Nos. 26-1354, 26-1371

In the
United States Court of Appeals
for the Seventh Circuit

ILLINOIS BANKERS ASSOCIATION, AMERICAN BANKERS ASSOCIATION, AMERICA'S CREDIT UNIONS & ILLINOIS CREDIT UNION LEAGUE,

Plaintiffs-Appellants-Cross-Appellees,

v.

KWAME RAOUL, in his official capacity as Illinois Attorney General,

Defendant-Appellee-Cross-Appellant.

On Appeal from the United States District Court
For the Northern District of Illinois, Case No. 24-cv-7307
Honorable Virginia M. Kendall, *Chief United States District Judge*

UNOPPOSED MOTION OF PLAINTIFFS-APPELLANTS-CROSS-APPELLEES FOR ENTRY OF BRIEFING SCHEDULE AND TO EXPEDITE APPEAL

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Introduction

Under Federal Rule of Civil Procedure 2 and Seventh Circuit Rule 2, Plaintiffs-Appellants-Cross-Appellees Illinois Bankers Association, American Bankers Association, America's Credit Unions, and Illinois Credit Union League (collectively, "Plaintiffs") respectfully request that the Court enter the below unopposed briefing schedule, calendar oral argument for the week of May 11-15 or the week May 18-22, with the aim of resolving the appeal by June 15, 2026. Defendant-Appellee-Cross-Appellant Kwame Raoul, in his official capacity as Illinois Attorney General (the "Attorney General") takes no position on the need for expedited treatment or decision, but does not object to the deadlines set out in plaintiffs' motion.

This appeal and cross-appeal ask whether and to what degree the National Bank Act ("NBA") and other sources of federal law preempt the Illinois Interchange Fee Prohibition Act ("IFPA"), 815 ILCS 151/150-1 *et seq.*, an outlier Illinois statute that targets the intricate system for processing credit and debit card transactions and that has no analog in any other state. The IFPA, which is scheduled to go into effect on July 1, 2026, has two operative provisions. The first, referred to as the "Interchange Fee Prohibition," requires banks and other financial institutions that issue credit

and debit cards to forgo a portion of the revenue that compensates them for taking on credit risk, monitoring for fraud, providing benefits to cardholders, and otherwise greasing the wheels of the state and national economy. The second, referred to as the "Data Usage Limitation," purports to impose a near-total ban on using data from such transactions, thereby threatening to make fraud prevention and other critical operations far more difficult and less effective.

Plaintiffs—several trade associations whose members include banks, credit unions, other financial institutions, and card networks like Visa and Mastercard—brought suit, arguing that the NBA and other sources of federal law preempt the IFPA. On February 10, 2026, the District Court issued an order on cross-motions for summary judgment and Plaintiffs' request for a permanent injunction that "broadly grants the request [for a permanent injunction] as to the Data Usage [Limitation], while denying the request as to the Interchange Fee [Prohibition]." ECF 179 at 15.[1] In reaching these conclusions, the District Court stated that "[t]his is a close case," *Id.* at 11, and acknowledged that the record indicated that its ruling could produce

[1] All references to "ECF" are to the District Court docket, No. 24-cv-7307 (N.D. Ill.).

"business ending consequences for some members of the market," *id.* at 12; *see also id.* at 46 ("Compliance with the remaining provision of the law may still prove overwhelmingly arduous for the financial institutions.").

Plaintiffs now appeal on issues including the District Court's determination regarding the Interchange Fee Prohibition, and the Attorney General cross-appeals on issues including preemption of the Data Usage Limitation.

With the statute's effective date of July 1 fast approaching, expedited resolution of these issues is warranted in order to provide certainty to the industry and the State. To that end, Plaintiffs respectfully request that the Court enter the following unopposed briefing schedule:

- Plaintiffs' Principal Brief: March 6, 2026
- Attorney General's Principal and Response Brief: April 3, 2026;
- Plaintiffs' Response and Reply Brief: April 17, 2026;
- Attorney General's Reply Brief: May 1, 2026;

