

Card Association Updates

Interchange and Processing Fees

April 2017

MasterCard® Worldwide OPERATIONAL and RATE CHANGES

2 Series BIN	MasterCard will be introducing a new BIN range series beginning with “2”. This range will be in addition to the BIN ranges already in place for MasterCard beginning with “5”. The new “2” series cards will be issued in July 2017, testing for the new cards will be available in April 2016 and all terminals must be compliant by October 2016. These “2” series cards will be subject to the same rules, regulations, and programs as the “5” series cards.																								
Support of Revised Standards for Processing Authorizations and Preauthorization’s	<p>Effective October 14, 2016, MasterCard will enforce revised standards for processing authorizations and pre-authorizations. This will include the reversal of cancelled or finalized sales with lower amounts within 24 hours that informs the cardholder of the authorization amount when estimated. The authorization amount types include preauthorization, final authorization, and undefined authorization. Final authorization will take up to seven calendar days for clearing. Incremental authorization will be extended to all merchant types, and 15%/20% extra payment guarantee will be eliminated, except for signature-based gratuities, where the 20% tolerance remains applicable.</p> <p>Effective April 21, 2017, MasterCard will introduce new fees for processing integrity for pre-authorized and un-defined authorizations of \$0.045 per transaction for transactions that have not been reversed or cleared properly as either pre-authorization or un-defined authorization respectively.</p> <p>Effective June 18, 2017, MasterCard will introduce new fees for processing integrity for transactions coded for but not meeting final authorization requirements of 0.25% with a minimum charge of \$0.040.</p>																								
Modifications to Interchange Programs and Rates Revised Standards for the Display of the MasterCard Acceptance Marks	<p>Effective April 21, 2017, MasterCard will change the interchange rate program for Regulated Debit Refunds to 0.00% plus \$0.00 per item. This affects the following programs: POS Debit, POS Debit w/Fraud Adjustment, POS Debit Small Ticket, POS Debit Small Ticket w/ Fraud Adjustment, PIN Regulated Debit, and PIN Regulated POS Debit w/ Fraud Adjustment.</p> <p>Effective immediately, MasterCard has altered their requirements on the display of the MasterCard logo at merchant locations and e-commerce accounts. MasterCard logos must be displayed in terms of size frequency and location in the same manner as other acceptance marks. Specifics on each merchant and location type can be found at brand.mastercard.com.</p>																								
Changes to Various Interchange Categories	<p>Effect April 21, 2017, MasterCard will change the interchange rates for the following programs and eliminate Lodging Merchants from the Large Ticket Program – Lodging MCC’s will clear at 2.60% + \$0.10 as Commercial T&E 2, you may see changes in your processing statement for transactions processed after this date:</p> <table border="1" data-bbox="293 636 1539 730"> <thead> <tr> <th>Fee Program</th> <th>Old Rate</th> <th>New Rate</th> <th>Fee