sba.gov/size>