

*Reprinted*

MAR 22 1995

Place On Calendar

HOUSE FILE 520

BY COMMITTEE ON COMMERCE AND  
REGULATION

(SUCCESSOR TO HSB 219)

(p. 1255)  
Passed House, Date 4/5/95 Passed Senate, Date 4/17/95  
Vote: Ayes 81 Nays 8 Vote: Ayes 49 Nays 0  
Approved April 24, 1995

**A BILL FOR**

1 An Act relating to electronic transfer of funds and establishing  
2 certain requirements for full-function point-of-sale terminals  
3 and electronic funds transfer facilities maintained or  
4 operated by a national card association, establishing a civil  
5 penalty, and providing an effective date.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

*HF 520*

- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23

1 Section 1. Section 527.2, subsection 10, Code 1995, is  
2 amended to read as follows:

3 10. "Limited-function terminal" means an on-line point-of-  
4 sale terminal or an off-line point-of-sale terminal which  
5 satisfies the requirements of section 527.4, subsection 3,  
6 paragraph "d", or a multiple use terminal, which is not  
7 operated in a manner to accept an electronic personal  
8 identifier, ~~and which is not operated to distinguish between~~  
9 ~~transactions which affect a customer asset account and~~  
10 ~~transactions which do not affect a customer asset account.~~

11 Except as otherwise provided, a limited-function terminal  
12 shall not be subject to the requirements imposed upon other  
13 satellite terminals pursuant to sections 527.4 and 527.5,  
14 subsections 1, 2, 3, 7, and 9.

15 Sec. 2. Section 527.3, Code 1995, is amended by adding the  
16 following new subsection:

17 NEW SUBSECTION. 8. An administrator may issue any order  
18 necessary to secure compliance with or prevent a violation of  
19 this chapter or the rules adopted pursuant to this chapter,  
20 regarding the establishment and operation of a satellite  
21 terminal, limited-function terminal, upgraded, altered,  
22 modified, or replaced limited-function terminal, and any other  
23 device or facility with which such terminal is interconnected.  
24 A person who violates a provision of this chapter or any rule  
25 or any order issued pursuant to this chapter is subject to a  
26 civil penalty not to exceed one thousand dollars for each day  
27 the violation continues. A person aggrieved by an order of an  
28 administrator may appeal the order by filing a written notice  
29 of appeal with the administrator within thirty days of the  
30 issuance of the order. The administrator shall schedule a  
31 hearing for the purpose of hearing the arguments of the  
32 aggrieved person within thirty days of the filing of the  
33 notice of appeal. The provisions of chapter 17A shall apply  
34 to all matters related to the appeal. The attorney general,  
35 on request of the administrator, shall institute any legal

1 proceedings necessary to obtain compliance with an order of  
2 the administrator or to prosecute a person for a violation of  
3 the provisions of this chapter or rules adopted pursuant to  
4 this chapter.

5 Sec. 3. Section 527.5, subsection 12, Code 1995, is  
6 amended to read as follows:

7 12. a. If at any time, a limited-function terminal at a  
8 location as defined in section 527.4, subsection 3, paragraph  
9 "d", is replaced by a device constituting either an on-line or  
10 an off-line point-of-sale terminal which may be utilized to  
11 initiate transactions which affect customer asset accounts  
12 through the use of an electronic personal identifier, or is  
13 upgraded, altered, or modified to be operated in a manner to  
14 accept which allows the use of an electronic personal  
15 identifier ~~or-to-distinguish-between~~ to initiate transactions  
16 which affect customer asset accounts ~~and-transactions-which-do~~  
17 ~~not-affect-customer-asset-accounts~~, or an on-line or an off-  
18 line point-of-sale terminal which may be utilized to initiate  
19 transactions which affect customer asset accounts through the  
20 use of an electronic personal identifier is newly established  
21 at a location defined in section 527.4, subsection 3,  
22 paragraph "d", then such upgraded, altered, or modified  
23 limited-function terminal or replacement point-of-sale  
24 terminal or such newly established point-of-sale terminal is  
25 deemed to be a full-function point-of-sale terminal for  
26 purposes of this subsection and all requirements of a  
27 satellite terminal in this chapter apply to the full-function  
28 point-of-sale terminal with regard to all transactions  
29 affecting customer asset accounts which are initiated through  
30 the use of an electronic personal identifier, except for  
31 section 527.4, subsections 1, 2, and 4, section 527.4,  
32 subsection 3, paragraphs "a", "b", and "c", and section 527.5,  
33 subsection 1, 3, and 7. A-financial-institution-not-eligible  
34 to-establish-satellite-terminals-within-this-state,which-has  
35 established-a-limited-function-terminal-which-is-subsequently

1 ~~upgraded, altered, or modified as contemplated in this~~  
2 ~~subsection, shall enter into an agreement with a financial~~  
3 ~~institution which is authorized to establish a satellite~~  
4 ~~terminal within this state to comply with the requirements of~~  
5 ~~section 527.4 and this subsection.~~

6 b. A full-function point-of-sale terminal, as identified  
7 in paragraph "a", which is operated in a manner which permits  
8 all access devices to be utilized to initiate transactions  
9 which affect customer asset accounts, and where all such  
10 transactions can be directly routed for authorization purposes  
11 as established in this subsection, is also exempt from the  
12 provisions of section 527.5, subsection 9. However, if a data  
13 processing center directly connected to such full-function  
14 point-of-sale terminal does not authorize or reject a  
15 transaction affecting a customer asset account initiated at  
16 the terminal through the use of an electronic personal  
17 identifier, the transaction shall be immediately transmitted  
18 by the data processing center to either of the following:

19 (1) A central routing unit approved pursuant to this  
20 chapter.

21 (2) An electronic funds transfer processing facility  
22 maintained or operated by a national card association and  
23 utilized for the processing of transactions initiated through  
24 the use of electronic funds transfer transaction cards or  
25 access devices depicting a service mark, logo, or trademark  
26 associated with the national card association. However, if  
27 the national card association's processing facility is unable  
28 to immediately authorize or reject a transaction affecting a  
29 customer asset account initiated at that terminal through the  
30 use of an access device which bears a service mark, logo, or  
31 trademark associated with a central routing unit approved  
32 pursuant to this chapter but does not bear a service mark,  
33 logo, or trademark associated with a national card  
34 association, or which bears a service mark, logo, or trademark  
35 other than that associated with either a central routing unit

1 approved pursuant to this chapter or a national card  
2 association, the transaction shall be immediately transmitted  
3 to a central routing unit approved pursuant to this chapter,  
4 whether the transaction initiated through the use of such  
5 access device was transmitted to the national card  
6 association's processing facility by a data processing center  
7 directly connected to the full-function point-of-sale  
8 terminal, or the national card association's processing  
9 facility received the transmission of transaction data  
10 directly from the full-function point-of-sale terminal.