Program</th> <th>Old Rate</th> <th>New Rate</th> </tr> </thead> <tbody> <tr> <td>Data Rate I</td> <td>2.65% + \$0.10</td> <td>2.70% + \$0.10</td> <td>T&E Rate I</td> <td>2.70% + \$0.10</td> <td>2.75% + \$0.10</td> </tr> <tr> <td>Data Rate II</td> <td>2.05% + \$0.10</td> <td>2.20% + \$0.10</td> <td>T&E Rate II</td> <td>2.55% + \$0.10</td> <td>2.60% + \$0.10</td> </tr> <tr> <td>Data Rate III</td> <td>1.80% + \$0.10</td> <td>1.90% + \$0.10</td> <td>T&E Rate III (Airline MCC’s)</td> <td>2.50% + \$0.10</td> <td>2.55% + \$0.10</td> </tr> </tbody> </table>	Fee Program	Old Rate	New Rate	Fee Program	Old Rate	New Rate	Data Rate I	2.65% + \$0.10	2.70% + \$0.10	T&E Rate I	2.70% + \$0.10	2.75% + \$0.10	Data Rate II	2.05% + \$0.10	2.20% + \$0.10	T&E Rate II	2.55% + \$0.10	2.60% + \$0.10	Data Rate III	1.80% + \$0.10	1.90% + \$0.10	T&E Rate III (Airline MCC’s)	2.50% + \$0.10	2.55% + \$0.10
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Dispute Resolution Rule Revisions	<p>Effective for transactions processed on or after April 21, 2017, MasterCard will revise chargeback message reason code 4853-Cardholder Disputes to restrict the processing of chargebacks that pertain to certain investments, foreign exchange accounts and any similar dispute.</p> <p>Effective for transactions processed on or after April 21, 2017, MasterCard will discontinue the U.S. Domestic CVC 2 Program for all transactions and will revise reason code 4837 – No Cardholder Authorization. Key-entered transactions for this reason code will be considered fatal chargebacks and will have no resolution. Additionally, merchants will not be required to accept MasterCard if (i) the magnetic stripe of a magnetic stripe only card cannot be read or (ii) both the chip and the magnetic stripe cannot be read.</p> <p>Effective for transactions processed on or after April 21, 2017, MasterCard will require additional documentation from issuers filing chargebacks under reason codes 4834 – Point of Interaction Error and 4831 – Transaction Amount Differs-Paid by Other Means. The additional documentation required will be Canceled Check, Cash Payment Receipt, or Receipt showing a different account number from which payment was made.</p> <p>Effective for transactions processed on or after April 21, 2017, MasterCard will clarify requirements for chargeback 4871 to include requirements for issuers for offline and online PIN transactions to supply both a cardholder letter and supporting documentation. Examples include: (i) email message, (ii) dispute resolution form stating the cardholder did not authorize, and/or (iii) document showing the priority sequence of the cardholder verification method supported by the card or issuer for the disputed transaction.</p> <p>Effective for transactions processed on or after April 21, 2017, MasterCard will remove the exclusion of MasterCard Commercial Cards from merchant only SecureCode liability shifts for e-commerce transactions. Issuers will no longer be able to use 4837 – No Cardholder Authorization and 4863 – Cardholder Does Not Recognize to chargeback Commercial Card transactions if the merchant made an authentication attempt via the 3-D secure program and the Issuer has not provided an authentication response of 1.</p>																								

