



March 5, 2018

Ann E. Misback  
Secretary  
Board of Governors of the Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, NW  
Washington, D.C. 20551

**Re: Consumer Leasing (Regulation M) – Docket No. R-1591; RIN 7100 AE-92**

Dear Ms. Misback:

The National Association of Broadcasters (NAB)<sup>1</sup> respectfully submits these comments in response to the Notice of Proposed Rulemaking in the above-referenced docket proposing changes in Regulation M. While the proposal is limited to changes to Regulation M to reflect the transfer of rulemaking authority for certain consumer financial protection laws to the Consumer Financial Protection Bureau, NAB takes this opportunity to urge the Board to consider additional updates to Regulations M and Z in a further proceeding to make required disclosures available in a more consumer-friendly form.

Regulations M and Z presently provide that any advertisement stating any of certain triggering terms with respect to consumer leases or loans must make additional disclosures concerning the terms of the lease or loan.<sup>2</sup> For radio advertisements, this can result in a flurry of disclosures read at the end of the advertisement. This does not best serve consumers, particularly those who are listening to the radio while driving or performing other activities that reduce their likelihood of retaining or even understanding the required disclosures. It also has the unintended consequence of making some advertisers, particularly automobile dealers, reluctant to use radio as a form of advertising because so much air time is devoted to a recitation of terms and conditions that consumers are unlikely to retain.

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<sup>1</sup> The National Association of Broadcasters (NAB) is the nonprofit trade association that advocates on behalf of free local radio and television stations and broadcast networks before Congress, the Federal Communications Commission and other federal agencies, and the courts.

<sup>2</sup> 12 CFR §§ 213.7, 226.24.

There is a better way to provide consumers with the information they need. NAB recommends that the Board consider two steps.

First, the Board should modify Regulations M and Z to allow radio and television advertisements to refer consumers to a publicly available website for additional terms and conditions. Regulations M and Z already include an alternative for radio or television advertisements, under which an advertisement may contain only a subset of the required disclosures and refer consumers to a toll-free telephone number (or a print advertisement for Regulation M) that provides additional details.<sup>3</sup> Permitting use of a website is a logical extension of this existing alternative method of disclosure, will better serve consumers and is more consistent with how consumers actually shop today. Placing these disclosures on a website will allow consumers to review terms and conditions at their convenience, which will aid in comparison shopping and in reviewing terms with others involved in the buying decision.

Second, the Board should further modify Regulation M to allow additional disclosures to be made on a publicly available website, rather than during the radio or television advertisement. Regulation M currently provides that an advertiser may shift only two of the required five disclosures to a toll-free number or print advertisement. In addition to allowing these disclosures to be made online, the Board should streamline the on-air disclosure requirement by allowing two additional disclosures to be made online: (1) the total amount due prior to or at consummation; and (2) the number, amounts, and due dates or periods of scheduled payments under the lease.

Significantly, the Board itself anticipated that technological change might drive a need for modification of the disclosure requirements. In 1996, when extending the radio exemption to television, the Board stated:

Those consumers subjected to either radio or television advertisements and who are actually interested in learning more about the product can obtain additional information without visiting either sellers or financing sources. This sort of regulatory change may become increasingly important in the future as advertisers begin to use technological innovations in advertising, such as electronic “interactive” advertising prepared specifically for selected audiences through new media.<sup>4</sup>

This observation was prescient. The pervasive nature of the Internet, and the degree to which consumers have adapted to online commerce, strongly support recognition by the Board that disclosures made on a publicly available website are at least as consumer

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<sup>3</sup> 12 CFR §§ 213.7(f), 226.24(g).

<sup>4</sup> Opinion, Regulation Z, Docket No. R-0892, 1996 OCC CB LEXIS 125 (Oct. 24, 1996).

friendly and transparent, if not more so, than disclosures made on a toll-free number or in a print advertisement. NAB urges the Board to consider the modifications necessary to reflect this technological evolution, and we look forward to providing further information in support of this request.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Rick Kaplan", with a long horizontal line extending to the right.

Rick Kaplan  
General Counsel and Executive Vice President,  
Legal and Regulatory Affairs  
National Association of Broadcasters