11 c. If the national card association's electronic funds  
12 transfer processing facility directly or indirectly receives a  
13 transaction affecting a customer asset account initiated at a  
14 full-function point-of-sale terminal through the use of an  
15 electronic personal identifier and an access device bearing a  
16 service mark, logo, or trademark associated with a national  
17 card association, whether or not the access device also bears  
18 the service mark, logo, or trademark of an approved central  
19 routing unit, and the national card association's processing  
20 facility cannot immediately authorize or reject the  
21 transaction, such transaction shall be immediately transmitted  
22 to a central routing unit approved pursuant to this chapter,  
23 or to a financial institution, or its data processing center,  
24 which is capable of immediately authorizing or rejecting the  
25 transaction.

26 d. For purposes of this subsection, a national card  
27 association must be a membership corporation or organization,  
28 wherever incorporated and maintaining a principal place of  
29 business, which is engaged in the business of administering  
30 for the benefit of the association's members a program  
31 involving electronic funds transfer transaction cards or  
32 access devices depicting a service mark, logo, or trademark  
33 associated with the national card association and which may be  
34 utilized to perform transactions at point-of-sale terminals.  
35 A national card association must have a membership solely

1 comprised of insured depository financial institutions,  
2 organizations directly or indirectly owned or controlled  
3 solely by insured depository financial institutions, entities  
4 wholly owned by one or more insured depository financial  
5 institutions, holding companies having at least two-thirds of  
6 their assets consisting of the voting stock of insured  
7 depository financial institutions, organizations wholly owned  
8 by one or more holding companies having at least two-thirds of  
9 their assets consisting of the voting stock of insured  
10 depository financial institutions and which are solely engaged  
11 in activities related to the programs sponsored by the  
12 national card association, or such other entities or  
13 organizations which are authorized by the national card  
14 association's bylaws to participate in the electronic funds  
15 transfer transaction card or access device programs or other  
16 services and programs sponsored by the national card  
17 association. For purposes of this subsection, a national card  
18 association shall not include a financial institution, bank  
19 holding company as defined in section 524.1801, or in the  
20 federal Bank Holding Company Act of 1956, 12 U.S.C. 1842(d),  
21 as amended to July 1, 1994, association holding company as  
22 defined in section 534.102, or a supervised organization as  
23 defined in section 534.102, any other financial institution  
24 holding company organized under federal or state law, or a  
25 subsidiary or affiliate corporation owned or controlled by a  
26 financial institution or financial institution holding  
27 company, which has authorized a customer or member to engage  
28 in satellite terminal transactions. For purposes of this  
29 subsection, a national card association shall also not include  
30 a membership corporation or organization which is conducting  
31 business as a regional or nationwide network of shared  
32 electronic funds transfer terminals which do not constitute  
33 point-of-sale terminals, and is engaged in satellite terminal  
34 transaction services utilizing a common service mark, logo, or  
35 trademark to identify such terminal services.

1 e. This subsection does not apply to satellite terminals  
2 located in this state, other than on-line and off-line full-  
3 function point-of-sale terminals as identified in this  
4 subsection, or multiple use terminals located in this state  
5 which are capable of being operated in a manner to initiate  
6 transactions affecting customer asset accounts through the use  
7 of an electronic personal identifier.

8 Sec. 4. Sections 527.6 and 527.8, Code 1995, are repealed.

9 Sec. 5. This Act, being deemed of immediate importance,  
10 takes effect upon enactment.

11 EXPLANATION

12 This bill amends provisions of chapter 527 relating to the  
13 electronic transfer of funds.

14 Section 527.2 is amended by striking from the definition of  
15 limited-function terminal the requirement that the terminal  
16 not be operated in a manner to distinguish between  
17 transactions which affect a customer asset account and  
18 transactions which do not affect a customer asset account.

19 Section 527.3 is amended to provide that an administrator  
20 may issue an order necessary to secure compliance with or  
21 prevent a violation of chapter 527, or rules adopted pursuant  
22 to the chapter, concerning the establishment and operation of  
23 a satellite terminal, limited-function terminal, upgraded,  
24 altered, modified, or replaced limited-function terminal, and  
25 any device connected to such terminal. A person who violates  
26 a provision of this chapter or rules adopted pursuant to the  
27 chapter is subject to a civil penalty not to exceed \$1,000 for  
28 each day the violation continues.

29 Section 527.5, subsection 12, is amended to provide that a  
30 limited-function terminal which is replaced by a device which  
31 is an on-line or an off-line point-of-sale terminal which may  
32 be utilized to initiate transactions which affect customer  
33 asset accounts through the use of an electronic personal  
34 identifier, or which is upgraded, altered, or modified to be  
35 operated in a manner which allows the use of an electronic

1 personal identifier to initiate transactions which affect  
2 customer asset accounts is deemed to be a full-function point-  
3 of-sale terminal. The subsection is amended to provide that  
4 all requirements of a satellite terminal in chapter 527 apply  
5 to such full-function point-of-sale terminals except for  
6 section 527.4, subsections 1, 2, and 4, section 527.4,  
7 subsection 3, paragraphs "a", "b", and "c", and section 527.5,  
8 subsections 1, 3, and 7. The subsection provides for the  
9 routing of transactions which occur through the use of such  
10 terminals. The subsection provides that if the data  
11 processing center is directly connected to such full-function  
12 point-of-sale terminal and does not authorize or reject a  
13 transaction affecting a customer asset account initiated at  
14 the terminal through the use of an electronic personal  
15 identifier, the transaction is to be immediately transmitted  
16 by the data processing center to either a central routing unit  
17 approved pursuant to this chapter or an electronic funds  
18 transfer processing facility maintained or operated by a  
19 national card association and utilized for the processing of  
20 transactions initiated through the use of electronic funds  
21 transfer transaction cards or access devices depicting a  
22 service mark, logo, or trademark associated with the national  
23 card association. The subsection is amended to provide that  
24 it does not apply to satellite terminals in this state, other  
25 than on-line and off-line full-function point-of-sale  
26 terminals as defined in this subsection, or multiple use  
27 terminals which are capable of being operated in a manner to  
28 initiate transactions affecting customer accounts through the  
29 use of an electronic personal identifier.

