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United States Government Accountability Office
Washington, DC 20548

B-321904

May 6, 2011

The Honorable Tim Johnson
Chairman
The Honorable Richard C. Shelby
Ranking Member
Committee on Banking, Housing, and Urban Affairs
United States Senate

The Honorable Spencer Bachus
Chairman
The Honorable Barney Frank
Ranking Member
Committee on Financial Services
House of Representatives

Subject: *Federal Reserve System: Truth in Lending*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Federal Reserve System (Board), entitled “Truth in Lending” (RIN: 7100-AD55). We received the rule on April 20, 2011. It was published in the *Federal Register* as a final rule on April 25, 2011, with an effective and mandatory compliance date of October 1, 2011. 76 Fed. Reg. 22,948. Creditors may, at their option, comply with this rule prior to October 1, 2011.

The final rule amends portions of the regulations and official staff commentary of final rules amending Regulation Z’s provisions that apply to open-end (not home-secured) credit plans that the Board published in the *Federal Register* on February 22, 2010, and June 29, 2010. In each case the final rules were amended in order to implement provisions of the Credit Card Accountability Responsibility and Disclosure Act of 2009.

Enclosed is our assessment of the Board’s compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. Our review of the procedural steps taken indicates that the Board complied with the applicable requirements.

If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the subject matter of the rule, please contact Shirley A. Jones, Assistant General Counsel, at (202) 512-8156.

signed

Robert J. Cramer
Managing Associate General Counsel

Enclosure

cc: Linda Robertson
Assistant to the Board
Federal Reserve System

ENCLOSURE

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
FEDERAL RESERVE SYSTEM
ENTITLED
"TRUTH IN LENDING"
(RIN: 7100-AD55)

(i) Cost-benefit analysis

In its submission to the Comptroller General, the Board did not include a cost benefit analysis.

(ii) Agency actions relevant to the Regulatory Flexibility Act, 5 U.S.C. §§ 603-605, 607, and 609

The Board states that this rulemaking is part of a series of rules that have extensively revised and expanded the regulatory requirements for entities that offer open-end (not home-secured) consumer credit, particularly credit card accounts. The Board published rules which determined that the amendments to Regulation Z would have a significant economic impact on a substantial number of small entities, relying in part on the RFA analyses and determinations in the Board's prior credit card rules. *See* 74 Fed. Reg. 36,092; 75 Fed. Reg. 7789; 75 Fed. Reg. 7565. Based on data from Reports of Condition and Income from September 2010, the Board estimates a reduction in the number of affected small entities, but continues to believe that its credit card regulations (including this final rule) will have a significant economic impact on a substantial number of small entities.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

As an independent regulatory agency, the Board is not subject to title II of the Unfunded Mandates Reform Act of 1995.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

On November 2, 2010, the Board published proposed amendments to portions of the regulation and the accompanying staff commentary. 75 Fed. Reg. 67,458. The Board received approximately 200 comments from Members of Congress, credit card issuers and their employees, consumer groups and individual consumers, trade associations, and others, which it considered in adopting this final rule.

Paperwork Reduction Act, 44 U.S.C. §§ 3501-3520

The Board states that it has a continuing interest in the public's opinion of the collection of information and provided contact information for where comments on the collection of information should be sent.

Statutory authorization for the rule

The Board states that the final rule is authorized by the Credit Card Accountability Responsibility and Disclosure Act of 2009, Pub. L. No. 111-24, which amends the Truth in Lending Act, 15 U.S.C. § 1601, et seq.

Executive Order No. 12,866 (Regulatory Planning and Review)

As an independent regulatory agency, the Board is not subject to the review requirements of the order.

Executive Order No. 13,132 (Federalism)

As an independent regulatory agency, the Board is not subject to the review requirements of the order.