

Highlights of Final Gift Card Rule

The final rule amends Regulation E to implement the gift card provisions of the Credit Card Accountability Responsibility and Disclosure Act of 2009 (Credit CARD Act). The final rule sets forth new protections for consumers that purchase or use gift cards. These protections apply to all gift cards sold on or after August 22, 2010.

- Products covered. The final rule applies to gift certificates, store gift cards, and general-use prepaid cards, as those terms are defined in the Credit CARD Act.
 - Covered products include retail gift cards, which can be used to buy goods or services at a single merchant or affiliated group of merchants, and network-branded gift cards, which are redeemable at any merchant that accepts the card brand.
 - Consistent with the statute, the final rule does not apply to other types of prepaid cards, including reloadable prepaid cards that are not marketed or labeled as a gift card or gift certificate, and prepaid cards received through a loyalty, award or promotional program.
- Restrictions on dormancy, inactivity, or service fees. The final rule restricts dormancy, inactivity, or service fees with respect to a gift certificate, store gift card, or general-use prepaid card.
 - Dormancy, inactivity, and service fees may only be assessed for a certificate or card if: (1) there has been at least one year of inactivity on the certificate or card; (2) no more than one such fee is charged per month; and (3) the consumer is given clear and conspicuous disclosures about the fees.
 - Fees subject to the restrictions would include monthly maintenance or service fees, balance inquiry fees, and transaction-based fees, such as reload fees, ATM fees, and point-of-sale fees.
- Restrictions on expiration dates. The final rule prohibits the sale or issuance of a gift certificate, store gift card, or general-use prepaid card that has an expiration date of less than five years after the date a certificate or card is issued or the date funds are last loaded.
 - The expiration date restrictions apply to a consumer's funds, and not to the certificate or card itself. The final rule also includes provisions intended to give consumers a reasonable opportunity to purchase a certificate or card with at least five years before the certificate or card expiration date.
 - The final rule prohibits any fees for replacing an expired certificate or card, or for refunding the remaining balance, if the underlying funds remain valid.