

111TH CONGRESS  
1ST SESSION

# H. R. 2382

To amend the Truth in Lending Act to prohibit unfair practices in electronic payment system networks, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

MAY 13, 2009

Mr. WELCH (for himself, Mr. SHUSTER, Mr. BARROW, Mr. CARNEY, Mr. ELLISON, Mr. KAGEN, Ms. ZOE LOFGREN of California, and Mr. PLATTS) introduced the following bill; which was referred to the Committee on Financial Services

---

## A BILL

To amend the Truth in Lending Act to prohibit unfair practices in electronic payment system networks, and for other purposes.

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 “Credit Card Inter-  
5 change Fees Act of 2009”.

1 **SEC. 2. PROHIBITION ON CERTAIN UNFAIR CREDIT AND**  
2 **FUND TRANSFER PRACTICES.**

3 (a) IN GENERAL.—The Truth in Lending Act (15  
4 U.S.C. 1601 et seq.) is amended by adding at the end  
5 the following new chapter:

6 **“CHAPTER 6—PROHIBITION ON UNFAIR**  
7 **PRACTICES IN ELECTRONIC PAYMENT**  
8 **SYSTEM NETWORKS**

“Sec. 191. Definitions.

“Sec. 192. Additional charges on merchants and consumers for premium pay-  
ment cards prohibited.

“Sec. 193. Certain creditor or credit card network-imposed restrictions on mer-  
chants prohibited.

“Sec. 194. Fair and transparent transactions.

“Sec. 195. Enforcement.

9 **“SEC. 191. DEFINITIONS.**

10 “For purposes of this title, the following definitions  
11 shall apply:

12 “(1) CHARGE CARD.—The term charge card  
13 has the same meaning as in section 127(c)(4)(E).

14 “(2) DEBIT CARD.—The term ‘debit card’  
15 means any card or other device issued by a financial  
16 institution (as defined in section 903(8)) to a con-  
17 sumer for use in initiating electronic fund transfers  
18 (as defined in section 903(6)) from the account of  
19 the consumer at such financial institution for the  
20 purpose of transferring money between accounts or  
21 obtaining money, property, labor, or services.

1           “(3) ELECTRONIC PAYMENT SYSTEM NET-  
2 WORK.—The term ‘electronic payment system net-  
3 work’ means a network that provides, through li-  
4 censed members, processors, or agents—

5           “(A) for the issuance of payment cards (by  
6 credit card issuers in the case of a credit card,  
7 charge card issuers in the case of a charge  
8 card, or financial institutions (as defined in sec-  
9 tion 903(8)) in the case of debit cards) bearing  
10 any logo of the network;

11           “(B) the proprietary services and infra-  
12 structure that route information and data to fa-  
13 cilitate transaction authorization, clearance, and  
14 settlement that merchants must access in order  
15 to accept payment cards bearing any logo of the  
16 network as payment for goods and services; and

17           “(C) for the screening and acceptance of  
18 merchants into the network in order to allow  
19 such merchants to accept payment cards bear-  
20 ing any logo of the network as payment for  
21 goods and services.

22           “(4) LICENSED MEMBER.—The term ‘licenced  
23 member’, in connection with any electronic payment  
24 system network, includes—

1           “(A) any creditor or charge card issuer  
2 that is authorized to issue credit cards or  
3 charge cards bearing any logo of the network;

4           “(B) any financial institution (as defined  
5 in section 903(8)) that is authorized to issue  
6 debit cards to consumers who maintain ac-  
7 counts at such institution; and

8           “(C) any person, including any financial  
9 institution, on occasion referred to as an  
10 ‘acquirer’ that is authorized—

11           “(i) to screen and accept merchants  
12 into any program under which any pay-  
13 ment card bearing any logo of such net-  
14 work may be accepted by the merchant for  
15 payment for goods or services;

16           “(ii) to process transactions on behalf  
17 of any such merchant for payment; and

18           “(iii) to complete financial settlement  
19 of any such transaction on behalf of such  
20 merchant.

21           “(5) MERCHANT.—The term ‘merchant’ means  
22 any person in the business of selling or providing  
23 any good or service for consideration.

1           “(6) PAYMENT CARD.—The term ‘payment  
2           card’ means a credit card, a charge card, or a debit  
3           card.

