April 9, 2012

Via Electronic Delivery

Monica Jackson, Office of the Executive Secretary
Bureau of Consumer Financial Protection
1700 G Street, NW
Washington, DC 20006

Re: Docket No. CFPB–2011–0009 and RIN 3170–AA15; Proposed Rule regarding Section 1073 of the Dodd-Frank Act

Dear Ms. Jackson:

The Clearing House Association L.L.C., the American Bankers Association, The Financial Services Roundtable, the Independent Community Bankers of America, NACHA – The Electronic Payments Association, and the National Association of Federal Credit Unions (collectively, the "Associations")[1] respectfully submit to the Bureau of Consumer Financial Protection ("the Bureau") this comment letter in response to the Bureau's proposed rule relating to remittance transfers, published in the *Federal Register* on February 7, 2012 (the "Proposed Rule").[2] The Proposed Rule supplements the Bureau's final rule to implement Section 1073 of the Dodd-Frank Act, which was published elsewhere in the *Federal Register* on the same day (the "Final Rule").[3]

While we appreciate the Bureau's efforts to carefully address preauthorized and recurring transfers, we think that the focus on this relatively small subset of remittance transfers may be in vain as the Final Rule will reduce choice and increase costs for consumers who want to send funds internationally. We believe this is the case because many financial institutions will

[1] Information regarding each of the Associations is provided in Appendix A to this comment letter.
[2] Electronic Fund Transfers (Regulation E), 77 Fed. Reg. 6310 (Feb. 7, 2012).
[3] Electronic Fund Transfers (Regulation E), 77 Fed. Reg. 6194 (Feb 7, 2012).

no longer be able to provide international funds transfer services to consumers at all. As discussed in more detail in Section F of this letter, compliance with the Final Rule will be highly problematic for financial institutions, which in turn will have negative consequences for consumer account holders. Accordingly, while we are glad to provide comments in response to the Proposed Rule, we urge the Bureau to consider the larger context of the rulemaking. Specifically, we believe that a delay of the effective date and further study of the impact of the Final Rule are critically important. Moreover, as discussed in further detail below, we believe that the proposed safe harbor from the definition of "remittance transfer provider," which excludes institutions that make less than 25 transfers per year, is insufficient as many financial institutions that do not truly offer remittance transfer services "in the normal course of business" will not qualify because the safe harbor threshold is such a low number.

I. Introduction

The Proposed Rule has two main parts. First, it would redefine what constitutes providing remittance transfer services in the "normal course of business" and provide a safe harbor under which a person may determine it is not a "remittance transfer provider" and not subject to the Final Rule. Second, the Proposed Rule seeks comment on a number of refinements to the disclosure and cancellation requirements for certain transfers scheduled in advance, including "preauthorized" remittance transfers.

II. Executive Summary

As discussed in further detail below, the Associations:

- Encourage the Bureau to expand the threshold for the safe harbor from the definition of "remittance transfer provider" in order to ensure that a meaningful safe harbor is established, and to allow entities that become remittance transfer providers because they have exceeded this threshold a realistic period in which to meet the standards of the Final Rule, such as to require compliance with the standards only after the threshold is exceeded for two consecutive years;

- Have significant concerns about any requirement that providers set and disclose exchange rates more than a day in advance of the scheduled date of a transfer because of the costs associated with managing foreign exchange risk and because consumers seek preauthorized transfer services for convenience, not because they want to speculate in foreign exchange markets;

- Do not support the adoption of a "second receipt" requirement, which in the Association's view is likely to provide consumers with an overload of information that is confusing and unhelpful;

- Support the "Second Alternative," under which the Bureau would eliminate the requirement to provide a pre-payment disclosure for each subsequent transfer in a series of preauthorized transfers; and

- Urge the Bureau to carefully assess the impact that these rules are likely to have on the market for consumer-initiated international transfer services, including

impacts on pricing, competition and consumer access, and to delay the effective date of this Final Rule.

III. Definition of "Remittance Transfer Provider"

The Final Rule defines "remittance transfer provider" to mean any person that provides remittance transfers for a consumer in the normal course of its business, regardless of whether the consumer holds an account with such person. Comment 30(f)-2 to the Final Rule states that whether a person provides remittance transfers in the normal course of business depends on the facts and circumstances, including the total number and frequency of remittance transfers sent by the provider.

