

## **LEGAL ALERT**

July 31, 2013

## Georgia Department of Banking and Finance Publishes Proposed Regulations Regarding Chartering of Merchant Acquirer Limited Purpose Banks

On July 31, 2013, the Georgia Department of Banking and Finance published its first set of proposed regulations to implement the Georgia Merchant Acquirer Limited Purpose Bank Act. The Act, which became effective on March 28, 2012, creates a new state charter for "merchant acquirer limited purpose banks" (MALPBs). These new banks are eligible for (but not required to obtain) FDIC insurance, thereby facilitating their membership in payment card networks (e.g., Visa, MasterCard). It is anticipated that MALPBs will be utilized by payment processors and other participants in the payments industry to avoid the necessity of establishing separate sponsoring arrangements with Visa/MasterCard member banks, or to supplement sponsor bank arrangements.

Please see our prior Legal Alert on the Georgia Merchant Acquirer Limited Purpose Bank Act <u>here</u> for more information on this new law.

A copy of the Georgia Department's proposed regulations is available here.

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If you have any questions about this Legal Alert, please feel free to contact any of the attorneys listed below or the Sutherland attorney with whom you regularly work.

Knox Dobbins	404.853.8053	knox.dobbins@sutherland.com
Robert J. Pile	404.853.8487	robert.pile@sutherland.com
Brian M. Murphy	404.853.8178	brian.murphy@sutherland.com
Heather J. Howdeshell	404.853.8117	heather.howdeshell@sutherland.com
Jason D. Stone	404.853.5073	jason.stone@sutherland.com

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<sup>&</sup>lt;sup>1</sup> O.C.G.A. §§ 7-9-2(8), (11).

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