4   **“SEC. 192. ADDITIONAL CHARGES ON MERCHANTS AND**  
5                           **CONSUMERS FOR PREMIUM PAYMENT CARDS**  
6                           **PROHIBITED.**

7           “(a) IN GENERAL.—An electronic payment system  
8           network may not, directly or through any agent, processor,  
9           or licensed member of the network, require or permit any  
10          merchant to pay any interchange, processing, or other fee  
11          in connection with any payment card transaction initiated  
12          through a premium payment card in any amount in excess  
13          of the amount of any such interchange, processing, or  
14          other fee that would be imposed in connection with such  
15          payment card transactions if initiated through a nonpre-  
16          mium payment card.

17          “(b) PREMIUM DEFINITION.—For purposes of sub-  
18          section (a), the following definitions shall apply:

19                 “(1) PREMIUM PAYMENT CARD.—The term  
20                 ‘premium payment card’ means a payment card that  
21                 provides rewards or other cardholder benefits or  
22                 services for the use of the card other than those ben-  
23                 efits offered to any customer within the electronic  
24                 payment system network.

1           “(2) NONPREMIUM PAYMENT CARD.—The term  
2           ‘nonpremium payment card’ means a payment card  
3           bearing any logo of an electronic payment system  
4           network that is not a premium payment card.

5   **“SEC. 193. CERTAIN CREDITOR OR CREDIT CARD NET-**  
6                   **WORK-IMPOSED RESTRICTIONS ON MER-**  
7                   **CHANTS PROHIBITED.**

8           “(a) PRICING DISPLAY RESTRICTIONS.—With re-  
9           spect to any credit card which may be used for extensions  
10          of credit through an electronic payment system network  
11          in connection with sales transactions in which the mer-  
12          chant is a person other than the card issuer, the electronic  
13          payment system network may not, directly or through any  
14          agent, processor, or licensed member of the network, by  
15          contract, or otherwise, restrict the merchant’s discretion  
16          as to how to display or advertise the merchant’s prices.

17          “(b) HONOR ALL CARDS RULE.—An electronic pay-  
18          ment system network may not, directly or through any  
19          agent, processor, or licensed member of the network, pro-  
20          hibit any merchant that otherwise accepts payment cards  
21          bearing any logo of the network from refusing to accept  
22          any particular type of card due to its cost, except that  
23          the seller may be prohibited from refusing to accept a pay-  
24          ment card issued by a particular creditor or financial insti-  
25          tution without respect to any cost differences.

1           “(c) STEERING CONSUMERS.—An electronic payment  
2 system network may not, directly or through any agent,  
3 processor, or licensed member of the network, by contract,  
4 or otherwise, inhibit the ability of any merchant to direct  
5 consumers to the merchant’s preferred form of payment.

6           “(d) SINGLE ENTITY RULE.—An electronic payment  
7 system network may not, directly or through any agent,  
8 processor, or licensed member of the network, by contract,  
9 or otherwise, require any merchant to accept payment  
10 cards at 1 or more business locations in order to be able  
11 to accept payment cards at another business location.

12           “(e) CHARGEBACKS FOR TRANSACTIONS ON CERTAIN  
13 POS TERMINALS THAT EXCEED THE ALLOWABLE  
14 AMOUNT ON SUCH DEVICES.—An electronic payment sys-  
15 tem network may not, directly or through any agent, proc-  
16 essor, or licensed member of the network, by contract, or  
17 otherwise, allow or require a chargeback to any merchant  
18 for any payment involving any payment and transfer initi-  
19 ated by the consumer at a point-of-sale terminal operated  
20 by the merchant on the basis that the amount of the trans-  
21 action exceeded any preauthorized or predetermined  
22 amount for such terminal.

23           “(f) MERCHANTS PERMITTED TO ESTABLISH MIN-  
24 IMUM OR MAXIMUM AMOUNTS FOR PAYMENT BY PAY-  
25 MENT CARDS.—An electronic payment system network

1 may not, directly or through any agent, processor, or li-  
2 censed member of the network, by contract, or otherwise,  
3 prohibit any merchant from setting any maximum amount  
4 or minimum amount for the use of a payment card bearing  
5 any logo of such network by a consumer to pay for a trans-  
6 action with such merchant.

