



Regulation E – Gift Card Requirements

The Credit Card Accountability Responsibility and Disclosure Act (Credit CARD Act) contains gift card provisions that provide additional consumer protections and require clearly stated terms and conditions. In early 2010, the Federal Reserve published final rules to implement the Credit CARD Act's gift card provisions under Regulation E, with an effective date of August 22, 2010. Subsequently, on August 11, 2010, the Federal Reserve announced an interim final rule modifying the effective date of certain disclosure requirements. The interim final rule delays the initial effective date for specific disclosures until January 31, 2011, provided certain conditions are met.

Alert Date: August 16, 2010
Status: Initial effective date August 22, 2010
Extended effective date for certain provisions and cards January 31, 2011
Links: [Federal Reserve – Regulation E Interim Final Rule - August 11, 2010](#)
[Federal Reserve - Regulation E Final Rule - March 23, 2010](#)

The final rule adds disclosure requirements and certain limitations on gift cards under Regulation E. The interim final rule that delays the effective date of certain disclosure provisions is referred to as the Gift Card Amendment. The Gift Card Amendment applies to certificates or cards produced prior to April 1, 2010 and provides the delayed date to permit the sale of existing card stock through January 31, 2011. Nonetheless, the substantive fee and expiration date protections provided by the Credit CARD Act continue to apply to those certificates or cards sold to a consumer on or after August 22, 2010.

What products are covered by these rules?

At a high level, products covered by the rules include gift certificates, store gift cards, and general use prepaid cards that are sold to a consumer on a prepaid basis and used primarily for personal, family, or household purposes. Each of these items may be in the form of a card, code or other device. A covered product that is purchased by a business will also be subject to these rules if it is purchased for resale or redistribution to consumers for personal, family or household purposes.

When may fees be charged?

The new rule outlines requirements for when a dormancy, inactivity or service fee can be charged in connection with a covered product. At a high level, these types of fees may not be imposed unless:

1. There has been no activity in the 1 year period ending on the date on which the fee is imposed; and
2. Specific disclosures are stated on the certificate or card.

There is also a provision that states that an institution may not impose more than one dormancy, inactivity or service fee on the certificate or card in any given calendar month.

What other disclosures and requirements apply?

As an additional consumer protection, there are specific provisions that must be met if a covered product has an expiration date. There are also required disclosures for covered products that have expiration dates, such as information on the expiration date, contact information for replacements, statements regarding the non-expiration of funds on certain cards, and statements regarding fee limitations for replacements or remaining balance information in certain circumstances.

Institutions must also keep in mind that they must provide additional disclosures on fees, conditions under which the fees may be imposed, and a toll free number that the consumer can utilize to obtain fee information.

Recommendations for Next Steps

1. Determine whether you offer a covered product. If so, follow the steps below as appropriate.
2. If you use an outside vendor, determine whether they have provided updated disclosures and certificate or card stock that complies with the new rules.
3. Update your policy, procedures, disclosures and certificate or card stock as needed to comply with the new rules.
4. For those seeking to take advantage of relief afforded by the Gift Card Amendment to extend certain requirements until January 31, 2011, ensure that you only apply specific allowed provisions to stock that was produced prior to April 1, 2010.
5. Train appropriate staff on the new requirements.