30 The bill repeals section 527.6, governing the ~~disclosure~~ of  
31 terms to a customer or member who is to be permitted to engage  
32 in transactions through the use of a satellite terminal, and  
33 section 527.8, relating to liability of a financial  
34 institution which utilizes satellite terminals.

35 The bill takes effect upon enactment.



HOUSE FILE 520

H-3747

- 1 Amend House File 520 as follows:
- 2 1. Page 6, by striking line 8 and inserting the
- 3 following:
- 4 "Sec. \_\_\_\_ . Section 527.6, Code 1995, is repealed."
- 5 2. By renumbering as necessary.

By HOLVECK of Polk

H-3747 FILED APRIL 4, 1995

*lost 4/5/95 (P 1253)*

HOUSE FILE 520

H-3748

- 1 Amend House File 520 as follows:
- 2 1. Page 6, by inserting after line 7 the
- 3 following:
- 4 "Sec. \_\_\_\_ . Section 527.8, subsection 1, Code 1995,
- 5 is amended to read as follows:
- 6 1. As a condition of exercising the privilege of
- 7 utilizing a satellite terminal, a financial
- 8 institution is liable to each of its customers for all
- 9 losses incurred by the customer as a result of the
- 10 transmission or recording of electronic impulses as a
- 11 part of a transaction not authorized by the customer
- 12 or to which the customer was not a party. However, if
- 13 the financial institution has provided the customer
- 14 with an access device for engaging in a transaction at
- 15 a satellite terminal which is unique to the customer,
- 16 and losses are incurred by the customer as a result of
- 17 the theft, loss or other compromise of that access
- 18 device, the liability of the financial institution
- 19 pursuant to this section shall not include the first
- 20 two hundred fifty dollars of any losses incurred prior
- 21 to the time the customer notifies the financial
- 22 institution of the theft, loss or compromise except
- 23 that the financial institution shall have no liability
- 24 if the losses are a result of the customer's
- 25 fraudulent acts or omissions."

A.

- 26 2. Page 6, by striking line 8 and inserting the
- 27 following:
- 28 "Sec. \_\_\_\_ . Section 527.6, Code 1995, is repealed."
- 29 3. By renumbering as necessary.

By HOLVECK of Polk

H-3748 FILED APRIL 4, 1995

*A. Lost 4-5-95 (P 1253)*  
*B. Out of order*

B.

H-3743

1 Amend House File 520 as follows:

2 1. Page 6, by inserting after line 7 the  
3 following:

4 "Sec. \_\_\_\_ . Section 527.5, subsection 13, Code  
5 1995, is amended to read as follows:

6 13. Effective July 1, 1994, any transaction  
7 engaged in with a retailer through a satellite  
8 terminal ~~located in this state~~ at a location described  
9 in section 527.4, subsection 3, paragraph "d", by  
10 means of an access device which results in a debit to  
11 a customer asset account shall be cleared and paid at  
12 ~~par to the retailer~~ during the settlement of such  
13 ~~transaction to the retailer.~~ Processing  
14 Notwithstanding the terms of any contractual agreement  
15 between a retailer or financial institution and a  
16 national card association as described in subsection  
17 12, an electronic funds transfer processing facility  
18 of a national card association, a central routing unit  
19 approved pursuant to this chapter, or a data  
20 processing center, the processing fees and charges for  
21 such transactions to the retailer shall not be based  
22 on a percentage of the amount of the transaction be as  
23 contractually agreed upon between the retailer and the  
24 financial institution which establishes, owns,  
25 operates, controls, or processes transactions  
26 initiated at the satellite terminal. All accounting  
27 documents reflecting such fees and charges imposed on  
28 the retailer shall separately identify transactions  
29 which have resulted in a debit to a customer asset  
30 account and the charges imposed. The provisions of  
31 this subsection shall apply to all satellite  
32 terminals, including limited-function terminals, full-  
33 function point-of-sale terminals as identified in  
34 subsection 12, paragraph "a", and multiple use  
35 terminals."

36 2. By renumbering as necessary.

By LAMBERTI of Polk  
MYERS of Johnson

H-3743 FILED APRIL 4, 1995

*adopted 4-5-95*

*(P. 1252)*

HOUSE FILE 520

BY COMMITTEE ON COMMERCE AND  
REGULATION

(SUCCESSOR TO HSB 219)

(As Amended and Passed by the House April 5, 1995)

Passed House, Date	<u>(P.1255) 4/5/95</u>	Passed Senate, Date	<u>(P.1239) 4/17/95</u>
Vote: Ayes	<u>81</u>	Nays	<u>8</u>
		Vote: Ayes	<u>49</u>
		Nays	<u>0</u>
Approved		<u>April 24, 1995</u>	

A BILL FOR

1 An Act relating to electronic transfer of funds and establishing  
 2 certain requirements for full-function point-of-sale terminals  
 3 and electronic funds transfer facilities maintained or  
 4 operated by a national card association, establishing a civil  
 5 penalty, and providing an effective date.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20

House Amendments \_\_\_\_\_

1 Section 1. Section 527.2, subsection 10, Code 1995, is  
2 amended to read as follows:

3 10. "Limited-function terminal" means an on-line point-of-  
4 sale terminal or an off-line point-of-sale terminal which  
5 satisfies the requirements of section 527.4, subsection 3,  
6 paragraph "d", or a multiple use terminal, which is not  
7 operated in a manner to accept an electronic personal  
8 identifier, ~~and which is not operated to distinguish between~~  
9 ~~transactions which affect a customer asset account and~~  
10 ~~transactions which do not affect a customer asset account.~~  
11 Except as otherwise provided, a limited-function terminal  
12 shall not be subject to the requirements imposed upon other  
13 satellite terminals pursuant to sections 527.4 and 527.5,  
14 subsections 1, 2, 3, 7, and 9.

