

Title 12—BANKS AND BANKING

Chapter II—Federal Reserve System

SUBCHAPTER A—BOARD OF GOVERNORS OF THE FEDERAL RESERVE SYSTEM

[Reg. M]

PART 213—FOREIGN ACTIVITIES OF NATIONAL BANKS

Reserves Against Eurodollar Borrowings

1. Effective January 15, 1971, § 213.7 (a) of Regulation M is amended to read as follows:

§ 213.7 Reserves against foreign branch deposits.

(a) *Transactions with parent bank.* During each week of the 4-week period beginning October 16, 1969, and during each week of each successive 4-week (maintenance) period, a member bank having one or more foreign branches shall maintain with the Reserve Bank of its district, as a reserve against its foreign branch deposits, a daily average balance equal to 20 percent of the amount by which the daily average total of

(1) Net balances due from its domestic offices to such branches, and

(2) Assets (including participations) held by such branches which were acquired from its domestic offices,

during the 4-week (computation) period ending on the Wednesday 15 days before the beginning of the maintenance period, exceeds the greater of—

(i) The lowest corresponding daily average total^a for any computation period ending after November 25, 1970, or

(ii) 3 percent of the member bank's daily average deposits subject to § 204.5 (a) of this chapter (Regulation D) during the current computation period, or the lowest corresponding daily average total^b for any computation period beginning on or after January 21, 1971, and after the bank has had a foreign branch in operation for more than 90 days, whichever amount is the lesser:

Provided, That the applicable base computed under (i) or (ii) shall be reduced by the daily average amount of any deposits of the member bank subject to § 204.5(c) of this chapter (Regulation D) during the computation period.

^a Excluding (1) assets so held on June 26, 1969, representing credit extended to persons not residents of the United States and (2) credit extended or renewed by a domestic office after June 26, 1969, to persons not residents of the United States to the extent such credit was not extended in order to replace credit outstanding on that date which was paid prior to its original maturity (see definition of United States resident in footnote 9).

^b Including the principal amount paid by a foreign branch of the member bank for obligations held by such branch that were purchased by it from the Export-Import Bank of the United States pursuant to its program announced on Jan. 15, 1971, and excluding assets representing credit extended to persons not residents of the United States.

2a. The change provides a means by which a member bank may retain its reserve-free base with respect to its Euro-dollar borrowings from its foreign branches by counting within its base the amount of purchases by its foreign branches of certain Export-Import Bank obligations.

b. The requirements of section 553(b) of title 5, United States Code, with respect to notice, public participation, and deferred effective date were not followed in connection with this amendment because the Board found that following such procedures with respect to this amendment would be contrary to the public interest and serve no useful purpose.

By order of the Board of Governors,
January 15, 1971.

[SEAL] KENNETH A. KENYON,
Deputy Secretary.

[FR Doc 71-910 Filed 1-21-71; 8:49 am]

[Reg. Z]

PART 226—TRUTH IN LENDING

Credit Cards; Issuance and Liability

1. Effective January 25, 1971, §§ 226.1 and 226.12 are amended and § 226.13 and Supplement IV are added to Part 226 as follows:

§ 226.1 Authority, scope, purpose, etc.

(a) *Authority, scope, and purpose.* (1) This part comprises the regulations issued by the Board of Governors of the Federal Reserve System pursuant to title I (Truth in Lending Act), and title V (General Provisions) of the Consumer Credit Protection Act, as amended (15 U.S.C. section 1601 et seq.). Except as otherwise provided herein, this part applies to all persons who in the ordinary course of business regularly extend, or offer to extend, or arrange, or offer to arrange, for the extension of consumer credit as defined in paragraph (k) of § 226.2, and to all persons who issue credit cards.