7 “(g) RESTRICTIONS ON NETWORK ROUTING PROHIB-  
8 ITED.—An electronic payment system network may not,  
9 directly or through any agent, processor, or licensed mem-  
10 ber of the network, by contract, or otherwise, prohibit any  
11 merchant from directing the routing of payment card  
12 transactions for processing in the way chosen by the mer-  
13 chant.

14 “(h) PROHIBITION ON ANY MINIMUM REQUIREMENT  
15 FOR NUMBER OF TRANSACTIONS.—An electronic payment  
16 system network may not, directly or through any agent,  
17 processor, or licensed member of the network, by contract,  
18 or otherwise—

19 “(1) impose a requirement on any merchant to  
20 meet any minimum number of transactions, in any  
21 period, in which the consumers pay for such trans-  
22 actions using a payment card bearing any logo of  
23 such network; or

24 “(2) impose a fee on, or take any other action  
25 that is adverse to the interests of, a merchant for



1 the failure of the merchant to meet any minimum  
2 number of such transactions in any period.

3 **“SEC. 194. FAIR AND TRANSPARENT TRANSACTIONS.**

4 “(a) DISCLOSURE OF CONTRACT TERMS.—An elec-  
5 tronic payment system network, and any agent, processor,  
6 or licensed member of the network, may not establish or  
7 maintain, directly or indirectly by contract or through a  
8 licensing arrangement, any agreement with a merchant,  
9 unless the network, agent, processor, or licensed member  
10 has made available to the merchant all of the rules, terms,  
11 and conditions to which such merchant will be bound  
12 under such agreement, including the complete operating  
13 rules of the relevant payment system using payment cards  
14 bearing any logo of such network, without restrictions on  
15 the merchant’s use of any such information.

16 “(b) REVIEW OF RULES, TERMS, AND AGREE-  
17 MENTS.—The Federal Trade Commission shall—

18 “(1) prescribe regulations to—

19 “(A) ensure that all of the rules, terms,  
20 and conditions to which a merchant or con-  
21 sumer is subject under an agreement with an  
22 electronic payment system network, or any  
23 agent, processor, or licensed member of the net-  
24 work, directly or indirectly, by contract or  
25 through a licensing arrangement, are not unfair

1 or deceptive to consumers and merchants and  
2 are not anticompetitive; and

3 “(B) prohibit any unfair or deceptive act  
4 or practice or anticompetitive act or practice  
5 that may otherwise be permitted under or result  
6 from any rule, term, or condition described in  
7 subparagraph (A); and

8 “(2) regularly review all of the rules, terms, and  
9 conditions described in paragraph (1)(A) established  
10 by each electronic payment system network, or any  
11 agent, processor, or licensed member of the network.

12 “(c) INTERCHANGE AND OTHER FEES.—

13 “(1) COLLECTION AND DISSEMINATION OF IN-  
14 FORMATION.—The Board shall collect, publish, and  
15 disseminate to the public—

16 “(A) complete information on the inter-  
17 change, processing and other fees charged by  
18 each electronic payment system network, or any  
19 agent, processor, or licensed member of the net-  
20 work, in connection with any aspect of trans-  
21 actions initiated by consumers using payment  
22 cards bearing any logo of such network, includ-  
23 ing fees imposed by the payment card issuer in  
24 connection with any such transaction; and

1           “(B) all of the rules, terms, and conditions  
2           to which a merchant or a consumer is subject  
3           under an agreement with an electronic payment  
4           system network, or any agent, processor, or li-  
5           censed member of the network, directly or indi-  
6           rectly by contract or through a licensing ar-  
7           rangement for transactions indicated by con-  
8           sumers using payment cards bearing any logo  
9           of such network.

10           “(2) REGULATIONS.—For purposes of this sub-  
11           section, the Board may prescribe regulations and  
12           issue orders requiring any electronic payment system  
13           network, and any agent, processor, or licensed mem-  
14           ber of any such network, to submit any information,  
15           including rules, agreements, and contracts, that the  
16           Board determines to be necessary or appropriate for  
17           the Board to meet the requirements of paragraph  
18           (1).

19           **“SEC. 195. ENFORCEMENT.**

20           “Subsections (a), (b), and (h) of section 130 shall be  
21           applied for purposes of this chapter by substituting the  
22           term ‘an electronic payment system network, or any agent,  
23           processor, or licensed member of any such network’ for  
24           ‘creditor’ each place such term appears in such sub-  
25           sections.”.