Visa® U.S.A., Inc. OPERATIONAL and RATE CHANGES

Expansion of Incremental Authorization	<p>Effective April 22, 2017, Visa will expand the Incremental Authorization process to merchants using merchant category codes 5812 (Drinking Places) and 7996 (Amusement Parks, etc). Merchants under these MCC’s can clear at the CPS Retail Program when using the incremental authorization process.</p> <p>Effective April 22, 2017, Visa will update the CPS Retail payment program to include a new Requested Payment Service value of 1 for Incremental Authorization. This will extend clearing timeframes for merchants using merchant category codes of 4457 (Boat Rentals), 7033 (Trailer parks/campgrounds), 7394 (Equipment, tool, etc. rental and leasing), 7519 (Motor home and Rec. Vehicle Leasing), and 7999 (Recreations services).</p>								
Changes to Private Label Transfer Pricing	<p>Effective April 21, 2017, Visa will decrease the interchange rate on Private Label Premium products. The current rate is 30% and will be reduced to 20%.</p> <table border="1" data-bbox="607 1413 1230 1455"> <thead> <tr> <th>Fee Program</th> <th>Current Rate</th> <th>New Rate</th> </tr> </thead> <tbody> <tr> <td>Private Label Premium</td> <td>30%</td> <td>20%</td> </tr> </tbody> </table>	Fee Program	Current Rate	New Rate	Private Label Premium	30%	20%		
Fee Program	Current Rate	New Rate							
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Expanded CPS Eligibility for Unattended Terminal Transactions from Transit MCC’s	<p>Effective April 21, 2017, Visa is expanding the eligibility for the CPS Transit Unattended Terminal program. Merchant category codes 4111 (Local and Suburban commuter), 4112 (Passenger Railway), and 4131 (Bus lines) will be able to qualify for CPS Transit for transactions over \$15.00. Transactions under \$15.00 will continue to clear at Small Ticket.</p>								
New Government Interchange Fee Programs	<p>Effective April 21, 2017, Visa will introduce a new Government Interchange Program for merchants in category codes 7800 (Government Owned Lotteries), 9211 (Court Costs), 9222 (Fines), 9311 (Tax Payments), and 9399 (Government services). This program will have new rates listed below:</p> <table border="1" data-bbox="558 1604 1279 1696"> <thead> <tr> <th>Fee Program</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>Government Credit Fee program</td> <td>1.55% + \$0.10</td> </tr> <tr> <td>Government Debit Fee Program</td> <td>1.55% + \$0.10</td> </tr> <tr> <td>Government PrePaid Fee Program</td> <td>0.65% + \$0.15 (cap of US \$2.00)</td> </tr> </tbody> </table>	Fee Program	Rate	Government Credit Fee program	1.55% + \$0.10	Government Debit Fee Program	1.55% + \$0.10	Government PrePaid Fee Program	0.65% + \$0.15 (cap of US \$2.00)
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Changes to Visa Token Service	<p>Effective April 22, 2017 Visa will implement changes to the Visa Token Service to reject the request messages submitted with a payment token that contains a POS condition code of 73 – token based with valid cryptogram. Merchants that choose to support merchant-initiated transactions (MIT) must be prepared to support the value for recurring payment transactions.</p>								
Mandates for Account Funding Transactions	<p>Effective April 22, 2017, Visa will require Account Funding Transactions (AFT) to contain a valid Business Application Identifier (BAI). An AFT is a process used to pull funds from a Visa account to fund a different account, for example a pre-paid card, moving to a financial institute, or person-to-person transactions. Merchants using this method of transactions must provide a valid BAI to qualify as an AFT.</p>								

Visa® U.S.A., Inc. OPERATIONAL and RATE CHANGES (cont.)**Page 2 of 2**

<u>Business-to-Business Virtual Payment</u>	Effective April 22, 2017, Visa will introduce a new fee program for Visa Business-to-Business (B2B) Virtual card products. Merchants who accept these transactions will incur a 1.55% "B2B Virtual Payment Program Transaction" fee for B2B Virtual card transactions accepted.
	Effective for transactions processed on or after April 22, 2017, Visa will change Chargeback reason code 41 – Cancelled Recurring Transaction to remove Unscheduled Credential on file transactions. An unscheduled credential on file transaction is the result of standing instructions governed by a contract between the consumer and the merchant to charge on an as-needed basis.
	Effective for transactions processed on or after April 22, 2017, Visa will make changes to the rules related to the requirement to disguise the card expiration date has been removed; however, please continue to follow local laws that effect this information.
<u>Dispute Resolution Rules Revision</u>	Effective for transactions processed on or after April 22, 2017, Visa will change the rules related to providing a paper copy of a receipt to the cardholder. The merchant may provide electronic receipts to a cardholder however the following applies: 1) a merchant must make a paper receipt available to the card holder if the card holder requests a paper copy; 2) a paper receipt is a merchant requirement for a return or exchange; 3) the merchant initiated a transaction without reference to the card holder for example a recurring transaction. Additionally, in the event of a Request For Copy (RFC) from the issuing bank the merchant must provide transaction information within 30 days of the RFC request, RFC requests may be initiated on face-2-face transactions within 120 days of the date of purchase.
	Effective for transactions processed on or after April 22, 2017, Visa will provide chargeback protection from fraud related reason codes for transactions processed in the Visa B2B Virtual Payments Program. The fraud related reason codes include: 57 – Fraudulent Multiple Transactions, 62 – Counterfeit Transaction, 81 – Fraud: Card-Present Environment, and 83 – Fraud: Card-Absent Environment.

