## REGULATORY ALERT

## NATIONAL CREDIT UNION ADMINISTRATION 1775 DUKE STREET, ALEXANDRIA, VA 22314

DATE: August 2001 NO: 01-RA-08

TO: All Federally Insured Credit Unions

SUBJECT: Interim Final Rules Amending Regulations B, E, M, Z, and DD -

**Electronic Delivery of Required Disclosures** 

As credit unions continue to expand their use of electronic technology, they should carefully consider compliance issues governing electronic commerce. Credit unions that deliver disclosures electronically should review the interim final rules published by The Board of Governors of the Federal Reserve System (FRB) as outlined below.

In accordance with the Electronic Signatures in Global and National Commerce Act (E-Sign Act) enacted in June 2000, credit unions may deliver disclosures electronically if they obtain the member's consent. The FRB issued interim rules to provide guidance on the timing and delivery of electronic disclosures, and to ensure consumers have adequate opportunity to access and retain the information.

On March 29, 2001, the FRB published interim final rules to establish uniform standards for the electronic delivery of federally mandated disclosures under five consumer protection regulations:

- B (Equal Credit Opportunity),
- E (Electronic Fund Transfers),
- M (Consumer Leasing),
- Z (Truth in Lending), and
- DD (Truth in Savings).

The FRB issued these rules as interim final rules to allow commenters to present new information or views not previously considered by the FRB, and to allow time for any necessary operational changes. The FRB specifically has requested comment on whether it needs to interpret the E-Sign Act's provisions regarding consumer consent and other provisions, and whether further statutory or regulatory changes are needed to facilitate online delivery of financial services to consumers. The five interim final rules contain the following provisions:

 Uniform requirements were established for the timing and delivery of electronic disclosures;

- Disclosures may be sent by E-Mail to an electronic address designated by the member, or they may be made available at another location, such as an Internet web site;
- If disclosures are not sent by E-Mail, members must receive a notice alerting them to the availability of the disclosures;
- Disclosures posted on a web site must be available for at least 90 days, to allow members adequate time to access and retain the information and;
- Credit unions must make a good faith attempt to redeliver electronic disclosures that are returned undelivered using the address information available in their files.

In addition, some of the rules allow disclosures to be provided in foreign languages as long as disclosures in English are available to those who request them.

A copy of the FRB's March 29, 2001, interim rules can be obtained from the FRB by calling (202) 452-3244 or on its website at http://www.federalreserve.gov/boarddocs/press/boardacts/2001.

In March 2001, NCUA issued Regulatory Alert 01-RA-03 providing guidance on the E-Sign Act. As required by the Truth in Savings Act, NCUA amended its Truth In Savings rules to conform to Regulation DD in June 2001. A copy of NCUA's June 14, 2001, revised Truth In Savings rule can be found on NCUA's website at http://www.ncua.gov/news/proposed\_regs/final\_regs.html.

Sincerely,

/s/ Dennis Dollar Acting Chairman