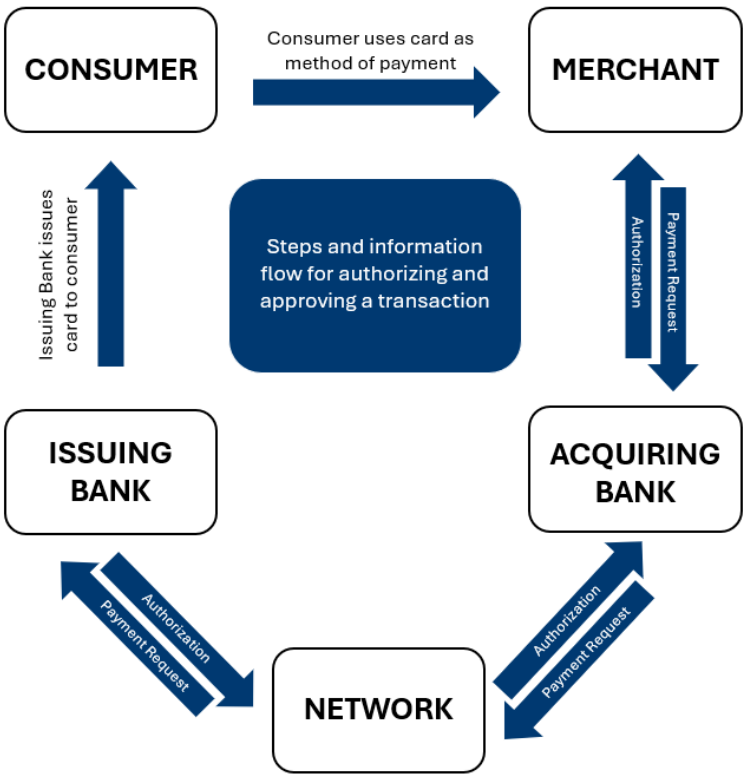
Plaintiffs further respectfully request that the Court calendar argument during the week of May 11-15 or the week of May 18-22, with the aim of resolving the appeal and cross-appeal by June 15, 2026.

Background

This case concerns an attempt by the State of Illinois to regulate the intricate system for processing credit and debit card transactions. For the consumer, such transactions are seamless: the consumer taps or swipes a card at a terminal (or enters card information online) and instantaneously completes a purchase. But each seemingly simple transaction involves a series of steps that knit together multiple participants, including the cardholder, the cardholder's bank (sometimes called the "Issuing Bank" or "Issuer"), a Card Network (*e.g.*, Visa or Mastercard), the merchant's bank (sometimes called the "Acquiring Bank" or "Acquirer"), and the merchant itself. *See generally* ECF 124 ¶¶ 18-37 (summarizing the various entities' involvement in typical transactions).

In general terms, as depicted in Figure 1 on the following page, *see* ECF 1 ¶ 47, when a cardholder purchases goods or services, the merchant sends information about the card, the merchant, and the total purchase amount to the merchant's Acquirer. ECF 124 ¶ 35. The Acquirer routes that information through the proper Card Network, requesting authorization of the transaction from the Issuer (e.g., to determine whether a cardholder has enough money or credit available to cover the purchase, and if there are any

indicia of fraud). *Id.* ¶ 36. The Issuer then applies its policies to determine whether to authorize the transaction. *Id.* That determination flows back through the Card Network, to the Acquirer, and then to the Merchant. *Id.* If the transaction is authorized, the merchant completes it, and the cardholder receives the goods or services. *Id.* ¶ 37. The banks and Card Networks facilitate this entire process in seconds, using their sophisticated technology and infrastructure to create a seamless experience for both merchant and consumer.



These various participants all receive compensation for the roles they play in processing the entire amount paid by the cardholder. Relevant here, Issuers—which administer the cardholder's account, take on risks of non-payment and fraud, and provide popular programs like cardholder rewards—have long been paid an "interchange fee" as compensation for these services based in part on the entire amount that the cardholder pays for the goods or services. *See generally id.* ¶¶ 39-44.

The IFPA, however, threatens to upend this carefully calibrated system. That law's Interchange Fee Prohibition forbids "[a]n issuer, a payment card network, an acquirer bank, or a processor" from charging or receiving interchange fees on the portion of a transaction attributable to gratuities or Illinois state and local taxes (the "Interchange Fee Prohibition"). 815 ILCS 151/150-10.[2] The potential penalties for failure to comply with the Interchange Fee Prohibition are enormous: civil penalties of $1000 *per transaction*. *Id.* § 150-15(a).

[2] The Act forbids charging an interchange fee at all on those portions of a transaction if the merchant transmits the tax and gratuity information to the Acquirer at the time of payment. *Id.* § 150-10(a). And even where a merchant does not do so, if it submits the information to the Acquirer within 180 days, the Issuer must "credit" the merchant that portion of the interchange fee within 30 days. *Id.* § 150-10(b).

The IFPA's Data Usage Limitation also places extraordinary limitations on card transaction data. Specifically, that provision Act makes it unlawful for "[a]n entity, other than the merchant" involved in a transaction to "distribute, exchange, transfer, disseminate, or use" the associated data "except to facilitate or process the electronic payment transaction or as required by law." *Id.* § 150-15(b). Under the statute's plain terms, for example, participants in the system could not "use" aggregated transaction data to detect fraud or administer rewards programs.

The IFPA's effective date was initially July 1, 2025. It has since been extended to July 1, 2026.