(2) This part implements the Act, the purpose of which is to assure that every customer who has need for consumer credit is given meaningful information with respect to the cost of that credit which, in most cases, must be expressed in the dollar amount of finance charge, and as an annual percentage rate computed on the unpaid balance of the amount financed. Other relevant credit information must also be disclosed so that the customer may readily compare the various credit terms available to him from different sources and avoid the uninformed use of credit. This part also implements the provision of the Act under which a customer has a right in certain circumstances to cancel a credit transaction which involves a lien on his residence. Advertising of consumer credit terms must comply with specific requirements, and certain credit terms may not be advertised unless the creditor usually and customarily extends such terms. This part also contains prohibitions against the issuance of unsolicited credit cards and limits on the cardholder's liability

for unauthorized use of a credit card. Neither the Act nor this part is intended to control charges for consumer credit, or interfere with trade practices except to the extent that such practices may be inconsistent with the purpose of the Act.

(b) *Administrative enforcement.* (1) As set forth more fully in section 108 of the Act, administrative enforcement of the Act and this part with respect to certain creditors and credit card issuers is assigned to the Comptroller of the Currency, Board of Directors of the Federal Deposit Insurance Corporation, Federal Home Loan Bank Board (acting directly or through the Federal Savings and Loan Insurance Corporation), Administrator of the National Credit Union Administration, Interstate Commerce Commission, Civil Aeronautics Board, Secretary of Agriculture, and Board of Governors of the Federal Reserve System.

(2) Except to the extent that administrative enforcement is specifically committed to other authorities, compliance with the requirements imposed under the Act and this part will be enforced by the Federal Trade Commission.

(c) *Penalties and liabilities.* Section 112 of the Act provides for criminal liability for willful and knowing failure to comply with any requirement imposed under the Act and this part, and section 130 of the Act provides for civil liability on the part of any creditor who fails to disclose any information required under Chapter 2 of the Act and under the corresponding provisions of this part. Section 134 provides for criminal liability for the fraudulent use of a credit card to obtain goods or services having a retail value aggregating \$5,000 or more. Pursuant to section 108 of the Act, violations of the Act or this part constitute violations of other Federal laws which may provide further penalties.

§ 226.12 Exemption of certain State regulated transactions.

(a) *Exemption for State regulated transactions.* In accordance with the provisions of Supplements II and IV to Regulation Z, any State may make application to the Board for exemption of any class of transactions within that State from the requirements of Chapter 2 of the Act and the corresponding provisions of this part: *Provided*, That,

(1) Under the law of that State, that class of transactions is subject to requirements substantially similar to those imposed under Chapter 2 of the Act and the corresponding provisions of this part; and

(2) There is adequate provision for enforcement.

(b) *Procedures and criteria.* The procedures and criteria under which any State may apply for the determination provided for in paragraph (a) of this section are set forth in Supplement II to Regulation Z with respect to disclosure and rescission requirements (sections 121-131 of Chapter 2) and Supplement IV with respect to the prohibition of the issuance of unsolicited credit cards and the liability of the cardholder for unauthorized use of a credit card (sections 132-133 of Chapter 2).

(c) *Civil liability.* In order to assure that the concurrent jurisdiction of Federal and State courts created in section 130(e) of the Act shall continue to have substantive provisions to which such jurisdiction shall apply, and generally to aid in implementing the Act with respect to any class of transactions exempted pursuant to paragraph (a) of this section and Supplement II, the Board pursuant to sections 105 and 123 hereby prescribes that:

(1) No such exemption shall be deemed to extend to the civil liability provisions of sections 130 and 131; and

(2) After an exemption has been granted, the disclosure requirements of the applicable State law shall constitute the disclosure requirements of this Act, except to the extent that such State law imposes disclosure requirements not imposed by this Act. Information required under such State law with the exception of those provisions which impose disclosure requirements not imposed by this Act shall, accordingly, constitute the "information required under this chapter" (Chapter 2 of the Act) for the purpose of section 130(a).

(d) *Exemptions granted.* Exemptions granted by the Board to particular classes of credit transactions within specified States are set forth in Supplement III to Regulation Z.

§ 226.13 Credit cards—issuance and liability.