The Bureau proposes to revise this comment to adopt a safe harbor for determining whether a person is providing remittance transfers in the "normal course of business." Specifically, under the Proposed Rule, the comment would be revised to provide that if a person provided no more than 25 remittance transfers in the previous calendar year, that person does not provide remittance transfers in the normal course of business for the current calendar year as long as it provides no more than 25 remittance transfers in the current calendar year. However, if that person makes a 26th remittance transfer in the current calendar year, the facts and circumstances test would be used to determine whether the person is a remittance transfer provider for that transfer and any additional transfers provided through the rest of the year.

The Associations welcome the creation of a bright line test for determining whether a person is a remittance transfer provider, however, we believe that the proposed threshold is too low to provide meaningful relief to institutions that truly do not offer remittance transfer services "in the normal course of business." Accordingly, we advocate that the Bureau raise this threshold to a figure that would provide a meaningful safe harbor to those institutions that truly are not in the business of providing remittance transfers on a routine basis, and therefore should not be subject to the compliance burdens imposed under the Final Rule.

Regardless of the safe harbor that the Bureau adopts, it is essential that the Bureau recognize that the definition of "remittance transfer" in the Final Rule is extremely broad and inconsistent with the traditional understanding of what constitutes a remittance transfer, which is a consumer-to-consumer payment of low monetary value.[4] Thus, because a "remittance transfer" under the Final Rule includes nearly *any* electronic transfer of funds by a consumer to a recipient outside the United States, even smaller institutions that engage in minimal cross-

[4] The Board of Governors of the Federal Reserve ("Board") acknowledged in the preamble to the proposed rule to implement Section 1073 that "traditional remittance transfers often consist of consumer-to-consumer payments of low monetary value." 76 Fed. Reg. 29902. Furthermore, in its report to Congress on the use of the ACH system for remittance transfers to foreign countries, the Board noted that the majority of sources that compile data on remittance transfers focus on "person-to-person payments of relatively low value that are intended for another natural person" and exclude "person-to-business transactions," which are covered by the overly broad definition of "remittance transfer" in the Final Rule. *See* Board of Governors of the Federal Reserve, Report to the Congress on the Use of the Automated Clearinghouse System for Remittance Transfers to Foreign Countries (July 2011), http://www.federalreserve.gov/boarddocs/rptcongress/ACH_report_201107.pdf.

border transfer activity will not qualify for the proposed safe harbor despite the fact that they provide fewer than 25 remittances per year as those transactions have been traditionally defined. We further note that financial institutions, due to the fact that they hold deposit accounts for their customers, have a necessarily on-going relationship with their consumer account holders, which should be taken into account when establishing the safe harbor amount.

We also believe that the proposed application of the threshold when a provider exceeds 25 transactions in the current calendar year creates an immediate and problematic compliance trigger. It will be extremely difficult for institutions that have previously not been subject to the Final Rule to immediately adopt and employ the Rule's requirements if, as proposed, they make a 26th transfer during a calendar year and no longer qualify for the safe harbor. Thus, we recommend that the Bureau adopt a safe harbor that excludes persons from compliance with the Final Rule until they have exceeded a specified threshold for two consecutive years, provided that the provision of remittance transfer services is not a core function of their business.

Finally, the Associations request that the Bureau clarify that, under the Proposed Rule, a newly formed entity (or other entity that newly enters the remittance transfer business) would be deemed to have made zero transfers in the previous calendar year and would be within the safe harbor if it provides no more than the maximum number of remittance transfers allowed in the current calendar year to qualify for the safe harbor.

