



NEW YORK IMPOSES NOTICE AND GRACE PERIOD ON CREDIT CARD REWARDS

The New York Governor signed into law S.B. 133, a bill regulating credit card rewards programs.

S.B. 133 requires credit card issuers give notice to cardholders whenever they modify or cancel any accounts or rewards programs. After giving the notice, card issuers must observe a grace period while cardholders are free to use or exchange their reward points as available under the old rewards program. S.B. 133 also bans any agreement providing for expiration of rewards points.

Credit card issuers have long had the freedom to design and run their rewards programs as they saw fit, subject to regulation under unfair or deceptive trade practices authority and the basic principles of contract law. S.B. 133 imposes specific requirements on credit card rewards programs, which other states may follow. Card issuers should carefully observe the required notice and grace period to ensure compliance.

S.B. 133 becomes effective a year after it passed into law (December 10, 2022). If you have any questions about the required notice or grace period or about developing procedures for compliance with S.B. 133, please do not hesitate to contact us. □

✧ *Elizabeth Anstaett and Ben Hurford*

LOOKING FOR A STATE LAW CREDIT CARD COMPLIANCE RESOURCE?

We publish an easy-to-use online reference that summarizes state consumer lending and other consumer protection laws. Our CREDIT CARD DIGEST is organized topically, covers laws applicable to credit card programs of federally and state-chartered financial institutions from an out-of-state issuer perspective and includes an analysis of statute applicability. Card issuers, marketers, servicers and merchants should find this an invaluable resource for program development and regulatory compliance. **Contact us for details.**

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