Plaintiffs sought a preliminary injunction, arguing that both the Interchange Fee Prohibition and the Data Usage Limitation significantly interfere with powers granted under the NBA and also contravene a variety of other sources of federal law, including the Home Owner's Loan Act ("HOLA"), the Federal Credit Union Act ("FCUA"), 12 U.S.C. § 1831a(j), and the dormant Commerce Clause. *See* ECF 15, 24. The Office of the Comptroller of the Currency ("OCC") filed an *amicus* brief supporting Plaintiffs' position regarding preemption under the NBA and HOLA—the two relevant statutes that the OCC administers. ECF 61-1; *see e.g.*, *id.* at 1

("[T]he IFPA prevents or significantly interferes with federally-authorized banking powers that are fundamental to safe and sound banking and disrupts core functionalities that drive the Nation's economy.").

In a pair of orders issued on December 20, 2024 and February 6, 2025, the Court granted in part and denied in part the request for a preliminary injunction. ECF 104; ECF 115. The Court concluded that Plaintiffs had demonstrated a likelihood of success on the merits of their argument that both aspects of the IFPA—the Interchange Fee Prohibition and the Data Usage Limitation—significantly interfere with powers granted by the NBA and are thus preempted as to national banks. ECF 104 at 16-24. The Court noted that both IFPA restrictions "directly constrain" such banking powers and, further, that the Supreme Court precedent "further illuminates" and "instructs" that preemption exists here. *Id.* at 18-19, 23. The Court also found Plaintiffs likely to succeed on their arguments that the IFPA was preempted as to Federal savings associations by the HOLA, *id.* at 24, and that 12 U.S.C. § 1831a(j)(1) gives banks chartered by states other than Illinois

the same protection against the IFPA that the NBA gives national banks, ECF 115 at 7-8.[3]

The District Court, however, did not grant preliminary injunctive relief based on Plaintiffs' arguments (1) that the FCUA preempts enforcement of the IFPA against federal credit unions, *see* ECF 115 at 3-7; (2) that the dormant Commerce Clause protects financial institutions chartered by states other than Illinois, *see* ECF 104 at 30-31; or (3) that "in order to effectuate federal preemption, the IFPA cannot be applied to Card Networks or others involved in the payment process," *see id.* at 27-28.

The parties then engaged in expedited summary judgment briefing, with Plaintiffs' motion for summary judgment and a permanent injunction and the Attorney General's cross-motion for summary judgment both fully briefed by May 21, 2025. *See* ECF 132 at 2-3; ECF 134. Plaintiffs submitted evidence establishing, among other things, that protected Issuers would not be able to receive the full amount of interchange revenue that federal law entitles them to charge and receive unless other participants in the card

[3] As to these aspects of Plaintiffs' claims, the District Court further found an injunction warranted based on its conclusions that (1) Plaintiffs would suffer irreparable harm absent an injunction; and (2) the balance of equities and public interest favored an injunction. ECF 104 at 33-36.

payment ecosystem also received protection from the IFPA. *See* ECF 124 ¶ 45-46; ECF 124-1 ¶¶ 40-55. Plaintiffs thus argued that the permanent injunction should be broader than the preliminary injunction, including by extending to actions of other payment system participants to the degree necessary for national banks and other protected entities to exercise their federally granted power to charge and receive interchange fees. *See* ECF 125 at 32-38. The Attorney General, for his part, continued to argue that no portion of the law is preempted.

The District Court held a hearing on the motions on October 22, 2025. ECF 159. At that hearing, Plaintiffs respectfully requested that the District Court issue its decision by the end of December 2025, to allow time for an orderly appeal to this Court; the District Court indicated it would endeavor to do so. *See* ECF 174 at 98:15-99:3.

The Court ultimately issued its summary judgment ruling on February 10, 2026. ECF 179. In that ruling, the District Court changed course with respect to the Interchange Fee Prohibition. *See id.* at 11-28. The District Court relied heavily on the fact that Card Networks, rather than banks or other financial institutions, set the default amount of interchange fees. In the District Court's view, that meant that the Interchange Fee Prohibition "does

not directly regulate banks." *Id.* at 12; *see also, e.g.*, *id.* at 20 ("[B]anks do not set, or arguably charge, interchange fees; rather, they receive them.").

The District Court acknowledged that, "[o]f course, the law does say that Issuers and Acquirers"—which are very frequently national banks—"'may not receive or charge a Merchant any interchange fee' on the portion of a transaction made up of state and local taxes and gratuity." *Id.* (quoting 815 ILCS 151/150-10). And it acknowledged the "undeniable" "compliance costs" that the Interchange Fee Prohibition would impose, which could drive some participants from the market entirely. *Id.* at 12, 27, 46. It concluded, however that "these costs, however staggering, do not speak to the core snag in Plaintiffs' case—third parties set the fees." *Id.* at 27.[4]

As to the Data Usage Limitation, the District Court continued to find significant interference, and thus preemption, with respect to national banks and federal savings associations. *Id.* at 28-30. It also held that 12 U.S.C.