IV. Preauthorized Remittance Transfers

The Proposed Rule also solicits comment on certain possible changes to 12 C.F.R. § 1005.36, which governs remittance transfers that are scheduled in advance, including preauthorized remittance transfers. There are numerous types of preauthorized or recurring transfers that could meet the definition of "preauthorized remittance transfer" contained in the Final Rule, including, among others:

- online bill payment services;
- recurring wire transfer services; and
- certain investment account sweep services (where the funds are swept overnight into an offshore account).[5]

The Bureau recognized in the preamble to the Proposed Rule that "additional safe harbors and flexibility for providers in complying with certain requirements related to these

[5] Comment 30(c)-3 to the Final Rule suggests a deposit by a consumer in the U.S. into an offshore account would be a remittance transfer (provided that the other elements of "remittance transfer" are met, including that the transfer is requested for "personal, family, or household purposes"). *Presumably this could include account structures that automatically sweep funds from one account into an offshore investment account that provides the account holder with a higher return*. Specifically, Comment 30(c)-3 states: a "sender," as defined in § 1005.30(g), may also be a designated recipient if the sender meets the definition of "designated recipient" in § 1005.30(c). For example, a sender may request that a provider send an electronic transfer of funds from the sender's checking account in a state to the sender's checking account located in a foreign country. In this case, the sender would also be a designated recipient.

provisions may be needed to facilitate compliance with the final rule, and to minimize compliance burden."[6] The Associations believe that the Final Rule poses tremendous compliance challenges and costs for remittance transfer providers and agree that those challenges are amplified in the context of remittance transfers scheduled in advance. We note that *preauthorized* international transfers make up only a small percentage of the total international transfers initiated by consumers. However, the resources that would be required to build the compliance systems necessary to comply with the Final Rule in the context of preauthorized transfers would be extraordinary. As explained in more detail below, the Associations are concerned that the imbalance between the relative volumes of preauthorized transfers and the increased disclosure challenges and foreign exchange liability for such transfers are likely to impact their availability and cost to consumers.

A. Estimates for a One-Time Transfer or the First in a Series of Preauthorized Transfers

The Proposed Rule solicits comment on whether the Bureau should modify the provisions of the Final Rule regarding disclosures for remittance transfers scheduled more than a certain number of days in advance of the consumer's requested transfer date. Under proposed § 1005.32(b)(2)(i), a provider would be permitted to use estimates for certain information in the pre-payment disclosure and receipt *for a one-time transfer or the first in a series of preauthorized transfers* to occur more than 10 days after the transfer is authorized. Specifically, under the Bureau's proposal, estimates would be permitted for the following information that must be included in the pre-payment disclosure, receipt and combined disclosure, as applicable:

- the exchange rate used by the provider for the remittance transfer (12 C.F.R. § 10531(b)(1)(iv));
- the amount that will be transferred to the designated recipient, in the currency in which the funds will be received by the designated recipient (12 C.F.R. § 1005.31(b)(1)(v));
- any fees and taxes imposed on the remittance transfer by a person other than the provider, in the currency in which the funds will be received by the designated recipient (12 C.F.R. § 1005.31(b)(1)(vi)); and
- the amount that will be received by the designated recipient, in the currency in which the funds will be received (12 C.F.R. § 1005.31(b)(1)(vi)).

The Associations agree with the Bureau's statement from the preamble to the Proposed Rule that "a provider might be reluctant to allow a sender to schedule a transfer too far in advance if the provider is required to fix the exchange rate that will apply to the transfer (i.e., the retail rate) at the time that it is scheduled."[7] Thus, we support the Bureau's efforts to

[6] 77 Fed. Reg. 6310, 6311.
[7] *Id*. at 6317.

reduce the compliance burdens associated with the Final Rule by expanding the scope of the estimate provisions contained in the rule. We note, however, that the proposed minimum time period of ten days in advance in order for estimates to be allowed is too long. In fact, any transaction that occurs more than a day in advance will be problematic for financial institutions.

With respect to the exchange rate disclosure in particular, we expect that many providers will be unwilling to take the risk of setting an exchange rate and determining the amount to be received far in advance of the scheduled date of a transfer because of the costs and burdens associated with managing foreign exchange risk (i.e., the risk that a foreign exchange rate may fluctuate significantly between the date a remittance transfer is requested and when it is delivered and made available to the designated recipient). Hence, requiring providers to guarantee a rate many days in advance will likely cause those financial institutions that continue to offer international funds transfer services to consumers after the effective date of the Final Rule to not provide preauthorized transfer services. This would decrease competition and result in reduced consumer access to such transfer services. In addition, setting the exchange rate so far in advance could harm consumers if the foreign exchange market turns in favor of the consumer and thereby denies the consumer the benefit of a more favorable exchange rate.

