

February 13, 2006

## APRIL 2006 INTERCHANGE UPDATE

Chase Paymentech Solutions is committed to helping Strategic Partners make informed decisions relative to the Visa and MasterCard Interchange rate changes that take effect April 7, 2006. This document will detail what we presently know regarding impacts to Interchange qualification.

Future updates will be forthcoming as new information becomes available. We will keep you advised should Visa or MasterCard announce any additional changes to Interchange rate programs. **Additional communications will outline timelines for executing merchant pricing adjustments and required disclosure notices.**

### **Visa Overview**

Visa is making several modifications to Small Ticket programs. The changes include expansion of MCCs eligible for **Visa CPS Small Ticket** interchange rates, reduction of the **CPS Small Ticket Debit** interchange rate, introduction of a **No Signature Required program** and the elimination of **Visa Express Payment Service** interchange rate.

Visa is extending the existing CPS Small Ticket interchange, also known as **Small Ticket Payment Service**, to seven additional merchant category codes (MCCs). Transaction qualification criteria have not been modified and requirements to meet the category are the same as today and as represented on the Interchange Qualification Chart.

<b>Current Eligible MCCs</b>	<b>New Additional Eligible MCCs</b>
4111 Local Commuter Transport	4131 Bus Lines
4121 Taxicabs & Limousines	4784 Tolls & Bridge Fees
5812 Restaurants	5994 News Dealers/Newsstands
5814 Fast Food	7211 Laundries
7523 Auto Parking Lots & Garages	7216 Dry Cleaners
7832 Motion Picture Theaters	7338 Quick Copy/Reproduction Service
7841 Video Tape Rental Stores	7542 Car Washes

Visa will reduce the **Visa CPS Small Ticket Debit Card** rate by 5 basis points (0.05%), from 1.60% and \$0.04 to **1.55% and \$0.04**. The Visa CPS Small Ticket Credit rate will remain the same at 1.65% and \$0.04.

Visa is introducing a new **Visa No Signature Required program**, which eliminates the signature

requirement on qualified transactions under \$25 to seventeen merchant categories. The program applies to face-to-face, swiped transactions and intends to provide protection from “No Signature” chargebacks on consumer and commercial cards. No specific interchange rate category is associated with the program and registration is not required.

<b>Eligible MCCs</b>
All 14 Small Ticket program MCCs listed above
5499 Misc. Food Stores
5541 Service Stations
5912 Drug Stores & Pharmacies

With the expansion of the eligible MCCs for Visa CPS Small Ticket and the introduction of the No Signature Required Program, Visa will **eliminate** the **Express Payment Service** interchange category. Those transactions will qualify at CPS Small Ticket (which requires authorization) or other appropriate qualifying category.

Visa has announced modifications to the Commercial Card interchange structure. Those changes include an increase to Business and Purchasing Level II interchange rate; additional eligible MCCs for Visa's Purchasing Large Ticket interchange rate, and changes to Level II and Level III qualification requirements.

Visa is separating the **Commercial Product Level II** rate into two categories:

- **Business Card** and **Purchasing Card** will increase 10 basis points (0.10%) from 1.90% and \$0.10 to **2.00% and \$0.10**.
- Corporate Card will remain the same at 1.90% and \$0.10.

Visa is expanding the **Purchasing Large Ticket** Interchange program to now **include all non-travel services MCCs**. The interchange rate remains the same at \$35 and 0.95%. In addition, qualification requirements remain the same including merchant program registration and providing Level II and Level III data.

Visa is modifying the existing sales tax and customer code requirements for Level II qualification. Tax-exempt transactions will no longer be able to qualify for Level II interchange. With respect to the customer code, it will no longer be required for purchasing cards to qualify for Level II, with the exception of purchasing card transactions at fuel merchants.

Level III qualification requirements will also be modified. Previously, in order to qualify for Level III, Level II data (sales tax and customer code) was required. These data elements will no longer be required to qualify for Level III. However, Visa will be expanding the minimum Level III requirements to include additional data elements such as Freight/Shipping Amount, Duty Amount, Item Commodity Code, Item Descriptor, Product Code, Quantity, Unit of Measure, Unit Cost, Discount Per Line Item, Line Item Total, and Line Item Detail Indicator. Requirements for Fuel Merchants will require Customer Code as well as additional Fleet Fuel data.

### **MasterCard Overview**

The addition of the **MasterCard Cross-Border Assessment Fee** to be billed on any transaction in which the country code of the merchant differs from the country code of the cardholder. An example of Cross-Border would be a U.S. merchant who is processing a foreign card.

The MasterCard Cross-Border Assessment Fee is calculated by multiplying the transaction amount, of each Cross-border transaction, by a pre-determined basis point rate.

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First Data Merchant Services will implement two new Fee Sequence Codes to provide option to bill additional rates for Cross-Border transactions processed in the merchant's U.S. currency (x 0.10%) or a currency other than that of the merchant location (x 0.20%).

No additional interchange qualification modifications or rates were announced at this time. We will keep you updated with additional information as it becomes available.

### **For Additional Information**

Contact the **1FIRSTeam at 800-949-0378** or via email at [excellence@paymentech.com](mailto:excellence@paymentech.com). The Interchange Qualification chart can be located on the Strategic Partner Re\$ource Center at <https://www.paymentech.net/spx>. This chart will be updated with the new modifications when they go into affect in April 2006.

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We appreciate the opportunity to serve as your payment processor. We value our partnership and remain committed to providing you the product and service solutions you need to increase your operational efficiency. Should you have any questions about these general guidelines or need further assistance, please contact your account manager.

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