

SCHWARTZ & BALLEN LLP
1990 M STREET, N.W. • SUITE 500
WASHINGTON, DC 20036-3465
WWW.SCHWARTZANDBALLEN.COM

TELEPHONE
(202) 776-0700

FACSIMILE
(202) 776-0720

M E M O R A N D U M

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To Our Clients and Friends

Re: Effective Date of CARD Act Prepaid Product Provisions

Congress has passed H.R. 5502, which would extend the effective date of certain disclosure requirements for gift certificates, store gift cards or general-use prepaid cards (“prepaid products”) under the Credit Card Accountability Responsibility and Disclosure Act of 2009 (the “CARD Act”) until January 31, 2011, for prepaid products produced prior to April 1, 2010. It is expected that the President will sign the Act shortly.

The Act delays the effective date of the CARD Act amendments to the Electronic Fund Transfer Act for prepaid products produced before April 1, 2010, provided the issuer does not impose fees unless it complies with the CARD Act prohibitions on fees or charges, does not impose an expiration date on the funds, issues replacement cards/certificates at no cost, and provides disclosures until January 31, 2013 regarding the foregoing to consumers via in-store signage, customer service calls, web sites and general advertising. The Act does not apply to devices excluded from the CARD Act provisions, such as loyalty, award or promotional cards.

The original effective date for these provisions was to be August 22, 2010. Other rules regarding prepaid products promulgated by the Federal Reserve will go into effect August 22, 2010.

A copy of the Act can be found on our web site at
<http://www.schwartzandballen.com/news.html>.

If you have any questions, please call Gilbert Schwartz, Robert Ballen, Tom Fox or Heidi Wicker at (202) 776-0700.