15 Sec. 2. Section 527.3, Code 1995, is amended by adding the  
16 following new subsection:

17 NEW SUBSECTION. 8. An administrator may issue any order  
18 necessary to secure compliance with or prevent a violation of  
19 this chapter or the rules adopted pursuant to this chapter,  
20 regarding the establishment and operation of a satellite  
21 terminal, limited-function terminal, upgraded, altered,  
22 modified, or replaced limited-function terminal, and any other  
23 device or facility with which such terminal is interconnected.  
24 A person who violates a provision of this chapter or any rule  
25 or any order issued pursuant to this chapter is subject to a  
26 civil penalty not to exceed one thousand dollars for each day  
27 the violation continues. A person aggrieved by an order of an  
28 administrator may appeal the order by filing a written notice  
29 of appeal with the administrator within thirty days of the  
30 issuance of the order. The administrator shall schedule a  
31 hearing for the purpose of hearing the arguments of the  
32 aggrieved person within thirty days of the filing of the  
33 notice of appeal. The provisions of chapter 17A shall apply  
34 to all matters related to the appeal. The attorney general,  
35 on request of the administrator, shall institute any legal

1 proceedings necessary to obtain compliance with an order of  
2 the administrator or to prosecute a person for a violation of  
3 the provisions of this chapter or rules adopted pursuant to  
4 this chapter.

5 Sec. 3. Section 527.5, subsection 12, Code 1995, is  
6 amended to read as follows:

7 12. a. If at any time, a limited-function terminal at a  
8 location as defined in section 527.4, subsection 3, paragraph  
9 "d", is replaced by a device constituting either an on-line or  
10 an off-line point-of-sale terminal which may be utilized to  
11 initiate transactions which affect customer asset accounts  
12 through the use of an electronic personal identifier, or is  
13 upgraded, altered, or modified to be operated in a manner to  
14 accept which allows the use of an electronic personal  
15 identifier or-to-distinguish-between to initiate transactions  
16 which affect customer asset accounts and-transactions-which-do  
17 not-affect-customer-asset-accounts, or an on-line or an off-  
18 line point-of-sale terminal which may be utilized to initiate  
19 transactions which affect customer asset accounts through the  
20 use of an electronic personal identifier is newly established  
21 at a location defined in section 527.4, subsection 3,  
22 paragraph "d", then such upgraded, altered, or modified  
23 limited-function terminal or replacement point-of-sale  
24 terminal or such newly established point-of-sale terminal is  
25 deemed to be a full-function point-of-sale terminal for  
26 purposes of this subsection and all requirements of a  
27 satellite terminal in this chapter apply to the full-function  
28 point-of-sale terminal with regard to all transactions  
29 affecting customer asset accounts which are initiated through  
30 the use of an electronic personal identifier, except for  
31 section 527.4, subsections 1, 2, and 4, section 527.4,  
32 subsection 3, paragraphs "a", "b", and "c", and section 527.5,  
33 subsection 1, 3, and 7. A-financial-institution-not-eligible  
34 to-establish-satellite-terminals-within-this-state,-which-has  
35 established-a-limited-function-terminal-which-is-subsequently

1 ~~upgraded, altered, or modified as contemplated in this~~  
2 ~~subsection, shall enter into an agreement with a financial~~  
3 ~~institution which is authorized to establish a satellite~~  
4 ~~terminal within this state to comply with the requirements of~~  
5 ~~section 527.4 and this subsection.~~

6 b. A full-function point-of-sale terminal, as identified  
7 in paragraph "a", which is operated in a manner which permits  
8 all access devices to be utilized to initiate transactions  
9 which affect customer asset accounts, and where all such  
10 transactions can be directly routed for authorization purposes  
11 as established in this subsection, is also exempt from the  
12 provisions of section 527.5, subsection 9. However, if a data  
13 processing center directly connected to such full-function  
14 point-of-sale terminal does not authorize or reject a  
15 transaction affecting a customer asset account initiated at  
16 the terminal through the use of an electronic personal  
17 identifier, the transaction shall be immediately transmitted  
18 by the data processing center to either of the following:

19 (1) A central routing unit approved pursuant to this  
20 chapter.

21 (2) An electronic funds transfer processing facility  
22 maintained or operated by a national card association and  
23 utilized for the processing of transactions initiated through  
24 the use of electronic funds transfer transaction cards or  
25 access devices depicting a service mark, logo, or trademark  
26 associated with the national card association. However, if  
27 the national card association's processing facility is unable  
28 to immediately authorize or reject a transaction affecting a  
29 customer asset account initiated at that terminal through the  
30 use of an access device which bears a service mark, logo, or  
31 trademark associated with a central routing unit approved  
32 pursuant to this chapter but does not bear a service mark,  
33 logo, or trademark associated with a national card  
34 association, or which bears a service mark, logo, or trademark  
35 other than that associated with either a central routing unit

1 approved pursuant to this chapter or a national card  
2 association, the transaction shall be immediately transmitted  
3 to a central routing unit approved pursuant to this chapter,  
4 whether the transaction initiated through the use of such  
5 access device was transmitted to the national card  
6 association's processing facility by a data processing center  
7 directly connected to the full-function point-of-sale  
8 terminal, or the national card association's processing  
9 facility received the transmission of transaction data  
10 directly from the full-function point-of-sale terminal.

11 c. If the national card association's electronic funds  
12 transfer processing facility directly or indirectly receives a  
13 transaction affecting a customer asset account initiated at a  
14 full-function point-of-sale terminal through the use of an  
15 electronic personal identifier and an access device bearing a  
16 service mark, logo, or trademark associated with a national  
17 card association, whether or not the access device also bears  
18 the service mark, logo, or trademark of an approved central  
19 routing unit, and the national card association's processing  
20 facility cannot immediately authorize or reject the  
21 transaction, such transaction shall be immediately transmitted  
22 to a central routing unit approved pursuant to this chapter,  
23 or to a financial institution, or its data processing center,  
24 which is capable of immediately authorizing or rejecting the  
25 transaction.

26 d. For purposes of this subsection, a national card  
27 association must be a membership corporation or organization,  
28 wherever incorporated and maintaining a principal place of  
29 business, which is engaged in the business of administering  
30 for the benefit of the association's members a program  
31 involving electronic funds transfer transaction cards or  
32 access devices depicting a service mark, logo, or trademark  
33 associated with the national card association and which may be  
34 utilized to perform transactions at point-of-sale terminals.  
35 A national card association must have a membership solely

