

## Federal Banking Law Reporter Regulations, Regulation, 12 CFR §235.3, Reasonable and proportional interchange transaction fees.

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**(a) In general.**— The amount of any interchange transaction fee that an issuer may receive or charge with respect to an electronic debit transaction shall be reasonable and proportional to the cost incurred by the issuer with respect to the electronic debit transaction.

**(b) Determination of reasonable and proportional fees.**— An issuer complies with the requirements of paragraph (a) of this section only if each interchange transaction fee received or charged by the issuer for an electronic debit transaction is no more than the sum of-

- (1) 21 cents and;
- (2) 5 basis points multiplied by the value of the transaction.

**History:** Sec. 235.3 as added July 20, 2011, 76 FR 43394 ([¶97-963](#)); effective October 1, 2011.

### [COMMENTARY] Section 235.3 Reasonable and Proportional Interchange Transaction Fees 3(a) [Reserved]

#### 3(b) Determining Reasonable and Proportional Fees

**1. Two components.**— The standard for the maximum permissible interchange transaction fee that an issuer may receive consists of two components: a base component that does not vary with a transaction's value and an *ad valorem* component. The amount of any interchange transaction fee received or charged by an issuer may not exceed the sum of the maximum permissible amounts of each component and any fraud-prevention adjustment the issuer is permitted to receive under §235.4 of this part.

**2. Variation in interchange fees.**— An issuer is permitted to charge or receive, and a network is permitted to establish, interchange transaction fees that vary in their base component and *ad valorem* component based on, for example, the type of transaction or merchant, provided the amount of any interchange transaction fee for any transaction does not exceed the sum of the maximum permissible base component of 21 cents and 5 basis points of the value of the transaction.

**3. Example.**— For a \$39 transaction, the maximum permissible interchange transaction fee is 22.95 cents (21 cents plus 5 basis points of \$39). A payment card network may, for example, establish an interchange transaction fee of 22 cents without any *ad valorem* component.

**History:** Section 235.3 of Supplement I as added July 20, 2011, 76 FR 43394 ([¶97-963](#)); effective October 1, 2011.