



Truth in Savings Act

FIL-12-95
February 6, 1995

TO: CHIEF EXECUTIVE OFFICER

SUBJECT: *Federal Reserve Regulation DD (Truth in Savings)*

The Federal Reserve Board has issued an official staff commentary that applies and interprets the requirements of Regulation DD - Truth in Savings. The commentary, which replaces individual staff interpretations, incorporates most of the guidance provided when the regulation was adopted and addresses additional questions raised since that time.

Attached is a copy of the staff commentary, which is effective February 6, 1995.

The official staff commentary clarifies, among other things, that:

- Except for information about an existing account, commercial messages delivered via telephone or voice response machines are advertisements;
- Institutions may consider accounts as "passbook savings" even when direct deposits are made to the account electronically;
- A certificate of deposit (CD) permitting one or more rate adjustments prior to maturity at the consumer's option is a variable rate account;
- New account disclosures are required when the consumer changes any account term required to be disclosed (and not merely the duration of the CD);
- If an institution deems an account closed and treats accrued but uncredited interest as forfeited by the consumer, the institution must deem a new account to be opened when a deposit is subsequently accepted;
- An institution acquiring accounts through a merger or acquisition is not required to provide a new account disclosure;
- Institutions may accrue interest on funds until the funds are withdrawn from the account; and
- The imposition of fees for ATM access (including annual fees) does not preclude institutions from advertising accounts as free or no-cost.

If you have questions about Regulation DD or this commentary, please contact the staff of the Division of Compliance and Consumer Affairs in your Region (list attached).

Paul L. Sachtleben
Director

Enclosure

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