1 comprised of insured depository financial institutions,  
2 organizations directly or indirectly owned or controlled  
3 solely by insured depository financial institutions, entities  
4 wholly owned by one or more insured depository financial  
5 institutions, holding companies having at least two-thirds of  
6 their assets consisting of the voting stock of insured  
7 depository financial institutions, organizations wholly owned  
8 by one or more holding companies having at least two-thirds of  
9 their assets consisting of the voting stock of insured  
10 depository financial institutions and which are solely engaged  
11 in activities related to the programs sponsored by the  
12 national card association, or such other entities or  
13 organizations which are authorized by the national card  
14 association's bylaws to participate in the electronic funds  
15 transfer transaction card or access device programs or other  
16 services and programs sponsored by the national card  
17 association. For purposes of this subsection, a national card  
18 association shall not include a financial institution, bank  
19 holding company as defined in section 524.1801, or in the  
20 federal Bank Holding Company Act of 1956, 12 U.S.C. 1842(d),  
21 as amended to July 1, 1994, association holding company as  
22 defined in section 534.102, or a supervised organization as  
23 defined in section 534.102, any other financial institution  
24 holding company organized under federal or state law, or a  
25 subsidiary or affiliate corporation owned or controlled by a  
26 financial institution or financial institution holding  
27 company, which has authorized a customer or member to engage  
28 in satellite terminal transactions. For purposes of this  
29 subsection, a national card association shall also not include  
30 a membership corporation or organization which is conducting  
31 business as a regional or nationwide network of shared  
32 electronic funds transfer terminals which do not constitute  
33 point-of-sale terminals, and is engaged in satellite terminal  
34 transaction services utilizing a common service mark, logo, or  
35 trademark to identify such terminal services.



1 e. This subsection does not apply to satellite terminals  
2 located in this state, other than on-line and off-line full-  
3 function point-of-sale terminals as identified in this  
4 subsection, or multiple use terminals located in this state  
5 which are capable of being operated in a manner to initiate  
6 transactions affecting customer asset accounts through the use  
7 of an electronic personal identifier.

8 Sec. 4. Section 527.5, subsection 13, Code 1995, is  
9 amended to read as follows:

10 13. Effective July 1, 1994, any transaction engaged in  
11 with a retailer through a satellite terminal ~~located in this~~  
12 state at a location described in section 527.4, subsection 3,  
13 paragraph "d", by means of an access device which results in a  
14 debit to a customer asset account shall be cleared and paid at  
15 par ~~to the retailer~~ during the settlement of such transaction  
16 ~~to the retailer~~. Processing Notwithstanding the terms of any  
17 contractual agreement between a retailer or financial  
18 institution and a national card association as described in  
19 subsection 12, an electronic funds transfer processing  
20 facility of a national card association, a central routing  
21 unit approved pursuant to this chapter, or a data processing  
22 center, the processing fees and charges for such transactions  
23 to the retailer shall ~~not be based on a percentage of the~~  
24 amount of the transaction be as contractually agreed upon  
25 between the retailer and the financial institution which  
26 establishes, owns, operates, controls, or processes  
27 transactions initiated at the satellite terminal. All  
28 accounting documents reflecting such fees and charges imposed  
29 on the retailer shall separately identify transactions which  
30 have resulted in a debit to a customer asset account and the  
31 charges imposed. The provisions of this subsection shall  
32 apply to all satellite terminals, including limited-function  
33 terminals, full-function point-of-sale terminals as identified  
34 in subsection 12, paragraph "a", and multiple use terminals.

35 Sec. 5. Sections 527.6 and 527.8, Code 1995, are repealed.

1     Sec. 6. This Act, being deemed of immediate importance,  
2 takes effect upon enactment.

- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29
- 30
- 31
- 32
- 33
- 34
- 35

COMMERCE - REGULATION

Lamberti, Chair  
Nutt  
Weigel

CE / LC  
HOUSE FILE 520

BY (PROPOSED COMMITTEE ON  
COMMERCE AND REGULATION  
BILL BY CHAIRPERSON  
METCALF)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act relating to electronic transfer of funds and establishing  
2 certain requirements for full-function point-of-sale terminals  
3 and electronic funds transfer facilities owned by a national  
4 card association, and establishing a civil penalty.

5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22

1 Section 1. Section 527.2, subsection 10, Code 1995, is  
2 amended to read as follows:

3 10. "Limited-function terminal" means an on-line point-of-  
4 sale terminal or an off-line point-of-sale terminal which  
5 satisfies the requirements of section 527.4, subsection 3,  
6 paragraph "d", or a multiple use terminal, which is not  
7 operated in a manner to accept an electronic personal  
8 identifier, ~~and which is not operated to distinguish between~~  
9 ~~transactions which affect a customer asset account and~~  
10 ~~transactions which do not affect a customer asset account.~~  
11 Except as otherwise provided, a limited-function terminal  
12 shall not be subject to the requirements imposed upon other  
13 satellite terminals pursuant to sections 527.4 and 527.5,  
14 subsections 1, 2, 3, 7, and 9.

15 Sec. 2. Section 527.3, Code 1995, is amended by adding the  
16 following new subsection:

17 NEW SUBSECTION. 8. An administrator may issue any order  
18 necessary to secure compliance with or prevent a violation of  
19 this chapter or the rules adopted pursuant to this chapter,  
20 regarding the establishment and operation of a satellite  
21 terminal, limited-function terminal, upgraded, altered,  
22 modified, or replaced limited-function terminal, and any other  
23 device or facility with which such terminal is interconnected.  
24 A person who violates a provision of this chapter or any rule  
25 or any order issued pursuant to this chapter is subject to a  
26 civil penalty not to exceed one thousand dollars for each day  
27 the violation continues. A person aggrieved by an order of an  
28 administrator may appeal the order by filing a written notice  
29 of appeal with the administrator within thirty days of the  
30 issuance of the order. The administrator shall schedule a  
31 hearing for the purpose of hearing the arguments of the  
32 aggrieved person within thirty days of the filing of the  
33 notice of appeal. The provisions of chapter 17A shall apply  
34 to all matters related to the appeal. The attorney general,  
35 on request of the administrator, shall institute any legal

1 proceedings necessary to obtain compliance with an order of  
2 the administrator or to prosecute a person for a violation of  
3 the provisions of this chapter or rules adopted pursuant to  
4 this chapter.

5 Sec. 3. Section 527.5, subsections 5 and 12, Code 1995,  
6 are amended to read as follows:

7 ~~5. A satellite terminal in this state shall bear a sign or~~  
8 ~~label identifying each type of financial institution utilizing~~  
9 ~~the terminal.~~ A satellite terminal location in this state  
10 shall not be used to advertise individual financial  
11 institutions or a group of financial institutions. However, a  
12 satellite terminal shall bear a sign or label no larger than  
13 three inches by two inches identifying the name, address, and  
14 telephone number of the owner of the satellite terminal. The  
15 administrator may authorize methods of identification the  
16 administrator deems necessary to enable the general public to  
17 determine the accessibility of a satellite terminal.