(a) *Supplemental definitions applicable to this section.* In addition to the definitions set forth in § 226.2, as applicable, the following definitions apply to this section:

(1) "Accepted credit card" means any credit card which the cardholder has requested or applied for and received, or has signed, or has used, or has authorized another person to use for the purpose of obtaining money, property, labor, or services on credit. Any credit card issued in renewal of, or in substitution for, an accepted credit card becomes an accepted credit card when received by the cardholder whether such card is issued by the same or a successor card issuer.

(2) "Adequate notice" means a printed notice to a cardholder which sets forth the pertinent facts clearly and conspicuously so that a person against whom it is to operate could reasonably be expected to have noticed it and understood its meaning.

(3) "Card issuer" means any person who issues a credit card, or the agent of such person with respect to such card.

(4) "Cardholder" means any person to whom a credit card is issued or any person who has agreed with the card issuer to pay obligations arising from the issuance of a credit card to another person.

(5) "Credit" means the right to defer payment of debt, incur debt and defer its payment, or to obtain money, property, labor or services and defer payment therefor.

(6) "Credit card" means any card, plate, coupon book, or other single credit device existing for the purpose of being used from time to time upon presentation

to obtain money, property, labor, or services on credit.

(7) "Unauthorized use" means the use of a credit card by a person other than the cardholder

(i) Who does not have actual, implied, or apparent authority for such use, and

(ii) From which the cardholder receives no benefit.

(b) *Issuance of credit cards.* No credit card shall be issued except:

(1) In response to a request or application therefor, or

(2) As a renewal of, or in substitution for, an accepted credit card whether such card is issued by the same or a successor card issuer.

(c) *Conditions of liability of cardholder.* A cardholder shall be liable for unauthorized use of a credit card only if,

(1) The credit card is an accepted credit card;

(2) Such liability does not exceed the lesser of \$50 or the amount of money, property, labor, or services obtained by such use prior to notification of the card issuer pursuant to paragraph (f) of this section;

(3) The card issuer has given adequate notice to the cardholder of his potential liability on the credit card or within 2 years preceeding the unauthorized use; and

(4) The card issuer has provided the cardholder with an addressed notification requiring no postage to be paid by the cardholder which may be mailed by the cardholder in the event of the loss, theft, or possible unauthorized use of the credit card.

(d) *Other conditions of liability.* In addition to the conditions of liability in paragraph (c) of this section, no cardholder shall be liable for the unauthorized use of any credit card which was issued after January 24, 1971, and, regardless of the date of its issuance, after January 24, 1972, no cardholder shall be liable for the unauthorized use of any credit card, unless the card issuer has provided a method whereby the user of such card can be identified as the person authorized to use it, such as by signature, photograph, or fingerprint on the credit card or by electronic or mechanical confirmation.

(e) *Notice to cardholder.* The notice to cardholder pursuant to paragraph (c)

(3) of this section may be given by printing the notice on the credit card, or by any other means reasonably assuring the receipt thereof by the cardholder. An acceptable form of notice must state that liability shall not exceed \$50 (or any lesser amount), that notice of loss, theft, or possible unauthorized use may be given orally or in writing, and the name and address of the party to receive the notice. It may include any additional information which is not inconsistent with the provisions of this section. An example of an acceptable notice is as follows:

You may be liable for the unauthorized use of your credit card (or other term which describes the credit device). You will not be liable for unauthorized use which occurs after you notify (name of card issuer or his designee) at (address) orally or in writing of loss, theft, or possible unauthorized use.

In any case liability shall not exceed (insert—\$50 or any lesser amount under other applicable law or under any agreement with the cardholder).

(f) *Notice to card issuer.* For the purposes of this section, a cardholder notifies a card issuer by taking such steps as may be reasonably required in the ordinary course of business to provide the card issuer with the pertinent information with respect to loss, theft, or possible unauthorized use of any credit card, whether or not any particular officer, employee, or agent of the card issuer does, in fact, receive such notice or information. Irrespective of the form of notice provided under paragraph (c) (4) of this section, at the option of the cardholder, notice may be given to the card issuer or his designee in person or by telephone or by letter, telegram, radiogram, cablegram, or other written communication which sets forth the pertinent information. Notice by mail, telegram, radiogram, cablegram, or other written communication shall be considered given at the time of receipt or, whether or not received, at the expiration of the time ordinarily required for transmission, whichever is earlier.