Furthermore, the Associations note that requiring a remittance transfer provider to set an exchange rate in advance may cause the transfer to be considered a forward contract or a contract for future delivery, potentially subjecting the remittance transfer provider to registration with the Commodity Futures Trading Commission and to capital, reporting and recordkeeping requirements, unless the provider is one of a number of types of regulated entities (including financial institutions, broker dealers, futures commission merchants, financial holding companies and registered retail foreign exchange dealers).[8] Specifically, section 2(c)(2)(B) of the Commodity Exchange Act, as amended by the Dodd-Frank Act, grants the Commodity Futures Trading Commission the authority to regulate "agreements, contracts, and transactions in retail foreign currency," which includes an agreement, contract, or transaction in foreign currency that:

> "(I) is a contract of sale of a commodity for future delivery (or an option on such a contract) or an option (other than an option executed or traded on a national securities exchange registered pursuant to section 6(a) of the Securities Exchange Act of 1934 (15 U.S.C. 78f(a))); and
> "(II) is offered to, or entered into with, a person that is not an eligible contract participant, unless the counterparty, or the person offering to be the counterparty, of the person is (aa)a financial institution…."[9]

Money services businesses and other remittance transfer providers not included in the regulated entities identified in the Commodity Exchange Act, would face the choice of incurring the additional cost and regulatory burden of registering with the Commodity Futures Trading Commission and taking on the related compliance requirements or getting out of the remittance

[8] Commodity Exchange Act § 2(c)(2)(B).
[9] *Id*.

transfer business. Either choice means the transactions will be more expensive for the consumer without an added benefit. Parties requesting preauthorized transfers are doing so for convenience, not because they want to speculate in the foreign exchange markets or hedge a business risk. Yet the requirement to disclose the exchange rate well in advance of the actual transfer effectively forces them into a type of transaction designed for one of those two purposes and involving risks from which the retail public is supposed to be protected.

Preauthorized transfer services are intended to offer consumers the convenience of knowing that, without future action by the consumer, transfers will be made in the future on specified dates. In other words, consumers do not seek, and financial institutions do not offer, preauthorized transfer services (such as bill payment services) so that consumers may lock in a foreign exchange rate that will apply to a future transfer. Consumers seeking preauthorized transfers do so for convenience, not because they want to speculate in the foreign exchange markets. The ability of a provider to offer consumers an attractive price for a preauthorized transfer services is dependent on this trade-off between convenience and the consumer's control of the exchange rate. As we noted above, we expect that many providers will be unwilling to take the risk of setting an exchange rate and determining the amount to be received far in advance of the scheduled date of a transfer because of the costs and burdens associated with managing foreign exchange risk.

Accordingly, rather than requiring a provider to specify the exchange rate in advance, we believe that the Bureau should permit a provider to estimate the exchange rate in both the prepayment disclosure (if still required for preauthorized transfers) and receipt disclosure for transfers scheduled more than one day in advance.

B. Estimates when the Amount of the Preauthorized Remittance Transfers Can Vary

In the Proposed Rule the Bureau stated that in some cases, a sender may set up a preauthorized remittance transfer arrangement where the amount of the first transfer and the scheduled date of the first transfer are not known at the time the arrangement is established. The Bureau posed a number of questions relating to this situation, including:

- where the amount of the preauthorized remittance transfers can vary, whether providers will need the flexibility to estimate the amount of the first transfer where the transfer is scheduled to occur within 10 days of when the preauthorized remittance transfer was established; and

- whether a provider should be permitted to estimate the date in the foreign country on which the funds will be available, if the amount of the transfers under the preauthorized transfers arrangement varies, and the provider does not know the exact amount of the first transfer and the exact due date of the next bill.

The Associations believe there is a significant chance that financial institutions of all sizes will stop providing preauthorized remittance transfers (such as international bill payment services) as a result of those services being subject to the remittance rules. The Final Rule is extraordinarily complex and the Associations are concerned that the application of the Rule's

requirements to preauthorized transfers that vary in amount and timing will create an overwhelming compliance burden for institutions subject to the rules (and particularly for smaller institutions), which may cause institutions to discontinue certain transfer services or to increase the fees charged for these services. Providers are likely to raise fees to compensate for the significant compliance costs and some providers may be reluctant to offer preauthorized remittance transfer services, which could have a negative impact on competition and reduce consumer access to these services. We also note that under an international bill payment arrangement, even when the amount due each month may not vary, if the amount due is denominated in a foreign currency while the funding amount is in dollars, the funding amount will fluctuate each month based on changes in the applicable exchange rate.