[4] The District Court addressed the OCC's explanation of why the IFPA is preempted only briefly, dismissing it as merely criticizing the IFPA as "bad policy." ECF 179 at 28 (quoting ECF 61-1 at 1). But the full sentence the District Court quoted, backed up by pages of analysis, read: "In short, the IFPA constitutes *both* bad policy and un unlawful interference with federally granted powers." ECF 61-1 at 1 (emphasis added); *see generally id.* at 4-12.

§ 1831a(j) extended this preemptive effect to banks chartered by States other than Illinois, *id.* at 30-31, and held that the Data Usage Limitation impermissibly conflicted with the Federal Credit Union Act, and was thus preempted as to federal credit unions as well, *id.* at 34. Finally, the District Court concluded that "the Data Usage Limitation is so tied up in the federal entities' powers that the preemptive effect must run to the Payment Card Networks and others involved in the payment process, at least so far as necessary for the preempted entities to experience complete relief." *Id.* at 44.

Plaintiffs quickly appealed, ECF 181, the Attorney General cross-appealed, ECF 186, and this Court consolidated the cases and set an initial briefing schedule.

Reasons for Granting the Requested Relief

Good cause exists to grant the requested relief. First, as to the unopposed briefing schedule, although the parties could simply file their briefs on the unobjected-to dates, entry of that schedule by the Court will promote certainty and efficiency, which is particularly important in light of the request for an expedited date for oral argument.

Second, as to the request regarding oral argument scheduling, this appeal meets several of the criteria that Seventh Circuit Rule 34(b)(1) lays

out for calendaring "priority." Most obviously, the parties are appealing "from the granting, [and] denying … of [an] injunction[]." 7th Cir. R. 34(b)(1)(vi). Moreover, there can be no dispute that this "[a]ppeal[] involve[s] issues of public importance." 7th Cir. R. 34(b)(1)(iv). Indeed, it is hard to overstate credit and debit card transactions' role as an engine of economic activity. In 2022, for example, over 150 billion credit and debit card transactions worth $9.8 trillion were processed in the United States. ECF 124 ¶ 20. With approximately 4% of the country's population and economy, Illinois sees billions of transactions worth tens of billions of dollars annually. And the $1,000 *per-transaction* penalty would impose crushing risks on even small operators. *See id.* ¶ 17 (noting that the 3,800 cardholders of one small issuer engaged in approximately 900,000 transactions per year). Some institutions have indicated that the IFPA would lead them to halt programs to lower or eliminate other fees, *see id.* ¶ 47, or as the District Court acknowledged, even cease offering debit cards altogether, *see* ECF 179 at 12, 46. Along similar lines, this appeal involves "a right under the Constitution of the United States"—the claim that the NBA and other sources of federal statutory and constitutional law preempt enforcement of a state statute—that "would be maintained in a factual context that indicates that a request

for expedited consideration has merit." 7th Cir. R. 34(b)(1)(viii) (quoting 28 U.S.C. § 1657).

Calendaring of the argument for the week of May 11-15 or 18-22 would help facilitate a ruling by this Court by June 15, 2026, which would allow all parties at least minimal time to assess their options for seeking further review or otherwise analyze the best course forward in advance of the statute's July 1 effective date.

Dated: February 27, 2026

Respectfully submitted,

/s/ Charlotte H. Taylor

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CERTIFICATE OF COMPLIANCE

I hereby certify that (1) this motion complies with the type-volume limitation of Federal Rule of Appellate Procedure 27(d)(2)(A) because, as calculated by Microsoft Word 2016, it contains 2,642 words, excluding the parts of the motion exempted by Federal Rule of Appellate Procedure 32(f), and (2) this motion complies with the typeface requirements of Federal Rule of Appellate Procedure 32(a)(5) and the type-style requirements of Federal Rule of Appellate Procedure 32(a)(6) because it has been prepared in a proportionally spaced typeface using Microsoft Word 2016 in a 14-point Book Antiqua font.

Dated: February 27, 2026

/s/ Charlotte H. Taylor
Charlotte H. Taylor

CERTIFICATE OF SERVICE

I hereby certify that on February 27, 2026, I electronically filed the foregoing motion and declaration with the Clerk of Court for the United States Court of Appeals for the Seventh Circuit by using the CM/ECF system. I certify that all participants in the case are registered CM/ECF users and that service will be accomplished by the CM/ECF system.

Dated: February 27, 2026

/s/ Charlotte H. Taylor
Charlotte H. Taylor