(g) *Action to enforce liability.* In any action by a card issuer to enforce liability for the use of a credit card, the burden of proof is upon the card issuer to show that the use was authorized or, if the use was unauthorized, then the burden of proof is upon the card issuer to show that the conditions of liability for the unauthorized use of a credit card, as set forth in paragraphs (c) and (d) of this section, have been met.

(h) *Effect on other applicable law or agreement.* Nothing in this section imposes liability upon a cardholder for the unauthorized use of a credit card in excess of his liability for such use under other applicable law or under any agreement with the card issuer.

SUPPLEMENT IV

PROCEDURES AND CRITERIA UNDER WHICH ANY STATE MAY APPLY FOR EXEMPTION PURSUANT TO PARAGRAPH (a) OF § 226.12 FROM THE PROVISIONS OF CHAPTER 2 OF THE TRUTH IN LENDING ACT PROHIBITING THE ISSUANCE OF UNSOLICITED CREDIT CARDS AND LIMITING CARDHOLDER LIABILITY FOR UNAUTHORIZED USE OF A CREDIT CARD

(a) *Application.* Any State may make application to the Board, pursuant to the terms of this supplement and the Board's Rules of Procedure (12 CFR Part 262), for a determination that, under the laws of that State, a class of transactions within that State is subject to requirements substantially similar to those imposed under Chapter 2 of the Act¹ prohibiting the issuance of unsolicited credit cards and limiting cardholder liability for unauthorized use of a credit card and that there is adequate provision for enforcement of such require-

¹ Any reference to State law in Supplement IV includes a reference to any regulations which implement State law and formal interpretations thereof.

² Any reference to Chapter 2 of the Act or any section thereof in Supplement IV includes a reference to the implementing provisions of this part and the Board's formal interpretations thereof.

ments. Such application shall be made by letter addressed to the Board signed by the Governor, the Attorney General, or any official of the State having responsibilities under the State laws which are applicable to that class of transaction and supported by the documents specified in paragraph (b).

(b) *Supporting documents.* The application shall be accompanied by:

(1) A copy of the full text of the laws of the State which are claimed by the applicant to impose requirements substantially similar to those imposed under Chapter 2 of the Act with respect to the class of transactions within that State.

(2) A comparison of each requirement of State law with the corresponding requirement of Chapter 2 of the Act, together with reasons to support the claim that applicable requirements of State law are substantially similar to the applicable requirements imposed under Chapter 2 of the Act, and to demonstrate that any differences are not inconsistent with such requirements of Chapter 2 of the Act and that there are no other effective State laws which are inconsistent with such requirements of Chapter 2 of the Act with respect to that class of transactions.

(3) A copy of the full text of the laws of the State which provide for enforcement of the State laws referred to in subparagraph (1) of this paragraph.

(4) A comparison of the provisions of State law with the provisions of sections 108 and 112 of the Act, together with reasons to support the claim that such State laws provide for:

(i) Administrative enforcement of the State laws referred to in subparagraph (1) of this paragraph which is tantamount to the provisions for enforcement under section 108 of the Act and,

(ii) Criminal liability for willful and knowing violation with penalties substantially similar to those prescribed under section 112 of the Act.

(5) A statement identifying the office designated or to be designated to administer the State laws referred to in subparagraph (1) of this paragraph, and a description of the procedures under which such State laws are to be administratively enforced, including administrative enforcement with respect to federally chartered creditors.³ The foregoing statement should include reasons to support the claim that there is adequate provision for enforcement of such State laws.

(c) *Public notice of filing and proposed rule making.* In connection with any application which has been filed in accordance with the requirements of paragraphs (a) and (b), notice of such filing and proposed rule making will be published by the Board in the FEDERAL REGISTER, and a copy of such application will be made available for examination by interested persons during business hours at the Board and at the Federal Reserve Bank of each Federal Reserve District in which any part of the State of the applicant is situated. A period of time will be

allowed from the date of such publication for the Board to receive written comments from interested persons with respect to that application.