Accordingly, the Associations urge the Bureau to use its authority under Sections 904(a) and 904(c) of the EFTA to exempt preauthorized transfers that may vary in amount from the general disclosure requirements of the Final Rule.

C. Second Receipts

The Bureau requested comment on whether a "second receipt" should be provided in instances where the provider included estimates in the pre-payment disclosure and receipt given at the time the sender requests the transfer because: (i) the transfer is scheduled to occur more than 10 days after the transfer is authorized; or (ii) the amount of the transfers under the preauthorized remittance transfer arrangement can vary, and the provider does not know the exact amount of the first transfer at the time the disclosures for that transfer are given. The Proposed Rule would require this second receipt to contain accurate information (as opposed to estimates) and be provided to the sender within a reasonable time prior to the scheduled date of the transfer.

The Associations believe that a second receipt is likely to be confusing to consumers who, under the proposal, could receive three disclosures: a pre-payment disclosure, a receipt *and* a second receipt. A consumer that receives three separate disclosure documents for every preauthorized transaction is likely to view the disclosures as confusing, unhelpful and as an "information overload." As Director Cordray has stated, "more disclosures don't always make things better. As it accumulates, there can be so much dense, fine print that it can actually make things much worse. Consumers find it hard to penetrate, and they often will not read it."[10] We also question whether the proposed second receipt requirement might cause consumers to believe an error has occurred as they may be confused into thinking that a provider has made the transfer multiple times.

Accordingly, the Associations strongly oppose the proposed second receipt requirement. As noted above, a second receipt would not be necessary if providers are permitted to disclose a methodology that may be used to calculate the actual exchange rate that will apply to a transfer (as well as the information that is dependent on that exchange rate). Furthermore, requiring a second receipt would add to the significant compliance challenges and

[10] Watchdog Director Richard Cordray Quickly Gets to Work (Jan. 23, 2012), http://seattletimes.nwsource.com/text/2017301277.html.

costs that remittance transfer providers already face under the Final Rule. For example, the ability to provide estimates in a pre-payment disclosure or receipt does very little to reduce a provider's compliance burden if the provider must later provide the sender with a disclosure with exact information. Providers are likely to pass these costs on to consumers, which will harm consumers who will be required to pay higher fees in order to access remittance transfer services. We believe that a second receipt will not provide consumers with useful information and that the costs associated with providing three similar, but separate disclosure documents for one transaction is likely to outweigh any benefit to consumers.

D. Timing and Accuracy Requirements for Subsequent Transfers

Under the Final Rule, the pre-payment disclosure for subsequent preauthorized transfers must be mailed or delivered within a reasonable time prior to the scheduled date of the respective subsequent transfer.[11] In the Proposed Rule, the Bureau solicited comment on two alternative approaches to possible changes to the disclosures rules for subsequent transfers:

- whether the Bureau should retain the requirement that a provider give a pre-payment disclosure for each subsequent transfer, and should provide a safe harbor interpreting the "within a reasonable time" standard for providing this disclosure (the "First Alternative"); or

- whether the Bureau instead should eliminate the requirement to provide a pre-payment disclosure for each subsequent transfer (the "Second Alternative").

The Associations support the Second Alternative. An important purpose behind the disclosure requirements contained in the Final Rule is providing consumers who make remittance transfers with the ability to comparison shop between remittance transfer providers.[12] For example, the Final Rule states that "disclosing the amount of currency to be provided to the recipient enables consumers to engage in comparison shopping, since it accounts for both the exchange rate used by the remittance transfer provider and fees and taxes that are deducted from the amount transferred."

The Associations do not believe that the ability to comparison shop is a primary motivation of consumers who set up recurring bill payments. Rather, consumers who enter a recurring payment arrangement do so because they want a financial institution to automatically provide recurring transfers for them and do not want to have to take additional action to consummate those payments. Similar requirements do not apply to domestic bill payment services. Senders are unlikely to use pre-payment disclosures for each subsequent transfer in deciding whether to continue preauthorized remittance transfer arrangements. The receipt that a sender receives will be sufficient to provide the sender with the information necessary to determine whether to continue the preauthorized remittance transfer arrangement.