1 (b) TECHNICAL AND CONFORMING AMENDMENTS.—

2 (1) Section 127(a) of the Truth in Lending Act  
3 (U.S.C. 1637(a)) is amended by inserting after  
4 paragraph (8) the following new paragraph:

5 “(9) In the case of any account under which a  
6 credit card issued in connection with the account  
7 bears the logo of any electronic payment system net-  
8 work, the amounts of any fees charged by the net-  
9 work, or any agent, processor, or licensed member of  
10 the network, in connection with any aspect of trans-  
11 actions initiated by the consumers using such credit  
12 card, including any interchange, processing, or other  
13 fees.”.

14 (2) Section 127(b) of the Truth in Lending Act  
15 (U.S.C. 1637(b)) is amended by adding at the end  
16 the following new paragraph:

17 “(13) In the case of any account under which  
18 a credit card issued in connection with the account  
19 bears the logo of any electronic payment system net-  
20 work, if any fee was charged by the network, or any  
21 agent, processor, or licensed member of the network,  
22 in connection with any aspect of a transaction which  
23 resulted in an extension of credit reported on such  
24 statement, the amount of such fee, including any  
25 interchange, processing, or other fee.”.

1           (3) Section 127(c)(1)(A) of the Truth in Lend-  
2           ing Act (U.S.C. 1637(c)(1)(A)) is amended by add-  
3           ing at the end the following new clause:

4                   “(v) INTERCHANGE AND OTHER  
5                   FEES.—In the case of an application or so-  
6                   licitation to open an account under which  
7                   a credit card issued in connection with the  
8                   account would bear the logo of any elec-  
9                   tronic payment system network, the  
10                  amounts of any fees charged by the net-  
11                  work, or any agent, processor, or licensed  
12                  member of the network, in connection with  
13                  any aspect of any transaction initiated by  
14                  the consumer using such credit card, in-  
15                  cluding any interchange, processing, or  
16                  other fees.”.

17           (4) Section 127(c)(4)(A) of the Truth in Lend-  
18           ing Act (U.S.C. 1637(c)(4)(A)) is amended by add-  
19           ing at the end the following new clause:

20                   “(iv) In the case of an application or  
21                   solicitation to open an account under  
22                   which a charge card issued in connection  
23                   with the account would bear the logo of  
24                   any electronic payment system network,  
25                   the amounts of any fees charged by the

1 network, or any agent, processor, or li-  
2 censed member of the network, in connec-  
3 tion with any aspect of transactions initi-  
4 ated by the consumer using such charge  
5 card, including any interchange, proc-  
6 essing, or other fees.”.

7 (5) Section 130(a) of the Truth in Lending Act  
8 (U.S.C. 1640(a)) is amended by striking “chapter 4  
9 or 5” and inserting “chapter 4, 5, or 6”.

10 (6) Section 130(b) of the Truth in Lending Act  
11 (U.S.C. 1640(b)) is amended by inserting “or 6”  
12 after “chapter 5”.

13 (7) Section 130(g) of the Truth in Lending Act  
14 (U.S.C. 1640(g)) is amended by striking “chapter 4  
15 or 5” and inserting “chapter 4, 5, or 6”.

16 (8) Section 906(c) of the Electronic Fund  
17 Transfer Act (U.S.C. 1693d(c)) is amended—

18 (A) in paragraph (3), by striking “and”  
19 after the semicolon at the end;

20 (B) in paragraph (4), by striking the pe-  
21 riod at the end and inserting “; and”; and

22 (C) by adding at the end the following new  
23 paragraph:

24 “(5) in the case of an account under which an  
25 electronic fund transfer may be initiated by the con-

1       sumer by means of any card or other device issued  
2       by the financial institution which bears the logo of  
3       any electronic payment system network, if any fee  
4       was charged by the network, or any agent, proc-  
5       essor, or licensed member of the network, in connec-  
6       tion with any aspect of a transaction which resulted  
7       in an electronic fund transfer reported on such  
8       statement, the amount of such fee, including any  
9       interchange, processing, or other fee.”.

10       (c) CLERICAL AMENDMENT.—The table of chapters  
11 for the Truth in Lending Act is amended by inserting  
12 after the item relating to chapter 5 the following new item:

“6. PROHIBITION ON UNFAIR PRACTICES IN ELECTRONIC PAYMENT SYSTEM  
NETWORKS.....191”.

