



To: EFTA Members

From: Dennis Ambach, Legislative & Regulatory Council Chairman

Date: May 5, 2010

Re: Legislative Alert on Interchange

Details are emerging regarding possible interchange amendments to the Senate's financial reform bill (S. 3217) from Majority Whip Richard Durbin (D-IL). As you may recall from last year's Senate debate on the CARD Act, Sen. Durbin unsuccessfully proposed interchange amendments. He spoke this morning on the Senate Floor on his renewed efforts.

The following is a brief summary of each amendment:

**Senate Amendment #3769**

Requires the Federal Reserve Board (and other banking regulators including a new Consumer Financial Protection Agency) to initiate final rules to determine "reasonable" interchange fees. The amendment directs the Federal Reserve to consider the cost similarity between electronic debit transactions and check clearing transaction fees. Final rules would be issued no later than nine months after enactment of the bill.

**Senate Amendment #3770**

Guarantees government payment cards receive the lowest possible interchange rate on the market.

**Senate Amendment #3771**

Provides merchants the authority to set minimum and/or maximum limits for purchases. Allows a merchant to discount for cash purchases. Permits a merchant to reject cards if interchange fees are deemed too high.

EFTA will monitor all developments on the Durbin interchange amendments as debate continues on financial regulatory reform. The Senate expects to finish consideration of S. 3217 by the end of next week.