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[11] 12 C.F.R. 1005.36(a)(2)(i).

[12] *See, e.g.*, 77 Fed. Reg. 6194 (stating "[t]he new protections will significantly improve the predictability of remittance transfers and provide consumers with better information for comparison shopping").

The Associations believe that the cost – and risk – to financial institutions of providing the pre-payment disclosure for each subsequent transfer in a series of preauthorized transfers significantly outweighs the minimal benefit that consumers might receive from receiving such disclosures. We also note that the First Alternative is likely to harm consumers, as the burden to comply with such a requirement could cause some providers to exit the market or to raise the fees that they charge for preauthorized international transfers. Accordingly, the Associations urge the Board to adopt the Second Alternative.

E. Cancellation Requirements Applicable to Certain Remittance Transfers Scheduled in Advance, Including Preauthorized Remittance Transfers

Under the Final Rule, where the sender schedules a remittance transfer at least three business days before the date of the transfer, the sender must notify the provider at least three business days before the scheduled date of the transfer to cancel the transfer.[13] The Associations believe that the three day cancellation period presents inappropriate risks of loss, if financial institutions are required to disclose (rather than estimate) an exchange rate more than one day in advance. This is due to foreign exchange risk, which is discussed in Section A above.

The Final Rule requires pre-payment disclosures for subsequent transfers to be provided "within a reasonable time prior to the scheduled date of the subsequent transfer."[14] Under the First Alternative, if a provider mails or delivers the pre-payment disclosure not later than 10 days before the scheduled date of the respective subsequent transfer, the provider will be deemed to have provided that disclosure within a reasonable time prior to the scheduled date of the respective subsequent transfer. The Associations note that if a provider must set a foreign exchange rate 10 days in advance of a transfer, it will face significant foreign exchange rate risk. Taking steps to mitigate this risk (such as through hedging) will be costly and burdensome and such costs are likely to be passed on to consumers in the form of higher fees. These costs could also increase and would be unfairly imposed upon the provider if a sender seeks to cancel and reschedule a preauthorized transfer simply to obtain a "refresh" of the exchange rate the provider originally set for the transfer. Under this cancellation period, a sender would have the right to cancel a transfer at no cost, while, in light of the steps a provider would be required to take to manage the foreign exchange risk, accommodating such a request will come at a significant cost to the provider.

We believe that the Bureau should adopt two separate cancellation approaches applicable to preauthorized remittance transfers: one for transfers where the exchange rate has been set by the provider and disclosed to the sender and one for transfers where the exchange rate has not been set but estimated. Where the provider has disclosed the exchange rate applicable to the transfer, the sender should be permitted the same thirty minute cancellation period that applies to other remittance transfers under § 1005.34(a). The Associations believe that where the exchange rate has not yet been set by the provider and disclosed to the sender, the three day cancellation period is workable.

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[13] 12 C.F.R. § 1005.36(c).
[14] *Id*. § 1005.36(a)(2)(i).

F. Additional Issues

We believe it will be impossible for many financial institutions to comply with the Final Rule and that these institutions are likely to exit the remittance transfer market. For example, smaller institutions may not have the resources to monitor foreign tax laws or changes in fees charged by unrelated financial institutions. Furthermore, the Final Rule imposes an overwhelming compliance burden on those financial institutions that attempt to comply with its requirements, which could similarly cause certain institutions to discontinue offering international funds transfer services to consumers or to raise the fees associated with such services. A decrease in the number of providers that offer international transfer services would be harmful to competition and provide consumers with fewer choices. The combination of less competition, reduced availability of international transfer services and higher fees could lead consumers to riskier providers that are outside of the mainstream banking system. Accordingly, we encourage the Bureau to carefully assess the impact that these rules are likely to have on the market for consumer-initiated international transfer services.

To avoid the unintended consequence of reducing consumer access to international funds transfer services, and to fully understand the impact that the Final Rule will have, the Associations urge the Bureau to delay implementation of the Final Rule in order to provide time to

- study the impact of the Final Rule on the availability and cost of international funds transfer services to consumers; and

- engage with the industry to determine ways in which to (1) narrow the scope of these rules to apply only to remittance transfers as traditionally defined, and (2) ease the burdens and costs associated with the Final rule.

