

Client Alert.

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CFPB Issues Proposed Rule Defining “Larger Participants” for Certain Consumer Financial Markets

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Earlier today, the Consumer Financial Protection Bureau (“CFPB”) issued a proposed rule defining certain “larger participants” in nonbank markets for consumer financial products or services. The proposed rule is the first in a series of rulemakings defining larger participants in consumer financial markets. Specifically, the proposed rule only applies to debt collector and consumer reporting agency markets. In selecting these two markets for its initial rulemaking, the CFPB noted the considerable impact that debt collectors and consumer reporting agencies have on American consumers.

The proposed rule defines “larger participants” of the covered markets in terms of the annual receipts of the participant for the covered activities. The CFPB’s cited rationale for this criterion is “because it approximates market participation in these two markets.” The CFPB further noted that subsequent rulemakings covering additional markets may use different criteria as appropriate for each market. With regard to debt collectors, a collector with annual receipts of more than \$10 million would be subject to supervision. The CFPB estimated that this would subject approximately 175 firms, comprising 4% of debt collection firms and 63% of annual receipts, to CFPB supervision. The threshold triggering supervision for consumer reporting agencies would be \$7 million under the proposed rule. According to the CFPB, this would subject 30 consumer reporting agencies that receive approximately 94% of the annual receipts generated by consumer reporting to CFPB supervision.

The comment period on the proposed rule will be open for 60 days from the date of publication of the proposed rule in the *Federal Register*.

PRESS RELEASE

<http://www.consumerfinance.gov/pressrelease/consumer-financial-protection-bureau-proposes-rule-to-supervise-larger-participants-in-consumer-debt-collection-and-consumer-reporting-markets/>

PROPOSED RULE

http://www.consumerfinance.gov/wp-content/uploads/2012/02/20120216_cfpb_larger-participants-NPRM-as-submitted.pdf

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