



FEDERAL RESERVE SYSTEM

12 CFR Part 230

[Docket No. R-1482]

RIN 7100 AE12

Truth in Savings (Regulation DD)

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Notice of proposed rulemaking; request for public comment.

SUMMARY: The Board of Governors of the Federal Reserve System (Board) is proposing to repeal its Regulation DD, 12 CFR part 230, which was issued to implement the Truth in Saving Act (TISA). Title X of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) transferred rulemaking authority for a number of consumer financial protection laws, including TISA, from the Board to the Bureau of Consumer Financial Protection (Bureau). In December 2011, the Bureau published an interim final rule establishing its own Regulation DD to implement TISA (Bureau Interim Final Rule).¹ The Bureau Interim Final Rule substantially duplicates the Board's Regulation DD. Credit unions are not subject to either the Board's or Bureau's Regulation DD, and are covered instead by a substantially identical regulation issued by the National Credit Union Administration (NCUA) pursuant to 12 U.S.C. 4311.

Under section 1029 of the Dodd-Frank Act, the Board retains authority to issue rules for certain motor vehicle dealers that offer consumer financial services and are not subject to the Bureau's regulatory authority. The Board is not aware of any entities that are motor vehicle dealers engaging in activities subject to TISA that would be subject to the Board's

¹ 12 CFR part 1030. See 76 FR 79276 (Dec. 21, 2011).

authority under section 1029 of the Dodd-Frank Act. Accordingly, the Board is proposing to repeal its Regulation DD.

DATES: Comments must be received on or before **[Insert date 60 days after publication in the Federal Register]**.

ADDRESSES: You may submit comments, identified by Docket No. R-1482, by any of the following methods:

- Agency Web Site: <http://www.federalreserve.gov>. Follow the instructions for submitting comments at <http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm>.
- Federal eRulemaking Portal: <http://www.regulations.gov>. Follow the instructions for submitting comments.
- E-mail: regs.comments@federalreserve.gov. Include the docket number in the subject line of the message.
- FAX: (202) 452-3819 or (202) 452-3102.
- Mail: Robert deV. Frierson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, NW, Washington, D.C. 20551.

All public comments are available from the Board's web site at

<http://www.federalreserve.gov/generalinfo/foia/ProposedRegs.cfm> as submitted, unless modified for technical reasons. Accordingly, your comments will not be edited to remove any identifying or contact information. Public comments may also be viewed electronically or in paper form in Room MP-500 of the Board's Martin Building (20th and C Streets, N.W.) between 9:00 a.m. and 5:00 p.m. on weekdays.

FOR FURTHER INFORMATION CONTACT: Vivian W. Wong, Counsel, Division of Consumer and Community Affairs, at (202) 452-3667, Board of Governors of the Federal Reserve System, 20th and C Streets, NW, Washington, D.C. 20551. For users of Telecommunications Device for the Deaf (TDD) only, contact (202) 263-4869.

SUPPLEMENTARY INFORMATION:

I. Background

The Truth in Savings Act (TISA), 12 U.S.C. 4301 et seq., historically has been implemented by the Board's Regulation DD, published at 12 CFR part 230. The purpose of the act and regulation is to assist consumers in comparing deposit accounts offered by depository institutions, principally through the disclosure of fees, the annual percentage yield, the interest rate, and other account terms. An official staff commentary interprets the requirements of the Board's Regulation DD (12 CFR part 230 (Supp. I)). Credit unions are governed by a substantially similar regulation issued by the NCUA at 12 CFR part 707.

Title X of the Dodd-Frank Act transferred rulemaking authority for a number of consumer financial protection laws from the Board to the Bureau, effective July 21, 2011. In connection with the transfer of the Board's rulemaking authority for TISA, the Bureau published an interim final rule to establish its own Regulation DD, 12 CFR part 1030, to implement TISA (Bureau Interim Final Rule).² The Bureau Interim Final Rule substantially duplicated the Board's Regulation DD and made only certain non-substantive, technical, formatting, and stylistic changes. The Bureau Interim Final Rule did not impose any new substantive obligations on regulated entities.

² 76 FR 79276 (Dec. 21, 2011). Section 1100B of the Dodd-Frank Act did not grant the Bureau TISA rulemaking authority over credit unions or repeal the NCUA's TISA rulemaking authority over credit unions under 12 U.S.C. 4311.

Under section 1029(a) of the Dodd-Frank Act, the Bureau may not exercise any rulemaking, supervisory, enforcement or any other authority over a motor vehicle dealer that is predominantly engaged in the sale and servicing of motor vehicles, the leasing and servicing of motor vehicles, or both, subject to certain exceptions.³ Section 1029(c) of the Dodd-Frank Act further provides that nothing in the Dodd-Frank Act should be construed to modify, limit, or supersede the authority of the Board with respect to a motor vehicle dealer described in section 1029(a) of the Dodd-Frank Act.⁴ Accordingly, to the extent that a motor vehicle dealer described in section 1029(a) of the Dodd-Frank Act was subject to one of the Board's consumer financial service regulations, the Board's regulation would continue to apply.

II. Statutory Authority

As noted above, Title X of the Dodd-Frank Act transferred rulemaking authority for TISA from the Board to the Bureau, effective July 21, 2011. Pursuant to Section 1029 of the Dodd-Frank Act, however, the Board retains rulemaking authority for consumer financial protection laws to the extent that such laws could cover motor vehicle dealers identified in Section 1029(a) of the Dodd-Frank Act.

