



BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM
WASHINGTON, DC 20551

DIVISION OF CONSUMER
AND COMMUNITY AFFAIRS

CA 16-4

July 13, 2016

**TO THE OFFICERS AND MANAGERS IN CHARGE OF CONSUMER AFFAIRS
SECTIONS:**

Applicability to Community Banking Organizations: This guidance applies to all institutions supervised by the Federal Reserve, including those with total consolidated assets of \$10 billion or less.

**SUBJECT: Repeal of Regulation AA and Publication of Revised Examination
Procedures for Section 5 of the Federal Trade Commission (FTC) Act**

The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) repealed the Board's authority to write rules that address unfair or deceptive acts or practices, which were contained in Regulation AA. Regulation AA included the Board's "credit practices rule," which prohibited banks from using certain practices to enforce consumer credit obligations and from including these practices in their consumer credit contracts. The Dodd-Frank Act provides the Consumer Financial Protection Bureau separate authority to promulgate rules to identify and prohibit unfair, deceptive, or abusive acts or practices.

Consequently, the Board repealed Regulation AA.¹ This letter also serves as notice that the Board has retired the corresponding Regulation AA examination procedures (Unfair or Deceptive Acts or Practices: Credit Practices Rule). Supervised institutions are reminded that it is the Board's view that the unfair or deceptive acts or practices described in its former credit practices rule could violate the prohibition against unfair or deceptive acts or practices in section 5 of the FTC Act and Title X of the Dodd-Frank Act, even in the absence of a specific regulation governing the conduct.²

¹ See 81 *Fed. Reg.* 8133 (Feb. 18, 2016), <https://www.gpo.gov/fdsys/pkg/FR-2016-02-18/pdf/2016-03228.pdf>.

² Refer to CA 14-5.

The Board is also publishing a revised version of the examination procedures for Section 5 of the FTC Act³ that reflects the repeal of Regulation AA. These examination procedures – including the incorporated March 11, 2004 joint statement issued with the Federal Deposit Insurance Corporation, which outlines the standards to be used in determining whether specific acts or practices by state-chartered banks are unfair or deceptive⁴ – are otherwise unchanged.

If you have any questions, please contact Amal Patel, Senior Supervisory Consumer Financial Services Analyst, at (202) 912-7879, or Tim Robertson, Manager, at (202) 452-2565. In addition, questions may be sent via the Board’s public website.⁵

Sincerely,

Carol A. Evans
Associate Director

Attachment:

- Revised Federal Reserve Examination Procedures for Section 5 of the FTC Act

Cross-references:

- CA 04-2 “Unfair or Deceptive Acts or Practices by State-Chartered Banks” (March 11, 2004)
- CA 14-5 “Interagency Guidance Regarding Unfair or Deceptive Credit Practices” (August 22, 2014)

Supersedes:

- CA 07-8 “Consumer Compliance Examination Procedures for the Unfair or Deceptive Acts or Practices Provisions of Section 5 of the Federal Trade Commission Act” (November 6, 2007)

³ These examination procedures were originally issued under cover of CA 07-8.

⁴ The joint statement was originally issued as a standalone document under cover of CA 04-2.

⁵ See <http://www.federalreserve.gov/apps/contactus/feedback.aspx>.