

7535-01-U

NATIONAL CREDIT UNION ADMINISTRATION

12 CFR Part 706

RIN 3133-AC98

Unfair or Deceptive Acts or Practices

AGENCY: National Credit Union Administration (NCUA).

ACTION: Final rule; withdrawal.

SUMMARY: The NCUA Board (Board) is withdrawing the final rule and the staff commentary amending Part 706 published on January 29, 2009 (UDAP Rule). The Board is withdrawing the rule as unnecessary due to the enactment of the Credit Card Accountability, Responsibility, and Disclosure Act of 2009 (Credit CARD Act) on May 22, 2009, and amendments to Regulation Z implementing the Credit CARD Act that will become effective on February 22, 2010.

DATES: NCUA's final rule published on January 29, 2009, at 74 FR 5498, is withdrawn as of **[insert date of publication in the FEDERAL REGISTER]**.

FOR FURTHER INFORMATION CONTACT: Moissette I. Green, Staff Attorney, Office of General Counsel, National Credit Union Administration, 1775 Duke Street, Alexandria, Virginia 22314-3428, or telephone: (703) 518-6540.

SUPPLEMENTARY INFORMATION:

On December 18, 2008, NCUA, along with the Federal Reserve Board (FRB) and the Office of Thrift Supervision, exercised its authority under the Federal Trade Commission Act (FTC Act) to issue a final rule prohibiting unfair acts or practices regarding consumer credit card accounts. The rule was published in the Federal Register on January 29, 2009, and the effective date for the amendments was July 1, 2010. 74 FR 5498 (January 29, 2009) (UDAP Rule). This withdrawal is applicable only to NCUA's UDAP Rule.¹

The Credit CARD Act, enacted on May 22, 2009, amended the Truth in Lending Act (TILA) and established new substantive and disclosure requirements to establish fair and transparent practices pertaining to open-end consumer credit plans, including credit card accounts. Pub. L. No. 111-24, 123 Stat. 1734 (2009). After consultation with NCUA and other federal financial regulators, the FRB amended 12 CFR Part 226 and the staff commentary (Regulation Z) to implement the Credit CARD Act. See **[INSERT FEDERAL REGISTER CITATION]**. The Credit CARD Act and Regulation Z cover the practices

¹ The FRB withdrew its UDAP Rule in a separate Federal Register notice. **[INSERT FEDERAL REGISTER CITATION]**.

regulated in the UDAP Rule, and in some instances, expand the UDAP Rule's requirements or consumer protections. For example, the UDAP Rule prohibited the financing of security deposits and fees for the availability of a credit card account in excess of 50% of the initial credit limit and limited how fees that did not exceed the 50% limit could be financed. The Credit CARD Act prohibits financing any fees charged within the first year an open-end credit plan in excess of 25% of the credit limit from the available credit. In as much as the UDAP Rule duplicates, overlaps, or conflicts with the Credit CARD Act and recent amendments to Regulation Z, the NCUA Board believes the recent amendments to Part 706 are unnecessary and is withdrawing the UDAP Rule.

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By the National Credit Union Administration Board, on January 29, 2010.

Mary F. Rupp

Secretary of the Board