

**INTERPRETIVE LETTER 94-001 (JANUARY 20, 1994)**

**Issuer who issues credit cards solely to access secured lines of credit does not have to comply with Credit Card Issuance Act because credit cards are not generally offered.**

Your letter to \*, dated \*, has been referred to me for a response. You have asked whether \* ("Credit Corporation") must comply with the Credit Card Issuance Act ("Illinois Act"), 815 ILCS 140/0.01-9 (1992), [formerly, Ill. Rev. Stat. ch. 17, pars. 6000-6012], when Credit Corporation offers a credit card in connection with the \* account ("\* Account") to Illinois residents. The Office of the Commissioner of Banks and Trust Companies ("Commissioner") is of the opinion that Credit Corporation is not required to comply with the Illinois Act when offering a credit card with the attributes you have described, in connection with the \* Account to Illinois residents.

The \* Account is primarily a credit line arrangement between Credit Corporation and a customer that is fully secured by the customer's securities that are held in a \* ("Securities Dealer") brokerage account and pledged to Credit Corporation. A borrower may obtain an advance under the credit line by writing a check. Also, an optional credit card may be obtained by the borrower as an additional means of accessing the credit line. The interest rates for the \* Account balances range from prime, as published in The Wall Street Journal, to prime plus 2% depending on the outstanding balance. The initial credit line for the \* Account must be at least \$10,000.

Section 7 of the Illinois Act requires credit card issuers who issue cards which are being generally offered to Illinois residents to disclose information pursuant to Section 6 of the Illinois Act. Because the optional credit cards issued in connection with the \* Accounts are only offered to customers who maintain Securities Dealer brokerage accounts, the Commissioner does not consider these credit cards as being "generally offered" to Illinois residents; therefore, these offers are not subject to the disclosure and filing requirements of the Illinois Act.

Additionally, the Commissioner finds that Credit Corporation does not have to comply with the Illinois Act because an individual who applies for the \* Account primarily wants to obtain a secured line of credit. The optional credit card is offered as a convenience for the customer to gain an additional means of accessing the credit line. The Commissioner is of the opinion that a card issued as a means to access a secured line of credit is not the type of card that is subject to the Illinois Act. Therefore, the Commissioner will not enforce the filing and disclosure requirements of the Illinois Act against Credit Corporation when it offers or issues credit cards to Illinois residents in connection with the \* Accounts.

**[NOTE: Filings with Commissioner pursuant to Credit Information Program was repealed effective June 29, 1994, by P.A. 88-546.]**