(d) *Exemption from requirements of Chapter 2.* If the Board determines on the basis of the information before it that under the law of a State any class of transactions is subject to requirements substantially similar to those imposed under Chapter 2 of the Act prohibiting the issuance of unsolicited credit cards and limiting the cardholder's liability for unauthorized use of a card, and that there is adequate provision for enforcement, the Board will exempt such class of transactions in that State from the applicable requirements of Chapter 2 of the Act in the following manner and subject to the following conditions:

(1) Notice of the exemption will be published in the FEDERAL REGISTER, and the Board will furnish a copy of such notice to the official who made application for such exemption and to each Federal authority responsible for administrative enforcement of the requirements of Chapter 2 of the Act.

(2) The appropriate official of any State which receives an exemption shall inform the Board within 30 days of the occurrence of any change in its related law (or regulations). The report of any change shall contain copies of the full text of that change together with statements setting forth the information and opinions with respect to that change as specified in subparagraphs (2) and (4) of paragraph (b). The appropriate official of any State which has received an exemption shall file with the Board from time to time such reports as the Board may require.

(3) The Board will inform the appropriate official of any State which receives an exemption of any subsequent amendments to the applicable provisions of Chapter 2 of the Act (including the implementing provisions of this part and the Board's formal interpretations) which might call for amendment of State law, regulations, or formal interpretations.

(e) *Adverse determination.* (1) If after publication of notice in the FEDERAL REGISTER as provided under paragraph (d), the Board finds on the basis of the information before it that it cannot make any favorable determination in connection with the application, the Board will notify the appropriate State official of the facts upon which such findings are based and shall afford that State a reasonable opportunity to demonstrate or achieve compliance.

(2) If, after having afforded the State such opportunity to demonstrate or achieve compliance, the Board finds on the basis of the information before it that it still cannot make any favorable determination in connection with the application, the Board will publish in the FEDERAL REGISTER a notice of its decision with respect to such application and will furnish a copy of such notice to the official who made application for such exemption.

(f) *Revocation of exemption.* (1) The Board reserves the right to revoke any exemption if at any time it determines that the State law does not in fact impose requirements which are substantially similar to those imposed under Chapter 2 of the Act or that there is not in fact adequate provision for enforcement.

(2) Before revoking any State exemption, the Board will notify the appropriate State official of the facts or conduct which in the opinion of the Board warrant such revocation and shall afford that State such opportunity as the Board deems appropriate in the circumstances to demonstrate or achieve compliance.

(3) If, after having been afforded the opportunity to demonstrate or achieve compliance, the Board determines that the State has not done so, notice of the Board's intention to revoke such exemption shall be published as a notice of proposed rule making in the FEDERAL REGISTER. A period of time will be allowed from the date of such publication for the Board to receive written comments from interested persons with respect to the proposed rule making.

(4) In the event of revocation of such exemption, notice of such revocation shall be published by the Board in the FEDERAL REGISTER, and a copy of such notice shall also be furnished to the appropriate State official and to the Federal authorities responsible for enforcement of requirements of Chapter 2 of the Act, and the class of transactions affected within that State shall then be subject to the requirements of Chapter 2 of the Act and subject to administrative enforcement as provided under section 108 of the Act.

2a. The amendments implement Title V of an Act (Public Law 91-508) dealing with Bank Records and Foreign Transactions; Credit Cards; and Consumer Credit Reporting. Title V is an amendment to the Truth in Lending Act (15 U.S.C. 1601). It prohibits the issuance of unsolicited credit cards and limits cardholder liability for unauthorized use to \$50. Section 226.1 *Authority, scope, purpose, etc.* of the Regulation has been amended to indicate the addition of the new credit card provisions. Section 226.12 specifies that States may apply for an exemption from the Federal law for any class of transactions which is subject to substantially similar requirements under State law where there is adequate provision for enforcement. The procedures and criteria for exemption are set forth in new Supplement IV. Exemptions from the provisions of Chapter 2 of the Act relating to issuance of credit cards and cardholder liability will be separate and apart from exemptions from the disclosure and rescission provisions of Chapter 2.

