

111<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 5199

To authorize the Board of Governors of the Federal Reserve System to promulgate regulations regarding interchange transaction fees and to amend the Truth in Lending Act to prohibit certain restrictions put in place by credit card networks.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 4, 2010

Mr. WELCH introduced the following bill; which was referred to the Committee on Financial Services

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## A BILL

To authorize the Board of Governors of the Federal Reserve System to promulgate regulations regarding interchange transaction fees and to amend the Truth in Lending Act to prohibit certain restrictions put in place by credit card networks.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Electronic Check Par-  
5 ity Act of 2010”.

1 **SEC. 2. REGULATORY AUTHORITY OF THE BOARD OF GOV-**  
2 **ERNORS OF THE FEDERAL RESERVE SYSTEM**  
3 **FOR ELECTRONIC DEBIT TRANSACTIONS.**

4 (a) FINDING.—The Congress finds that electronic  
5 debit transactions serve as a functional replacement for  
6 check transactions.

7 (b) RULEMAKING.—

8 (1) IN GENERAL.—The Board shall have au-  
9 thority to promulgate rules regarding any inter-  
10 change transaction fee that is charged with respect  
11 to an electronic debit transaction.

12 (2) CONSIDERATIONS.—Rules promulgated by  
13 the Board pursuant to paragraph (1) shall be based  
14 on—

15 (A) historic policies implemented by the  
16 Board that have ensured that checks clear at  
17 par; and

18 (B) the Congressional finding under sub-  
19 section (a) that electronic debit transactions  
20 serve as a functional replacement for check  
21 transactions.

22 (c) EXEMPTIONS.—The Board may exempt financial  
23 institutions, including those regulated by the National  
24 Credit Union Administration, that, together with affili-  
25 ates, have assets of less than \$1,000,000,000 from the

1 rules promulgated by the Board pursuant to subsection  
2 (b).

3 (d) DEFINITIONS.—For purposes of this section:

4 (1) BOARD.—The term “Board” means the  
5 Board of Governors of the Federal Reserve System.

6 (2) ELECTRONIC DEBIT TRANSACTION.—The  
7 term “electronic debit transaction” means a trans-  
8 action in which a person uses a debit card or other  
9 device that has been approved for use in a payment  
10 card network to debit an account for the purpose of  
11 transferring money between accounts or obtaining  
12 goods or services.

13 (3) INTERCHANGE TRANSACTION FEE.—The  
14 term “interchange transaction fee” means any fee  
15 established, charged, or received by an issuer or a  
16 payment card network on a per-transaction basis  
17 that has been established for the purpose of compen-  
18 sating the issuer or payment card network for its  
19 role in authorizing, clearing, settling, or otherwise  
20 processing an electronic debit transaction.

21 (4) ISSUER.—The term “issuer” means a finan-  
22 cial institution that issues cards or other devices  
23 that have been approved for use in a payment card  
24 network.

1           (5) PAYMENT CARD NETWORK.—The term  
 2           “payment card network” means an entity that di-  
 3           rectly, or through licensed members, processors, or  
 4           agents, provides the proprietary services, infrastruc-  
 5           ture and software that route information and data  
 6           to conduct transaction authorization, clearance and  
 7           settlement, and that a person is required to access  
 8           in order to accept a specific brand of credit card,  
 9           debit card, prepaid card or similar device as a form  
 10          of payment.

11 **SEC. 3. LIMITATION ON CREDIT CARD NETWORK RESTRICTI-**  
 12    **CTIONS.**

13          (a) IN GENERAL.—Chapter 2 of the Truth in Lend-  
 14          ing Act (15 U.S.C. 1631 et seq.) is amended by adding  
 15          at the end the following new section:

16 **“§ 140B. Limitation on credit card network restric-**  
 17    **tions.**

18          “(a) IN GENERAL.—A credit card network may not,  
 19          directly or through any agent, processor, or licensed mem-  
 20          ber of the network, by contract or otherwise, inhibit the  
 21          ability of any person—

22                 “(1) to set a minimum or maximum dollar  
 23          value for such person’s acceptance of any form of  
 24          payment; or

1           “(2) to offer a discount, benefit, or anything  
2           else of value to customers in order to create an in-  
3           centive for customers to pay such person using a  
4           form of payment that carries lower transaction fees  
5           or costs for such person.

6           “(b) CREDIT CARD NETWORK DEFINED.—For pur-  
7           poses of this section, the term ‘credit card network’ means  
8           an entity that directly, or through licensed members, proc-  
9           essors, or agents, provides the proprietary services, infra-  
10          structure, and software that route information and data  
11          to facilitate transaction authorization, clearance, and set-  
12          tlement that a person must access in order to accept a  
13          specific brand of general-purpose credit card as payment  
14          for goods or services.”.

15          (b) CLERICAL AMENDMENT.—The table of sections  
16          for chapter 2 of the Truth in Lending Act is amended  
17          by inserting after the item relating to section 140A the  
18          following new item:

“140B. Limitation on credit card network restrictions”.

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