



**TSYS Prepaid, Inc.**  
35 West 35th Street, 2nd Floor  
New York, NY 10001

+1.212.563.4433 tel  
+1.212.563.6505 fax

[www.tsysprepaid.com](http://www.tsysprepaid.com)  
[www.tsys.com](http://www.tsys.com)

7 November 2005

Robert E. Feldman  
Executive Secretary  
Federal Deposit Insurance Corporation  
550 17th Street N.W.  
Washington, D.C. 20429  
Attention: Comments/Legal ESS

Re: Definition of "Deposit"—Stored Value Cards  
69 *Federal Register* 20558, April 16, 2004

TSYS Prepaid, Inc ("TSYS Prepaid") is responding to the request of the Federal Deposit Insurance Corporation ("FDIC") for comments on its proposed definition of "deposit" as it relates to funds at insured depository institutions underlying stored value cards. TSYS Prepaid is a wholly owned subsidiary of TSYS, and is a leading provider of prepaid card solutions that utilize Visa<sup>®</sup>, MasterCard<sup>®</sup>, as well as EFT and ATM networks. TSYS Prepaid's clients include Fortune 500 companies, small and medium size enterprises, and leading financial institutions. We process several types of stored value card programs for these clients, including healthcare administration, payroll, claims, gift, corporate incentives, consumer promotions, general purpose, and teen.<sup>1</sup> As a pioneer in the developing industry of stored value cards, we are concerned about the potential impact of the proposed rules, and welcome the opportunity to submit our comments.

TSYS Prepaid endorses FDIC efforts to address this issue, but believes that commitment to any rules that do not reflect the diversity of the broad category of stored value products should be postponed until further industry analysis, especially where such rules present possible legal implications beyond the area in question by defining all stored value products as "deposits". The proposed definition could result in unintended consequences with respect to electronic funds transfer rules, and money laundering and state escheat laws. The stored value industry should be allowed to develop, with ongoing analysis, before placing restrictions on it. Formal imposition of certain traditional regulations without taking into account the diversity of these products would be inappropriate and unnecessarily obstructive to the development of stored value products.

We agree that cardholder funds should have necessary protections. Yet it is important to distinguish between different stored value products and conditions that warrant increased consumer protection. An anonymous gift card bought by one consumer to pass on to another differs greatly from a general purpose card used as a consumer's primary financial tool. Ownership of the underlying funds ultimately rests with the person in possession of the stored

---

<sup>1</sup> For more information, visit TSYS Prepaid's website at [www.tsysprepaid.com](http://www.tsysprepaid.com)

value card: criteria for insurance should take into account whether the cardholder is funding his or her own account or whether funds are provided by another consumer or corporate sponsor. In addition, the extent of the relationship between the issuing institution and the cardholder should be considered, and whether there is only a single placement or an ongoing reloading of funds.

The industry already encompasses multiple products of substantial social value, and given flexibility to develop, will flourish within best practices that reflect thorough consideration of all issues. At present, further focus is needed on different types of stored value products in order to be consistent with the purpose of federal deposit insurance. We urge FDIC to hold rulemaking in abeyance until further market review.

We appreciate your consideration of our comments. If there are any questions, please contact the undersigned, or Senior Vice President and General Counsel, Alison Nicoll.

Sincerely,

Cherie Hamblin  
Vice President, Compliance Officer