The credit card provisions dealing with issuance and liability are in the new § 226.13. The statutory provisions have been incorporated into the amendment so that it may be used by affected parties as a single source of the requirements of both Title V and the regulation.

Section 226.13(a)(6) which defines a "credit card" specifies that it is a "single device existing for the purpose of being used from time to time upon presentation to obtain money, property, labor or services on credit." The definition is designed to make it clear that applications, notes, checks, drafts, gift certificates, and similar devices which cannot be used from time to time are not within the definition. Section 226.13(b)(2) has been clarified to permit the renewal or substitution of a credit card "whether such card is issued by the same or a successor card issuer." The proposed regulations issued for comment on November 24, 1970, restricted the method which must be provided by the card issuer for identification of the card user to "signature, photograph or

³ All transactions within the exempt class of transactions in which a federally chartered institution is a creditor shall be treated as a separate class of transactions not subject to the exemption, and such federally chartered creditors shall remain subject to the requirements of the Act and administrative enforcement by the appropriate Federal authority under section 108 of the Act, unless it is established to the satisfaction of the Board that appropriate arrangements have been made with such Federal authorities to assure effective enforcement of the requirements of State laws with respect to such creditors.

Title 13—BUSINESS CREDIT AND ASSISTANCE

Chapter I—Small Business Administration

[Rev. 9, Amdt. 12]

PART 121—SMALL BUSINESS SIZE STANDARDS

Definition of Small Manufacturer of Refined Petroleum Products for Purpose of Government Procurement; Correction

In F.R. Doc. 71-188 published on January 7, 1971 (36 F.R. 213), "Schedule F" referred to in amendment 2 should have read "Schedule G."

Dated: January 14, 1971.

EINAR JOHNSON,
Acting Administrator.

[FR Doc.71-899 Filed 1-21-71; 8:48 am]

[Rev. 9, Amdt. 13]

PART 121—SMALL BUSINESS SIZE STANDARDS

Formal Procedures To Govern Proceedings of the Size Appeals Board

On November 3, 1970, there was published in the FEDERAL REGISTER (35 F.R. 16939) a notice that the Administrator of the Small Business Administration proposed to amend Part 121 of Chapter I of Title 13 of the Code of Federal Regulations to provide formal rules to govern review proceedings of the Size Appeals Board.

The proposed rules were fully set forth and interested persons were given 15 days in which to file written statements, opinions, or arguments thereon.

On consideration of all relevant matter concerning the proposal, it has been determined to amend the regulation as proposed in the notice. Section 121.3-6 of Part 121 of Chapter I of Title 13 of the Code of Federal Regulations is hereby revised to read as follows:

§ 121.3-6 Appeals.

(a) *Organization.* The Size Appeals Board shall review appeals from size determinations made pursuant to §§ 121.3-4 and 121.3-5 and from product classifications made pursuant to §§ 121.3-8 and 121.3-10 and shall make recommendations to the Administrator whether such determinations or classifications should be affirmed, reversed, or modified. Size Appeals Board proceedings are essentially fact-finding and nonadversary in nature. The Size Appeals Board shall conduct such proceedings as it determines appropriate to enable it to discharge its duties.

(1) The Size Appeals Board shall consist of four members, to wit: The Deputy Administrator (Chairman), the Associate Administrator for Procurement and

Management Assistance, the Associate Administrator for Financial Assistance, and the Assistant Administrator for Planning, Research and Analysis.

(2) Each member of the Size Appeals Board may, in writing, designate one or more alternates to serve in his stead in the event of absence or disability.