18 12. a. If at any time, a limited-function terminal at a  
19 location as defined in section 527.4, subsection 3, paragraph  
20 "d", is replaced by a device constituting either an on-line or  
21 an off-line point-of-sale terminal which may be utilized to  
22 initiate transactions which affect customer asset accounts  
23 through the use of an electronic personal identifier, or is  
24 upgraded, altered, or modified to be operated in a manner to  
25 accept which allows the use of an electronic personal  
26 identifier ~~or-to-distinguish-between~~ to initiate transactions  
27 which affect customer asset accounts ~~and-transactions-which-do~~  
28 ~~not-affect-customer-asset-accounts,~~ then such upgraded,  
29 altered, or modified limited-function terminal or replacement  
30 point-of-sale terminal is deemed to be a full-function point-  
31 of-sale terminal for purposes of this subsection and all  
32 requirements of a satellite terminal in this chapter apply to  
33 the full-function point-of-sale terminal with regard to all  
34 transactions affecting customer asset accounts which are  
35 initiated through the use of an electronic personal

1 identifier, except for section 527.4, subsections 1, 2, and 4,  
2 section 527.4, subsection 3, paragraphs "a", "b", and "c", and  
3 section 527.5, subsections 1, 3, and 7. A-financial  
4 institution-not-eligible-to-establish-satellite-terminals  
5 within-this-state,which-has-established-a-limited-function  
6 terminal-which-is-subsequently-upgraded,altered,or-modified  
7 as-contemplated-in-this-subsection,shall-enter-into-an  
8 agreement-with-a-financial-institution-which-is-authorized-to  
9 establish-a-satellite-terminal-within-this-state-to-comply  
10 with-the-requirements-of-section-527.4-and-this-subsection.

11 b. A full-function point-of-sale terminal, as identified  
12 in paragraph "a", which is operated in a manner which permits  
13 all access devices to be utilized to initiate transactions  
14 which affect customer asset accounts, and where all such  
15 transactions can be directly routed for authorization purposes  
16 as established in this subsection, is also exempt from the  
17 provisions of section 527.5, subsection 9. However, if a data  
18 processing center is directly connected to such full-function  
19 point-of-sale terminal and does not authorize or reject a  
20 transaction affecting a customer asset account initiated at  
21 the terminal through the use of an electronic personal  
22 identifier, the transaction shall be immediately transmitted  
23 by the data processing center to either of the following:

24 (1) A central routing unit approved pursuant to this  
25 chapter.

26 (2) An electronic funds transfer facility owned or  
27 operated by a national card association which is engaged in  
28 the business of administering for the benefit of the  
29 association's members a program involving electronic funds  
30 transfer transaction cards or access devices depicting a  
31 service mark, logo, or trademark associated with the national  
32 card association. However, if the national card association  
33 is unable to immediately authorize or reject a transaction  
34 affecting a customer asset account initiated at that terminal  
35 through the use of an access device which bears a service

1 mark, logo, or trademark associated with a central routing  
2 unit approved pursuant to this chapter but does not bear a  
3 service mark, logo, or trademark associated with a national  
4 card association, or which bears a service mark, logo, or  
5 trademark other than that associated with either a central  
6 routing unit approved pursuant to this chapter or a national  
7 card association, the transaction shall be immediately  
8 transmitted to a central routing unit approved pursuant to  
9 this chapter, whether the transaction initiated through the  
10 use of such access device was transmitted to the national card  
11 association by a data processing center directly connected to  
12 the full-function point-of-sale terminal, or the national card  
13 association received the transmission of transaction data  
14 directly from the full-function point-of-sale terminal.

15 c. If the national card association's electronic funds  
16 transfer facility directly or indirectly receives a  
17 transaction affecting a customer asset account initiated at a  
18 full-function point-of-sale terminal through the use of an  
19 electronic personal identifier and an access device bearing a  
20 service mark, logo, or trademark associated with a national  
21 card association, whether or not the access device also bears  
22 the service mark, logo, or trademark of an approved central  
23 routing unit, and the national card association cannot  
24 immediately authorize or reject the transaction, such  
25 transaction shall be immediately transmitted to a central  
26 routing unit approved pursuant to this chapter, or to a  
27 financial institution, or its data processing center, which is  
28 capable of immediately authorizing or rejecting the  
29 transaction. For purposes of this subsection, a national card  
30 association which is engaged in the business of administering  
31 for the benefit of the association's members a program  
32 involving electronic funds transfer cards or access devices  
33 shall not include a financial institution, bank holding  
34 company as defined in section 524.1801, or in the federal Bank  
35 Holding Company Act of 1956, 12 U.S.C. 1842(d), as amended to

1 July 1, 1994, association holding company as defined in  
2 section 534.102, or a supervised organization as defined in  
3 section 534.102, any other financial institution holding  
4 company organized under federal or state law, or a subsidiary  
5 or affiliate corporation owned or controlled by a financial  
6 institution or financial holding company, which has authorized  
7 a customer or member to engage in satellite terminal  
8 transactions. For purposes of this subsection, a national  
9 card association shall also not include a membership  
10 corporation or organization which is primarily conducting  
11 business as a regional or nationwide network of shared  
12 satellite terminals engaged in satellite terminal transaction  
13 services and utilizing a common service mark, logo, or  
14 trademark to identify such terminal services.

15 For purposes of this subsection, a national card  
16 association must be a nonprofit membership corporation or  
17 organization, wherever incorporated and maintaining a  
18 principal place of business, with a membership solely  
19 comprised of insured depository financial institutions,  
20 organizations directly or indirectly owned or controlled  
21 solely by insured depository financial institutions, entities  
22 wholly owned by one or more insured depository financial  
23 institutions, holding companies having at least two-thirds of  
24 their assets consisting of the voting stock of insured  
25 depository financial institutions, organizations wholly owned  
26 by one or more holding companies having at least two-thirds of  
27 their assets consisting of the voting stock of insured  
28 depository financial institutions and which are solely engaged  
29 in activities related to the programs sponsored by the  
30 national card association, or such other entities or  
31 organizations which are authorized by the national card  
32 association's bylaws to participate in the electronic funds  
33 transfer card or access device programs or other services and  
34 programs sponsored by the national card association.

35 d. This subsection does not apply to satellite terminals



1 located in this state, other than on-line and off-line full-  
2 function point-of-sale terminals as identified in this  
3 subsection, or multiple use terminals located in this state  
4 which are capable of being operated in a manner to initiate  
5 transactions affecting customer asset accounts through the use  
6 of an electronic personal identifier.

