

Publications

Financial Services Alert: Regulations Prohibiting Class Action Waivers Published in Federal Register

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On May 24, 2016 the Consumer Financial Protection Bureau's (CFPB) proposed arbitration rule was published in the Federal Register. The proposed rule would: (1) prohibit class action waivers in pre-dispute arbitration agreements; and (2) require a provider to submit records from individual arbitrations to the CFPB. The proposed rule would apply to consumer financial products including credit cards, general purpose reloadable prepaid cards, checking accounts and certain types of loans.

Through Dodd-Frank, the CFPB is empowered to issue regulations that "prohibit or impose conditions or limitations on the use of an agreement between a covered person and a consumer for a consumer financial product or service providing for arbitration of any future dispute between the parties." However, the regulations must be "in the public interest and for the protection of consumers," and "consistent with" the CFPB's March 10, 2015 study into the use of arbitration agreements. 12 U.S.C. §5518. The CFPB initially announced the proposed rule on May 5, 2016. Since then, there has already been one Congressional hearing and abundant commentary questioning whether these requirements have been met by the proposed rule. Read more at: [publications-1717.html](#) and [publications-1739.html](#)

Comments on the proposed rule must be received on or before August 22, 2016, and can be submitted by e-mail, electronically through a government website, by mail, or by hand delivery/courier. All submissions should include the agency name (Consumer Financial Protection Bureau) and docket number (CFPB-2016-0020) or Regulatory Information Number (3170-AA51). All comments become part of the public record and are subject to public disclosure.

If you have questions about the proposed regulations or related issues, please contact: Jeffery Smith (Columbus 614.464.5436); Lisa Babish Forbes (Cleveland 216.479.6105); Rodney Holaday (Columbus 614.464.8356); Chris Santagate (614.464.5477); or your Vorys lawyer.