

REMINDER: New Credit Card Regulations Take Effect Today; Gift and Debit Card Rules to Follow

February 22, 2010

Major provisions of a new law related to credit and gift cards take effect today. The [Credit CARD Act](#), which was signed by President Obama in [May 2009](#), marked the culmination of [several legislative efforts](#) to reform certain practices of card issuers. The law provisions related to credit cards, discussed in this [Kelley Drye client advisory](#), are comprehensive and include new restrictions and requirements related to, among other things, rates, fees, billing and payment practices, disclosures and marketing, as well as additional rules specific to young consumers and college students.

The Act directed the Federal Reserve to develop implementation [guidance and requirements](#), which were finalized on January 12, 2010. While most credit card issuers have been working for several months to comply with the Act, the Fed rules provide further detailed guidance. For example, the rules outline factors issuers should consider when determining a consumer's ability to repay.

Notably, the Fed rules impact Regulation Z and, therefore, do not relate to debit card overdraft fees. Those fees fall under Regulation E, which is subject to a [separate ongoing rulemaking](#) process.

Nor do the portions of the CARD Act that take effect today relate to gift cards. Another Fed rulemaking to provide [guidance related to gift cards](#) is underway. Those Fed rules should be finalized soon, and together with the gift card provisions of the Act will take effect in August 2010. We will keep you posted on further developments.