7 Sec. 4. Sections 527.6 and 527.8, Code 1995, are repealed.

8 Sec. 5. This Act, being deemed of immediate importance,  
9 takes effect upon enactment.

10 EXPLANATION

11 This bill amends provisions of chapter 527 relating to the  
12 electronic transfer of funds.

13 Section 527.2 is amended by striking from the definition of  
14 limited-function terminal the requirement that the terminal  
15 not be operated in a manner to distinguish between  
16 transactions which affect a customer asset account and  
17 transactions which do not affect a customer asset account.

18 Section 527.3 is amended to provide that an administrator  
19 may issue an order necessary to secure compliance with or  
20 prevent a violation of chapter 527, or rules adopted pursuant  
21 to the chapter, concerning the establishment and operation of  
22 a satellite terminal, limited-function terminal, upgraded,  
23 altered, modified, or replaced limited-function terminal, and  
24 any device connected to such terminal. A person who violates  
25 a provision of this chapter or rules adopted pursuant to the  
26 chapter is subject to a civil penalty not to exceed \$1,000 for  
27 each day the violation continues.

28 Section 527.5, subsection 5, is amended to strike the  
29 requirement that a satellite terminal in this state bear a  
30 sign or label identifying each type of financial institution  
31 utilizing the terminal.

32 Section 527.5, subsection 12, is amended to provide that a  
33 limited-function terminal which is replaced by a device which  
34 is an on-line or an off-line point-of-sale terminal which may  
35 be utilized to initiate transactions which affect customer

1 asset accounts through the use of an electronic personal  
2 identifier, or which is upgraded, altered, or modified to be  
3 operated in a manner which allows the use of an electronic  
4 personal identifier to initiate transactions which affect  
5 customer asset accounts is deemed to be a full-function point-  
6 of-sale terminal. The subsection is amended to provide that  
7 all requirements of a satellite terminal in chapter 527 apply  
8 to such full-function point-of-sale terminals except for  
9 section 527.4, subsections 1, 2, and 4, section 527.4,  
10 subsection 3, paragraphs "a", "b", and "c", and section 527.5,  
11 subsections 1, 3, and 7. The subsection provides for the  
12 routing of transactions which occur through the use of such  
13 terminals. The subsection provides that if the data  
14 processing center is directly connected to such full-function  
15 point-of-sale terminal and does not authorize or reject a  
16 transaction affecting a customer asset account initiated at  
17 the terminal through the use of an electronic personal  
18 identifier, the transaction is to be immediately transmitted  
19 by the data processing center to either a central routing unit  
20 approved pursuant to this chapter or an electronic funds  
21 transfer facility owned or operated by a national card  
22 association which is engaged in the business of administering  
23 for the benefit of the association's members a program  
24 involving electronic funds transfer transaction cards or  
25 access devices depicting a service mark, logo, or trademark  
26 associated with the national card association. The subsection  
27 is amended to provide that it does not apply to satellite  
28 terminals in this state, other than on-line and off-line full-  
29 function point-of-sale terminals as defined in this  
30 subsection, or multiple use terminals which are capable of  
31 being operated in a manner to initiate transactions affecting  
32 customer accounts through the use of an electronic personal  
33 identifier.

34 The bill repeals section 527.6, governing the disclosure of  
35 terms to a customer or member who is to be permitted to engage

1 in transactions through the use of a satellite terminal, and  
2 section 527.8, relating to liability of a financial  
3 institution which utilizes satellite terminals.

4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

HOUSE FILE 520

AN ACT

RELATING TO ELECTRONIC TRANSFER OF FUNDS AND ESTABLISHING CERTAIN REQUIREMENTS FOR FULL-FUNCTION POINT-OF-SALE TERMINALS AND ELECTRONIC FUNDS TRANSFER FACILITIES MAINTAINED OR OPERATED BY A NATIONAL CARD ASSOCIATION, ESTABLISHING A CIVIL PENALTY, AND PROVIDING AN EFFECTIVE DATE.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 527.2, subsection 10, Code 1995, is amended to read as follows:

10. "Limited-function terminal" means an on-line point-of-sale terminal or an off-line point-of-sale terminal which satisfies the requirements of section 527.4, subsection 3, paragraph "d", or a multiple use terminal, which is not operated in a manner to accept an electronic personal identifier, ~~and which is not operated to distinguish between transactions which affect a customer asset account and transactions which do not affect a customer asset account.~~ Except as otherwise provided, a limited-function terminal shall not be subject to the requirements imposed upon other satellite terminals pursuant to sections 527.4 and 527.5, subsections 1, 2, 3, 7, and 9.

Sec. 2. Section 527.3, Code 1995, is amended by adding the following new subsection:

NEW SUBSECTION. 8. An administrator may issue any order necessary to secure compliance with or prevent a violation of this chapter or the rules adopted pursuant to this chapter, regarding the establishment and operation of a satellite terminal, limited-function terminal, upgraded, altered, modified, or replaced limited-function terminal, and any other device or facility with which such terminal is interconnected. A person who violates a provision of this chapter or any rule

or any order issued pursuant to this chapter is subject to a civil penalty not to exceed one thousand dollars for each day the violation continues. A person aggrieved by an order of an administrator may appeal the order by filing a written notice of appeal with the administrator within thirty days of the issuance of the order. The administrator shall schedule a hearing for the purpose of hearing the arguments of the aggrieved person within thirty days of the filing of the notice of appeal. The provisions of chapter 17A shall apply to all matters related to the appeal. The attorney general, on request of the administrator, shall institute any legal proceedings necessary to obtain compliance with an order of the administrator or to prosecute a person for a violation of the provisions of this chapter or rules adopted pursuant to this chapter.

