

# The true value of a change notice

## Why send a change notice?

Regulation changes often require change notices to be sent to account holders. New or amended laws are not the only reasons that trigger a change notice. Numerous situations arise where a financial institution may desire or have an obligation to send a change notice. Among them are industry trends, policy changes, case law rulings, and acquisitions or mergers.

Sending a change notice can protect an institution by:

### 1 Maintaining consistency in the process by adopting a single policy and procedure

A financial institution that does not notify existing account holders of a change will have different subsets of clients with inconsistent rules that govern their accounts. This institution will have to manage those different rules or risk a breach of contract where potential UDAAP violations could arise.



*In 2016, a Texas court ruled that the previous version of their disclosure applied since the bank could not prove it had sent the customer a notice of change to their account agreement. The new version contained provisions that would have been favorable to the bank during the dispute.*

### 2 Eliminating the need to validate the contract version or terms an account owner last received

Managing different rules can be difficult or logistically impossible if a financial institution can not identify which account holders are under which version of disclosures. They will also need to keep records to “prove” the rules for each account.

### 3 Having the benefits of the most current content applied to all accounts

Content changes are designed to provide a more robust disclosure for a financial institution. For example, by addressing industry developments, legal and regulatory demands, customer enhancement requests, and evolving technology, this institution can be protected from litigation in the future.

### 4 Preserving the institution's reputation in the communities they serve

Lawsuits and disputes can and often do significantly impact a financial institution's perceived reputation within the communities they serve. No institution is too large or small to be affected by negative publicity



## What can happen if a financial institution decides not to send a change notice?



The institution can be cited and fined for violating regulatory requirements



Cause an institution to lose the increased protection and benefits the new content would provide



Jeopardize the Wolters Kluwer warranty if there are any claims or disputes against changed content without notification

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## What are some other things to consider?

Documentation of the rules that govern each account can be painful to implement and maintain. Financial institutions must ensure appropriate policies and procedures are applied to the relevant account holders based on the most current disclosure.

It's not as simple as knowing that agreement A applies to specific accounts and agreement B applies to others. Financial institutions must use the different rules for the appropriate account holders in real time. Some changes can affect their operations, requiring them to identify which rules apply to which accounts in real time. Some may also require their staff to implement and manage separate procedures based on the additional disclosures provided at different times.

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## How can financial institutions license change notice content?

If the disclosure is Wolters Kluwer content, a financial institution must obtain an appropriate license to send a change notice to their account holders. They should contact their Wolters Kluwer Sales Representative to verify if they already have the proper licensing or obtain all their licensing options. If they need help getting the appropriate contact information, they can contact customer support at 800-552-9410 Extension 1123652.



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### About Wolters Kluwer Financial & Corporate Compliance

Wolters Kluwer (EURONEXT: WKL) is a global leader in information solutions, software and services for professionals in healthcare; tax and accounting; financial and corporate compliance; legal and regulatory; corporate performance and ESG. We help our customers make critical decisions every day by providing expert solutions that combine deep domain knowledge with technology and services.

Wolters Kluwer reported 2024 annual revenues of €5.9 billion. The group serves customers in over 180 countries, maintains operations in over 40 countries, and employs approximately 21,600 people worldwide. The company is headquartered in Alphen aan den Rijn, the Netherlands.

Wolters Kluwer shares are listed on Euronext Amsterdam (WKL) and are included in the AEX, Euro Stoxx 50, and Euronext 100 indices. Wolters Kluwer has a sponsored Level 1 American Depositary Receipt (ADR) program. The ADRs are traded on the over-the-counter market in the US (WTKWY).

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