³ Section 1029(a) of the Dodd-Frank Act states: "Except as permitted in subsection (b), the Bureau may not exercise any rulemaking, supervisory, enforcement, or any other authority * * * over a motor vehicle dealer that is predominantly engaged in the sale and servicing of motor vehicles, the leasing and servicing of motor vehicles, or both." 12 U.S.C. 5519(a). Section 1029(b) of the Dodd-Frank Act states: "Subsection (a) shall not apply to any person, to the extent such person (1) provides consumers with any services related to residential or commercial mortgages or self-financing transaction involving real property; (2) operates a line of business (A) that involves the extension of retail credit or retail leases involving motor vehicles; and (B) in which (i) the extension of retail credit or retail leases are provided directly to consumers and (ii) the contract governing such extension of retail credit or retail leases is not routinely assigned to an unaffiliated third party finance or leasing source; or (3) offers or provides a consumer financial product or service not involving or related to the sale, financing, leasing, rental, repair, refurbishment, maintenance, or other servicing of motor vehicles, motor vehicle parts, or any related or ancillary product or service." 12 U.S.C. 5519(b).

⁴ 12 U.S.C. 5519(c).

III. Discussion

TISA and the Board’s Regulation DD apply only to depository institutions. See 12 U.S.C. 4301; 12 CFR § 230.1(c). For this purpose, the term “depository institution” includes “an institution defined in Section 19(b)(1)(A)(i) through (vi) of the Federal Reserve Act (12 U.S.C. 461), except credit unions defined in Section 19(b)(1)(A)(iv).” 12 U.S.C. 4313(6); 12 CFR § 230.2(j). Depository institutions are generally subject to restrictions on the types of activities in which they may engage as principal. See e.g., 12 U.S.C. 24(Seventh) and 12 U.S.C. 1831a. These activities are restricted to those that are necessary to carry on the business of banking and other limited financial activities. Based on these restrictions, the Board believes that motor vehicle dealers, as defined in Section 1029(a) of the Dodd-Frank Act, that are predominantly engaged in the sale and servicing of motor vehicles, the leasing and servicing of motor vehicles, or both, could not also be depository institutions subject to TISA. Consequently, the Board is publishing a proposed rule for public comment to repeal the Board’s Regulation DD, 12 CFR part 230. The Board, requests comment, however, on whether any motor vehicle dealers identified in Section 1029(a) of the Dodd-Frank Act are or could become depository institutions for purposes of TISA.

IV. Initial Regulatory Flexibility Analysis

The Regulatory Flexibility Act (5 U.S.C. 601 et seq.) (RFA) generally requires an agency to perform an assessment of the impact a rule is expected to have on small entities. Based on its analysis, and for the reasons stated below, the Board believes that this proposed rule will not have a significant economic impact on a substantial number of small entities. A final regulatory flexibility analysis will be conducted after consideration of comments received during the public comment period.

1. Statement of the need for, and objectives of, the proposed rule. Title X of the Dodd-Frank Act transferred rulemaking authority for a number of consumer financial protection laws from the Board to the Bureau, effective July 21, 2011, including TISA. The Bureau issued the Bureau Interim Final Rule to implement TISA in connection with the transfer of TISA rulemaking authority to the Bureau. Pursuant to Section 1029 of the Dodd-Frank Act, however, the Board retains rulemaking authority for consumer financial protection laws to the extent that such laws could cover motor vehicle dealers identified in Section 1029(a) of the Dodd-Frank Act. The Board does not believe that any motor vehicle dealers identified in Section 1029(a) of the Dodd-Frank Act are or could become depository institutions subject to TISA. Consequently, the Board is proposing to repeal the Board's Regulation DD, 12 CFR part 230.

2. Small entities affected by the proposed rule. The Board does not believe that any motor vehicle dealers identified in Section 1029(a) of the Dodd-Frank Act are or could become depository institutions subject to TISA. Therefore, the Board believes the proposed rule would not affect any entity, including any small entity.

3. Recordkeeping, reporting, and compliance requirements. The proposed rule would repeal the Board's Regulation DD, 12 CFR part 230, and would therefore not impose any recordkeeping, reporting, or compliance requirements on any entities.

4. Other federal rules. The Board has not identified any federal rules that duplicate, overlap, or conflict with the proposed repeal of the Board's Regulation DD, 12 CFR part 230.

5. Significant alternatives to the proposed revisions. The Board is not aware of any significant alternatives that would further minimize any significant economic impact of the proposed rule on small entities, but solicits comment on this approach.

V. Paperwork Reduction Act

In accordance with the Paperwork Reduction Act (PRA) of 1995 (44 U.S.C. 3506; 5 CFR 1320 Appendix A.1), the Board reviewed the rule under the authority delegated to the Federal Reserve by the Office of Management and Budget (OMB). The proposed rule contains no collections of information under the PRA. See 44U.S.C. 3502(3). Accordingly, there is no paperwork burden associated with the proposed rule.

List of Subjects in 12 CFR Part 230

Advertising, Banks, Banking, Consumer protection, Reporting and recordkeeping requirements, Truth in savings.

Authority and Issuance

PART 230— [REMOVED AND RESERVED]

For the reasons set forth in the preamble, under the authority of 12 USC 5581, the Board proposes to remove and reserve Regulation DD, 12 CFR part 230.

By order of the Board of Governors of the Federal Reserve System, February 10, 2014.

Robert deV. Frierson
Secretary of the Board.

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