(b) *Method of appeal.*—(1) *Who may appeal.* An appeal may be filed by:

(i) Any concern or other interested party which has protested the small business status of another concern pursuant to § 121.3-5 and whose protest has been denied by an Area Administrator or his delegatee;

(ii) Any concern or other interested party which has been adversely affected by a decision of an Area Administrator or his delegatee pursuant to §§ 121.3-4 and 121.3-5;

(iii) Any concern or other interested party which has been adversely affected by a decision of a Contracting Officer regarding product classification pursuant to § 121.3-8; and

(iv) The Small Business Administration Associate Administrator for the Small Business Administration program involved.

(2) *Where to appeal.* Written notices of appeal shall be addressed to the Chairman, Size Appeals Board, Small Business Administration, Washington, D.C. 20416.

(3) *Time for appeal.* (1) An appeal from a size determination or product classification by an Area Administrator, or his delegatee, may be taken at any time, except that because of the urgency of pending procurements, appeals concerning the small business status of a bidder or offeror in a pending procurement may be taken within five (5) days, exclusive of Saturdays, Sundays, and legal holidays, after receipt of a decision by an Area Administrator or his delegatee. Unless written notice of such appeal is received by the Size Appeals Board before the close of business on the fifth day, the appellant will be deemed to have waived its rights of appeal insofar as the pending procurement is concerned.

(ii) An appeal from a product classification determination by a Contracting Officer may be taken: (a) Not less than 10 days, exclusive of Saturdays, Sundays, and legal holidays, before bid opening day or deadline for submitting proposals or quotations, in cases wherein the bid opening date or last date to submit proposals or quotations is more than 30 days after the issuance of the invitation for bids or request for proposals or quotations, or (b) not less than (5) days, exclusive of Saturdays, Sundays, and legal holidays, before the bid opening day or deadline for submitting proposals or quotations, in cases wherein the bid opening date or last date to submit proposals or quotations is 30 or less days after the issuance of the invitation for bids or request for proposals or quotations, and

(iii) The timeliness of an appeal under subdivisions (1) and (ii) of this subparagraph shall be determined by the

fingerprint on the credit card or by electronic or mechanical confirmation." Section 226.13(d) has been modified to indicate that these are examples of acceptable identification methods but that others may be sufficient.

Section 226.13(e) has been expanded to generally indicate the information which the card issuer must provide the cardholder when he notifies him of his potential liability as required in order to hold the cardholder liable for unauthorized use. The addition emphasizes that the notice form set forth in the provision need not be used, and that the creditor may draft his own notice as long as it contains the required information. Section 226.13(c) (3) provides that in order to recover for unauthorized use, the card issuer must have provided the notice to the cardholder on the credit card or within the preceding 2 years. Section 226.13(f) provides that cardholder notice of loss, theft or possible unauthorized use "by mail, telegram, radiogram, cablegram, or other written communication shall be considered given at the time of receipt or, whether or not received, at the expiration of the time ordinarily required for transmission, whichever is the earlier." The 2-year record retention requirement contained in the proposal issued for comment has been deleted.

b. The amendment to § 226.12, and Supplement IV were adopted by the Board without following the procedures of section 553 of title V, United States Code, relating to notice, public participation, and deferred effective date. The substance of both had been previously published for comment in connection with the issuance of Supplement II dealing with exemption from disclosure and rescission provisions of the Truth in Lending Act. In view of this, such procedures would result in delay that would serve no useful purpose.

The amendment to § 226.1 was also adopted without following these procedures. Since this amendment only indicates the presence of the credit card provisions in the regulation, it involves no change in a substantive rule and further delay would serve no useful purpose.

The provisions of § 226.13 were adopted after consideration of all relevant material, including communications from interested persons. The effective date of the amendment was deferred for less than the 30-day period referred to in section 553(d) of title V, United States Code to become effective on January 25, 1971. In view of the fact that all applicable statutory provisions will be in effect on January 25, 1971, deferral beyond that date would create uncertainties as to the requirements during the interim period.

By order of the Board of Governors, January 19, 1971.

[SEAL]

KENNETH A. KENYON,
Deputy Secretary.

[FR Doc.71-973 Filed 1-21-71; 8:51 am]