Sec. 3. Section 527.5, subsection 12, Code 1995, is amended to read as follows:

12. a. If at any time, a limited-function terminal at a location as defined in section 527.4, subsection 3, paragraph "d", is replaced by a device constituting either an on-line or an off-line point-of-sale terminal which may be utilized to initiate transactions which affect customer asset accounts through the use of an electronic personal identifier, or is upgraded, altered, or modified to be operated in a manner to accept which allows the use of an electronic personal identifier or to distinguish between to initiate transactions which affect customer asset accounts and transactions which do not affect customer asset accounts, or an on-line or an off-line point-of-sale terminal which may be utilized to initiate transactions which affect customer asset accounts through the use of an electronic personal identifier is newly established at a location defined in section 527.4, subsection 3, paragraph "d", then such upgraded, altered, or modified limited-function terminal or replacement point-of-sale terminal or such newly established point-of-sale terminal is deemed to be a full-function point-of-sale terminal for purposes of this subsection and all requirements of a

satellite terminal in this chapter apply to the full-function point-of-sale terminal with regard to all transactions affecting customer asset accounts which are initiated through the use of an electronic personal identifier, except for section 527.4, subsections 1, 2, and 4, section 527.4, subsection 3, paragraphs "a", "b", and "c", and section 527.5, subsections 1, 3, and 7. ~~A financial institution not eligible to establish satellite terminals within this state, which has established a limited-function terminal which is subsequently upgraded, altered, or modified as contemplated in this subsection, shall enter into an agreement with a financial institution which is authorized to establish a satellite terminal within this state to comply with the requirements of section 527.4 and this subsection.~~

b. A full-function point-of-sale terminal, as identified in paragraph "a", which is operated in a manner which permits all access devices to be utilized to initiate transactions which affect customer asset accounts, and where all such transactions can be directly routed for authorization purposes as established in this subsection, is also exempt from the provisions of section 527.5, subsection 9. However, if a data processing center directly connected to such full-function point-of-sale terminal does not authorize or reject a transaction affecting a customer asset account initiated at the terminal through the use of an electronic personal identifier, the transaction shall be immediately transmitted by the data processing center to either of the following:

(1) A central routing unit approved pursuant to this chapter.

(2) An electronic funds transfer processing facility maintained or operated by a national card association and utilized for the processing of transactions initiated through the use of electronic funds transfer transaction cards or access devices depicting a service mark, logo, or trademark associated with the national card association. However, if the national card association's processing facility is unable to immediately authorize or reject a transaction affecting a

customer asset account initiated at that terminal through the use of an access device which bears a service mark, logo, or trademark associated with a central routing unit approved pursuant to this chapter but does not bear a service mark, logo, or trademark associated with a national card association, or which bears a service mark, logo, or trademark other than that associated with either a central routing unit approved pursuant to this chapter or a national card association, the transaction shall be immediately transmitted to a central routing unit approved pursuant to this chapter, whether the transaction initiated through the use of such access device was transmitted to the national card association's processing facility by a data processing center directly connected to the full-function point-of-sale terminal, or the national card association's processing facility received the transmission of transaction data directly from the full-function point-of-sale terminal.

c. If the national card association's electronic funds transfer processing facility directly or indirectly receives a transaction affecting a customer asset account initiated at a full-function point-of-sale terminal through the use of an electronic personal identifier and an access device bearing a service mark, logo, or trademark associated with a national card association, whether or not the access device also bears the service mark, logo, or trademark of an approved central routing unit, and the national card association's processing facility cannot immediately authorize or reject the transaction, such transaction shall be immediately transmitted to a central routing unit approved pursuant to this chapter, or to a financial institution, or its data processing center, which is capable of immediately authorizing or rejecting the transaction.

d. For purposes of this subsection, a national card association must be a membership corporation or organization, wherever incorporated and maintaining a principal place of business, which is engaged in the business of administering for the benefit of the association's members a program

involving electronic funds transfer transaction cards or access devices depicting a service mark, logo, or trademark associated with the national card association and which may be utilized to perform transactions at point-of-sale terminals. A national card association must have a membership solely comprised of insured depository financial institutions, organizations directly or indirectly owned or controlled solely by insured depository financial institutions, entities wholly owned by one or more insured depository financial institutions, holding companies having at least two-thirds of their assets consisting of the voting stock of insured depository financial institutions, organizations wholly owned by one or more holding companies having at least two-thirds of their assets consisting of the voting stock of insured depository financial institutions and which are solely engaged in activities related to the programs sponsored by the national card association, or such other entities or organizations which are authorized by the national card association's bylaws to participate in the electronic funds transfer transaction card or access device programs or other services and programs sponsored by the national card association. For purposes of this subsection, a national card association shall not include a financial institution, bank holding company as defined in section 524.1801, or in the Federal Bank Holding Company Act of 1956, 12 U.S.C. 1842(d), as amended to July 1, 1994, association holding company as defined in section 534.102, or a supervised organization as defined in section 534.102, any other financial institution holding company organized under federal or state law, or a subsidiary or affiliate corporation owned or controlled by a financial institution or financial institution holding company, which has authorized a customer or member to engage in satellite terminal transactions. For purposes of this subsection, a national card association shall also not include a membership corporation or organization which is conducting business as a regional or nationwide network of shared electronic funds transfer terminals which do not constitute

point-of-sale terminals, and is engaged in satellite terminal transaction services utilizing a common service mark, logo, or trademark to identify such terminal services.

e. This subsection does not apply to satellite terminals located in this state, other than on-line and off-line full-function point-of-sale terminals as identified in this subsection, or multiple use terminals located in this state which are capable of being operated in a manner to initiate transactions affecting customer asset accounts through the use of an electronic personal identifier.

Sec. 4. Section 527.5, subsection 13, Code 1995, is amended to read as follows:

13. Effective July 1, 1994, any transaction engaged in with a retailer through a satellite terminal located-in-this state at a location described in section 527.4, subsection 3, paragraph "d", by means of an access device which results in a debit to a customer asset account shall be cleared and paid at par to-the-retailer during the settlement of such transaction to-the-retailer. Processing Notwithstanding the terms of any contractual agreement between a retailer or financial institution and a national card association as described in subsection 12, an electronic funds transfer processing facility of a national card association, a central routing unit approved pursuant to this chapter, or a data processing center, the processing fees and charges for such transactions to the retailer shall not-be-based-on-a-percentage-of-the amount-of-the-transaction be as contractually agreed upon between the retailer and the financial institution which establishes, owns, operates, controls, or processes transactions initiated at the satellite terminal. All accounting documents reflecting such fees and charges imposed on the retailer shall separately identify transactions which have resulted in a debit to a customer asset account and the charges imposed. The provisions of this subsection shall apply to all satellite terminals, including limited-function terminals, full-function point-of-sale terminals as identified in subsection 12, paragraph "a", and multiple use terminals.

Sec. 5. Sections 527.6 and 527.8, Code 1995, are repealed.

Sec. 6. This Act, being deemed of immediate importance, takes effect upon enactment.

---

RON J. CORBETT  
Speaker of the House

---

LEONARD L. BOSWELL  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 520, Seventy-sixth General Assembly.

---

ELIZABETH ISAACSON  
Chief Clerk of the House

Approved April 24, 1995

---

TERRY E. BRANSTAD  
Governor