



CFPB Issues Small Entity Compliance Guide for Prepaid Rule

February 1, 2017 |

On January 31, 2017, the Consumer Financial Protection Bureau issued the Small Entity Compliance Guide for the Prepaid Rule (the "Guide"). The Prepaid Rule, issued on October 5, 2016, creates comprehensive protections for prepaid accounts under Regulation E, the implementing regulation of the Electronic Fund Transfer Act, and Regulation Z, the implementing regulation under the Truth in Lending Act. The Prepaid Rule also regulates overdraft credit features that may be offered in conjunction with prepaid accounts. Prepaid accounts are defined to include payroll card accounts, government benefit accounts, and certain other types of prepaid products.

The Guide provides an easy-to-use summary of the Prepaid Rule while highlighting information that could be helpful when an entity implements the Prepaid Rule. Specifically, the Guide addresses types of prepaid accounts; entities subject to the Prepaid Rule; pre-acquisition disclosures; disclosures on the access device; initial disclosures; change-in-terms notices; periodic statements and the periodic statement alternative; error resolution and limitations on liability; receipts at electronic terminals; preauthorized EFTS; issuance of an access device; compulsory use; requirements related to prepaid account agreements; overdraft credit features; provision of same terms for prepaid accounts with and without a separate credit feature; remittance transfers; and record retention. Entities are encouraged to review the Prepaid Rule, Regulation E, and Regulation Z when implementing a compliant prepaid account program.

The Prepaid Rule is effective on October 1, 2017.

If you have questions regarding the Guide or the Prepaid Rule, please feel free to contact Ron Gorsline rgorsline@hudco.com in Hudson Cook's Tennessee office or Ryan Stinneford rstinneford@hudco.com in Hudson Cook's Maine office.

[Small Entity Compliance Guide](#)

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