Discover® OPERATIONAL and RATE CHANGES

<u>New Error Code and New Reject Error Codes</u>	Effective April 21, 2017, Discover will introduce a new error code and three new reject error codes. Error code 0115 is a warning level message and will be received on duplicated transactions over \$20,000. The following three new reject error codes will be received when a transaction of \$100,000 fails; "Authorization Amount not within Tolerance", "NRID Missing or Populated with All Zeros", or "Matching Authorization Record Not Found". Transactions which receive a reject error code will not be processed or funded.																					
<u>Chip Card Enhancements</u>	Effective April 21, 2017, Discover will change the requirements for the Data Field 24 – Dedicated File Name (tag 84) from optional to mandatory for Chip Card Transaction data. Please ensure your third party software is updated to provide the new required data field.																					
<u>NRID Reclassification</u>	Effective April 21, 2017, Discover will add a new reclassification code to transactions that are missing the Network Reference Identification (NRID) for Prime and Mid-Submission Level programs. Base Submission Level programs are not affected by this reclassification.																					
	Effective April 21, 2017, Discover will change the below Interchange rate programs as described:																					
<u>Rate Changes</u>	<table border="1"> <thead> <tr> <th>Fee Program</th> <th>Old Rate</th> <th>New Rate</th> </tr> </thead> <tbody> <tr> <td>PSL – Recurring Payments (Core, Rewards, Premium)</td> <td>1.20% + \$0.05</td> <td>1.35% + \$0.05</td> </tr> <tr> <td>PSL – Express Services (Premium Plus)</td> <td>2.05% + \$0.00</td> <td>2.05% + \$0.10</td> </tr> <tr> <td>PSL – Petroleum (Rewards, Premium, Premium Plus)</td> <td>1.73% + \$0.05</td> <td>1.80% + 0.05</td> </tr> <tr> <td>PSL – Hotels/Car Rentals, Passenger Transport, Restaurant</td> <td>2.30% + \$0.10</td> <td>2.40% + \$0.10</td> </tr> <tr> <td>PSL – Retail</td> <td>2.10% + \$0.10</td> <td>2.15% + \$0.10</td> </tr> <tr> <td>PSL – Key Entry</td> <td>2.15% + \$0.10</td> <td>2.40% + \$0.10</td> </tr> </tbody> </table>	Fee Program	Old Rate	New Rate	PSL – Recurring Payments (Core, Rewards, Premium)	1.20% + \$0.05	1.35% + \$0.05	PSL – Express Services (Premium Plus)	2.05% + \$0.00	2.05% + \$0.10	PSL – Petroleum (Rewards, Premium, Premium Plus)	1.73% + \$0.05	1.80% + 0.05	PSL – Hotels/Car Rentals, Passenger Transport, Restaurant	2.30% + \$0.10	2.40% + \$0.10	PSL – Retail	2.10% + \$0.10	2.15% + \$0.10	PSL – Key Entry	2.15% + \$0.10	2.40% + \$0.10
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<u>JCB Track Data</u>	Effective April 21, 2017 Discover will remove the exemption for JCB cards Track Data requirements. JCB transactions will be required to have valid Track Data for all PSL and Commercial rate programs.																					
	Effective for transactions processed on or after April 21, 2017, Discover will change and clarify the dispute process for reason code UA02-Card Not Present Fraud. This reason code will be invalid for Mobile Device In-App card sales when the authorization request includes a valid authentication cryptogram.																					
<u>Dispute Resolution Rule Revisions</u>	Effective for transactions processed on or after April 21, 2017, Discover will update the No Signature/No PIN Program where the cardholder's signature is required for card present card sales of \$50.00 or more; a CDCVM indicator or PIN entry, as applicable. Such card sale will be subject to dispute if the merchant fails to obtain the cardholder's signature.																					
<u>PIN Debit Annual Fees</u>																						
<u>Pulse Debit Network Annual Fee Change</u>	The Pulse Debit Network is increasing the annual merchant location fee from \$10.00 to \$12.00. As a result, your account will be assessed an annual \$12.00 "Pulse Network Annual Fee" if applicable.																					
<u>NYCE Debit Network Annual Fee Change</u>	The NYCE Debit Network is increasing the annual merchant location fee from \$7.00 to \$12.00. As a result, your account will be assessed an annual \$12.00 "NYCE Network Annual Fee" if applicable.																					