



---

## FEDERAL RESERVE BANK OF DALLAS

Station K, Dallas, Texas 75222

Circular No. 84-104  
October 26, 1984

**TO:** All depository institutions in the Eleventh Federal Reserve District

**ATTENTION:** Chief Executive Officer

**SUBJECT:** **Amendments to Regulation E -- Electronic Fund Transfers**

**DETAILS:** The Board of Governors of the Federal Reserve System has adopted amendments to Regulation E that expand the regulation coverage, modify its error resolution requirements and provide additional flexibility in the disclosure of charges for electronic fund transfers services.

In approving the amendments to Regulation E, the Board established October 16, 1984, as the effective date for amendments that:

1. Extend the error resolution periods for point-of-sale transactions
2. Provide an exception from the provisional recrediting requirement when a consumer asset account is subject to the Board's Regulation T
3. Provide additional flexibility in the disclosure of charges for electronic fund transfers on periodic statements

The notice also contains several changes to the official staff commentary to Regulation E.

The Board established November 16, 1984, as the effective date for the limitations on consumer liability for unauthorized transfers resulting from debit card transactions that do not involve electronic terminals at the time of the transaction, and the restriction on the unsolicited issuance of debit cards for transactions not involving electronic terminals.

The Board also established April 16, 1985, as the effective date for all other requirements of the regulation that are applicable to transfers resulting from debit card transactions that do not involve an electronic terminal at the time of the transaction.

- ATTACHMENTS:** Board of Governors press release and Federal Register notice summary
- MORE INFORMATION:** Larry C. Ripley, Extension 6118; or Jonnie Miller, Extension 6290
- ADDITIONAL COPIES:** Public Affairs Department, Extension 6289

# FEDERAL RESERVE press release



For immediate release

October 15, 1984

The Federal Reserve Board has adopted amendments to Regulation E-- Electronic Fund Transfers--to expand the regulation's coverage, modify its error resolution requirements, and provide additional flexibility in the disclosure of charges for electronic fund transfers services. The amendments will become effective on November 16, 1984. However, financial institutions have until April 16, 1985, to comply with certain requirements relating to transfers resulting from debit card transactions that do not involve electronic terminals.

The amendments:

Expand coverage to all transfers resulting from debit card transactions, including transactions that do not involve an electronic terminal at the point of sale.

Extend time periods for resolution of errors resulting from point-of-sale debit card transactions.

Exempt consumer asset accounts, subject to the Board's Regulation T, from provisional recrediting requirements.

Provide more flexibility for the disclosure of charges for electronic fund transfers on periodic statements.

A debit card is one allowing consumers to purchase goods or services and to have the amount debited directly to a checking or other transaction account (as distinguished from the use of a credit card, which results in a promise by the consumer to pay for a purchase at a future time).

At the same time, the Board published an update of the official staff commentary on Regulation E.

Summary accounts of these actions are attached.

FEDERAL RESERVE SYSTEM

12 CFR Part 205

[Reg. E; Docket No. R-0502]

ELECTRONIC FUND TRANSFERS

Final Rule and  
Update to Official Staff Commentary

AGENCY: Board of Governors of the Federal Reserve System.

ACTION: Final rule and official staff interpretation.

SUMMARY: The Board is adopting amendments to Regulation E (Electronic Fund Transfers) to: (1) cover, within the definition of electronic fund transfer, all transfers resulting from debit card transactions, including transactions that do not involve an electronic terminal at the time of the transaction; (2) extend the time periods for error resolution with respect to transfers resulting from point-of-sale transactions; (3) provide an exception from the provisional recrediting requirement when a consumer asset account is subject to the Board's Regulation T; and (4) provide more flexibility for the disclosure of charges for electronic fund transfers on periodic statements. The notice also contains several changes to the official staff commentary to Regulation E.

EFFECTIVE DATES: October 16, 1984, for the amendments that extend the error resolution periods for point-of-sale transactions, that except financial institutions from the provisional recrediting requirement when the alleged error involves a consumer asset account subject to Regulation T, and that provide additional flexibility in the disclosure of charges for electronic fund transfers on periodic statements, and for the revisions to the official staff commentary.

November 16, 1984, for the limitations on consumer liability for unauthorized transfers resulting from debit card transactions not involving electronic terminals at the time of the transaction, and the restrictions on the unsolicited issuance of debit cards for transactions not involving electronic terminals.

April 16, 1985, for all other requirements of the regulation that are applicable to transfers resulting from debit card transactions that do not involve an electronic terminal at the time of the transaction.

FOR FURTHER INFORMATION: Regarding the regulation and commentary, contact: Gerald P. Hurst or John C. Wood, Senior Attorneys, Division of Consumer and Community Affairs, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, (202) 452-3667 or (202) 452-2412. Regarding the economic impact analysis, contact: Frederick J. Schroeder, Staff Economist, Division of Research and Statistics, Board of Governors of the Federal Reserve System, Washington, D.C. 20551, (202) 452-2584.

SUPPLEMENTARY INFORMATION: General. The Electronic Fund Transfer Act (15 U.S.C. 1693 et seq.) governs any transfer of funds to or from a consumer's asset account that constitutes an electronic fund transfer (EFT) as defined in the Act. This statute is implemented by the Board's Regulation E (12 CFR Part 205).

In January 1984 (49 FR 2204) the Board proposed an amendment to Regulation E to cover fund transfers resulting from debit card transactions that do not involve electronic terminals but that are processed electronically. The Board also proposed to extend certain error resolution periods for these transfers. In addition, the Board proposed an amendment that would provide flexibility in the disclosure of electronic fund transfer charges on periodic statements by allowing disclosure of these charges as a total amount or on a transaction-by-transaction basis.

The Board has now adopted these amendments to Regulation E in final form with certain modifications.

Update to official staff commentary. The Board is also publishing an update to the official staff commentary interpreting Regulation E (EFT-2, Supp. II to 12 CFR Part 205). The changes were published in proposed form on January 12, 1984 (49 FR 2204), and are now being adopted in final form. This represents the second periodic update; the first was published on April 6, 1983 (48 FR 14880).

The questions that have been added are self-explanatory. Some of the revisions relate to the regulatory amendments with respect to debit card transactions not involving electronic terminals.

The proposed change to Question 10-19 (regarding a consumer's stop payment order on a preauthorized debit) has not been adopted, due to the lack of support in the comments; existing Question 10-19 remains in effect. A change has been made to the commentary that was not contained in the proposal: Question 9-36 (regarding identification of the type of transfer) has been expanded to codify a longstanding staff position applicable to cases in which the amount of the transfer reflects the value of the goods purchased plus the sum of cash that the consumer received from the merchant.

The staff expects to publish the next proposed update to the official staff commentary in November 1984. The public is invited to identify issues that may warrant inclusion in that proposal; suggested items must be received by November 9, 1984, in order to assure consideration. It is contemplated that the final version of the next update will be published in March 1985.

[The full text of the notice is available upon request from the Federal Reserve Banks.]