



FEDERAL RESERVE BANK OF DALLAS

2200 N. PEARL ST.
DALLAS, TX 75201-2272

January 13, 2006

Notice 06-02

TO: The Chief Executive Officer of each
financial institution and others concerned
in the Eleventh Federal Reserve District

SUBJECT

**Interim Final Rule and Final Rule Regarding
Regulation E (*Electronic Fund Transfers*)**

DETAILS

The Board of Governors has amended Regulation E, which implements the Electronic Fund Transfer Act, and the official staff commentary to the regulation. The commentary interprets the requirements of Regulation E to facilitate compliance primarily by financial institutions that offer electronic fund transfer services to consumers.

The interim final rule provides that payroll card accounts established directly or indirectly by an employer on behalf of a consumer to which electronic fund transfers of the consumer's salary, wages, or other employee compensation are made on a recurring basis are accounts covered by Regulation E. The interim final rule becomes effective July 1, 2007.

The Board must receive comments by March 13, 2006. Please address comments to Jennifer J. Johnson, Secretary, Board of Governors of the Federal Reserve System, 20th Street and Constitution Avenue, N.W., Washington, DC 20551. Also, you may mail comments electronically to regs.comments@federalreserve.gov. All comments should refer to Docket No. R-1247.

The public can also view and submit comments on proposals by the Board and other federal agencies from the www.regulations.gov web site.

Also, the Board has issued revisions to address the regulation's coverage of electronic check conversion services. Under the final rule, merchants and other payees that initiate electronic check conversion transactions must obtain a consumer's authorization for each transaction. In addition, commentary revisions address preauthorized transfers, error resolution, and other matters.

The final rule becomes effective February 9, 2006. The mandatory compliance date is January 1, 2007.

MORE INFORMATION

For more information, please contact Diane van Gelder, Banking Supervision Department, (214) 922-6282.

A copy of the Board's notice as it appears on pages 1473–83, Vol. 71, No. 6 of the *Federal Register* dated January 10, 2006, and a copy of the Board's notice as it appears on pages 1638–64, Vol. 71, No. 6 of the *Federal Register* dated January 10, 2006, can be found on our web site at www.dallasfed.org/banking/notices/2006/not0602a.pdf.

Previous Federal Reserve Bank notices are available on our web site at www.dallasfed.org/banking/notices/index.html or by contacting the Public Affairs Department at (214) 922-5254.