We also believe it is critical that the compliance date for the Final Rule be reset to reflect the reality that the Bureau may not release final rules setting forth the safe harbor and addressing the outstanding issues associated with preauthorized transfers until later this year and institutions will need adequate time to adjust contracts, systems and processes in order to comply. We also urge the Bureau to reset the date for the implementation of the Final Rule so that remittance transfer providers have time to build the systems and establish the protocols that will be necessary to meet the rule's requirements. Accordingly, as we noted in Section IV of this letter, we encourage the Bureau to make both the Final Rule published in the *Federal Register* on February 7, 2012, as well as the final rule that the Bureau develops based on this Proposed Rule, effective one year from the date the final version of *this* Proposed Rule is published in the *Federal Register*.

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Thank you for your consideration and review of these comments. If you have any questions or wish to discuss this letter, please do not hesitate to contact any of the undersigned using the contact information provided below.

Yours very truly,

The Clearing House Association, LLC

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Appendix A – Association Descriptions

Presented below is information regarding the six signatories to the comment letter. We would be glad to provide additional information upon request.

The Clearing House

Established in 1853, The Clearing House is the nation's oldest payments company and banking association. The Clearing House is owned by 21 of the largest commercial banks in America, which employ 1.4 million people domestically and hold more than half of all U.S. deposits. The Payments Company within The Clearing House clears and settles approximately $2 trillion daily, representing nearly half of the U.S. volume of ACH, wire and check image transactions. The Clearing House Association is a nonpartisan advocacy organization within The Clearing House that represents, through regulatory comment letters, amicus briefs and white papers, the interests of its owner banks on a variety of systemically important bank policy issues.

American Bankers Association

The American Bankers Association represents banks of all sizes and charters and is the voice for the nation's $13 trillion banking industry and its two million employees. The majority of ABA's members are banks with less than $165 million in assets.

Financial Services Roundtable

The Financial Services Roundtable represents 100 of the largest integrated financial services companies providing banking, insurance, and investment products and services to the American consumer. Member companies participate through the Chief Executive Officer and other senior executives nominated by the CEO. Roundtable member companies provide fuel for America's economic engine, accounting directly for $92.7 trillion in managed assets, $1.2 trillion in revenue, and 2.3 million jobs.

Independent Community Bankers of America

The Independent Community Bankers of America represents nearly 5,000 community banks of all sizes and charter types throughout the United States and is dedicated exclusively to representing the interests of the community banking industry and the communities and customers we serve. ICBA aggregates the power of its members to provide a voice for community banking interests in Washington, resources to enhance community bank education and marketability, and profitability options to help community banks compete in an ever changing marketplace. With nearly 5,000 members, representing more than 20,000 locations nationwide and employing nearly 300,000 Americans, ICBA members hold $1.2 trillion in assets, $960 billion in deposits, and $750 billion in loans to consumers, small businesses and the agricultural community. For more information, visit ICBA's website at www.icba.org.

NACHA – The Electronic Payments Association

NACHA manages the development, administration, and governance of the ACH Network, the backbone for the electronic movement of money and data. The ACH Network serves as a safe,

secure, reliable network for direct consumer, business, and government payments, and annually facilitates billions of payments such as Direct Deposit and Direct Payment. Utilized by all types of financial institutions, the ACH Network is governed by the NACHA Operating Rules, a set of fair and equitable rules that guide risk management and create certainty for all participants. As a not-for-profit association, NACHA represents over 10,000 financial institutions via 17 regional payments associations and direct membership. Through its industry councils and forums, NACHA brings together payments system stakeholders to enable innovation that strengthens the industry with creative payment solutions. To learn more, visit www.nacha.org, www.electronicpayments.org, and www.payitgreen.org.

National Association of Federal Credit Unions

The National Association of Federal Credit Unions exclusively represents the interests of federal credit unions before the federal government. NAFCU represents nearly 800 federal credit unions, accounting for 63.9 percent of total FCU assets and 58 percent of all FCU member-owners. NAFCU represents many smaller credit unions with limited operations as well as many of the largest and most sophisticated credit unions in the nation, including 82 out of the 100 largest FCUs. Learn more at www.nafcu.org.