CSBS SINCE 1902
CONFERENCE OF STATE BANK SUPERVISORS

April 21, 2014

Robert deV. Frierson
Secretary, Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue, NW
Washington, DC 20551
Docket #'s. R–1482, R-1483, R-1484
RINs 7100 AE 12, 13, 14

Dear Mr. Frierson,

The Conference of State Bank Supervisors ("CSBS") appreciates the opportunity to comment on the Federal Reserve Board's ("Board") proposed repeal of Regulations P (GLB Privacy) and DD (Truth in Savings). The removal of these rules from the books of the Federal Reserve would be consistent with the switch in regulatory authority to the Consumer Financial Protection Bureau ("CFPB"). CSBS supports these efforts to remove duplicative regulations. Multiple sets of the same regulations impose an unnecessary burden on financial institutions and provide opportunity for inconsistent or conflicting application of standards during examinations.

In addition to Regulations P and DD, the Board maintains multiple regulations for which rulemaking authority has been transferred to the CFPB. Among these regulations are: Regulation B (Equal Credit Opportunity Act), Regulation C (Home Mortgage Disclosure Act), Regulation E (Electronic Funds Transfer Act), Regulation M (Consumer Leasing Act), Regulation Z (Truth In Lending Act) and Regulation H, Subpart I (SAFE Act). State regulators recommend these regulations be repealed in the same manner as Regulations P and DD to ensure consistency and remove opportunity for error.

The CFPB has already updated several aspects of the aforementioned regulations, which do not appear to have been updated by the Federal Reserve. For example, CFPB promulgated the new Truth in Lending Ability to Repay requirements under the CFPB's Regulation Z.[1] To do so, CFPB issued a final rule and a 1-year effective date.[2] In the period between the original final rule issuance and the effective date, the CFPB updated and clarified this section of Regulation Z in four separate instances.[3] Conversely, the equivalent Board-maintained Regulation Z rule has not been updated since 2010. To prevent duplicative and inconsistent regulations, it seems logical for the Board to repeal these regulations now that they each have corresponding regulations maintained and updated by the CFPB.

[1] 12 C.F.R. § 1026.43.
[2] 78 FR 6408 (January 10, 2013).
[3] 78 FR 35430 (June 12, 2013); 78 FR 44686 (July 24, 2013); 78 FR 60382 (October 1, 2013); 78 FR 62993 (October 23, 2013).

Dodd-Frank also granted the CFPB rulemaking authority for much of Regulation V (Fair Credit Reporting Act). The FRB maintained rulemaking authority for the identify theft red flags[4] and disposal of records[5] sections of the Fair Credit Reporting Act, but rescinded all other Federal Reserve authority. The Board is proposing to amend certain definitions within its Identify Theft Red Flag Rule, including the replacement of the Board's definition of "notice of address discrepancy" with the Bureau's Regulation V definition. This proposed amendment highlights the complex and confusing situation facing financial institutions whose compliance personnel must reconcile multiple versions of regulations that are largely the same. Accordingly, CSBS recommends the Board repeal all regulations related to the Fair Credit Reporting Act that were not retained by the Board under Dodd-Frank. The Federal Trade Commission already took such action over two years ago.[6]

For rules that are retained, the Federal Reserve should include a statement within the regulation that clearly defines the entities to which the regulation is applicable. For example, the FRB should specify that its Regulation V (Fair Credit Reporting) is applicable to motor vehicle dealers but not financial institutions.

Since it has been over two years since the CFPB republished the rules inherited from the Federal Reserve, State regulators seek clarity on the process by which the Board chooses to repeal certain regulations and maintain others. Such clarity will be useful for state regulators as they enforce federal regulations from multiple regulatory authorities. The states recognize the time and resources expended on regulatory reform initiatives, but the time delay and inconsistent repeal of regulations warrants further attention.

Whenever possible, federal regulators should strive for one set of consumer regulations. This would eliminate the burden associated with multiple sources of regulation and the potential for inconsistent interpretation. Thank you for the opportunity to engage on this highly important topic.

Sincerely,

John W. Ryan

President and CEO

[4] 15 U.S.C. § 1681m(e).
[5] 15 U.S.C. § 1681w.
[6] Federal Trade Commission, *Rescission of Rules*, 77 FR 22200 (April 13, 2012) (rescinding the following Fair Credit Reporting Act rules: Identity Theft Definitions, Free Annual File Disclosure Rule, Prohibition Against Circumventing Treatment as a Nationwide Consumer Reporting Agency, Duration of Active Duty Alerts, and Appropriate Proof of Identity.).