

SCHWARTZ & BALLEN LLP

1990 M STREET, N.W. • SUITE 500
WASHINGTON, DC 20036-3465

WWW.SCHWARTZANDBALLEN.COM

TELEPHONE
(202) 776-0700

FACSIMILE
(202) 776-0720

MEMORANDUM

January 23, 2012

To Our Clients and Friends

Re: CFPB Final Rule on Remittance Transfers

The Consumer Financial Protection Bureau (“CFPB”) has issued final rules to require certain disclosures by transmitters in connection with funds transfers U.S. consumers send electronically to recipients in foreign countries. The CFPB’s action was required by the Dodd-Frank Wall Street Reform and Consumer Protection Act. The final rule takes effect in January 2013.

The CFPB’s final rule applies to any person who provides remittance services, including depository institutions and money transmitters. It requires providers of remittance services to give consumers who send remittance transfers to persons in foreign countries certain disclosures about the transfers, such as the applicable exchange rate, fees, the amount of currency that the recipient will receive and the date the funds will be available to the recipient. Consumers will generally then have 30 minutes after making payment to cancel a transaction. The rule requires that a written receipt in a specified format be provided to senders. The rule also includes model forms that can be used to make required disclosures. Providers will be required to comply with error resolution and recordkeeping procedures similar to those under Regulation E for financial institutions, as well as cancellation and refund procedures.

The final rule applies to “remittance transfers,” which the CFPB defines broadly as electronic transfers of funds requested by senders to designated recipients sent by remittance transfer providers. The term includes a transfer regardless of whether the sender holds an account with the provider or whether the transaction is also an electronic fund transfer. The CFPB indicated that most electronic transfers of funds sent by consumers in the U.S. to recipients in other countries will be covered by the new rule.

The CFPB also issued a proposed rule today to further refine application of the final rule to certain transactions and remittance providers. The proposal asks whether a safe harbor should be adopted with respect to the phrase “normal course of business” in the definition of “remittance transfer provider.” The proposal also requests comment on remittance transfers that are scheduled in advance, including preauthorized remittance transfers.

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A copy of the final rule can be found at our website at
<http://www.schwartzandballen.com/news.html>

If you have any questions, please call Gilbert Schwartz, Robert Ballen, Tom Fox, Heidi Wicker or Lauren Bianchini at (202) 776-0700.