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SC Court of Appeals

THE STATE OF SOUTH CAROLINA
In The Court of Appeals

APPEAL FROM THE ADMINISTRATIVE LAW COURT

Milton G. Kimpson, Administrative Law Judge

Case No. 20-ALJ-17-0008-CC

Appellate Case No. 2024-001252

Mastercard International Incorporated, Appellant,

v.

South Carolina Department of Revenue, Respondent.

RECORD ON APPEAL - VOLUME VI of XIV

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Mastercard Rules

15 November 2016

Summary of Changes, 15 November 2016

The following are changes with the most recent publication of this document.

Mastercard is providing a marked document that contains revised Standards. Additions are underlined; deletions are indicated with a strikethrough. Please refer to the Summary of Changes for more information.

To access the marked document, click the following Microsoft Word[®] icon. This Word file can be saved to a local drive for later use.



Chapter Number	Rule Name	Source or Explanation of Revisions
Chapter 1—The License and Participation	1.10.3 Exceptions to the Participation Restrictions	Correction of typographical error (Chili to Chile)
Chapter 3—Customer Obligations	3.3 Transaction Requirements	See “Revised Standards for Acquirer Fraud Loss Control Programs,” <i>Global Operations Bulletin</i> No. 9, 1 September 2016.
Chapter 3—Customer Obligations	3.9 Obligation of Customer to Provide Information	See “Revised Standards for the Global Collection Only Data Collection Program,” <i>Global Operations Bulletin</i> No. 7, 1 July 2016.
Chapter 3—Customer Obligations	3.10 Confidential Information of Customers	See “Revised Standards Relating to the Use of Confidential Information,” <i>Global Operations Bulletin</i> No. 7, 1 July 2015; “Revised Standards for Use of Payment Account Reference Data,” <i>Global Security Bulletin</i> No. 10, 18 October 2016.
Chapter 4—Use of the Marks	4.4 Signage System 4.5 Use of the Interlocking Circles Device	The URL for the Mastercard Brand Center website has been updated from Mastercardbrandcenter.com to brand.Mastercard.com.
Chapter 4—Use of the Marks	4.11 Use of a Card Design in Issuer Advertising and Marketing Material	Replaced “Account number” with “Primary Account Number (PAN)”.

Chapter Number	Rule Name	Source or Explanation of Revisions
Chapter 5—Acquiring	5.7.3 Submerchant Name Information	Removed outdated requirements no longer in effect (superseded as of 17 April 2015).
Chapter 5—Acquiring	5.7.5 Merchant Location	Deleted; redundant with Rule 5.4. Note: Former Rule 5.7.6, Transactions at Terminals with No Fixed Location, renumbered to become Rule 5.7.5.
Chapter 5—Acquiring	5.9.1.1 Location of Display	The URL for the Mastercard Brand Center website has been updated from Mastercardbrandcenter.com to brand.Mastercard.com.
Chapter 5—Acquiring	5.13 Sale or Exchange of Information 5.14 Payment Account Reference Data	See “Revised Standards for Use of Payment Account Reference Data,” <i>Global Security Bulletin</i> No. 10, 18 October 2016.
Chapter 6—Issuing	6.1 Card Issuance—General Requirements	See “Global Safety and Security Standards Roadmap,” <i>Global Security Bulletin</i> No. 10, 18 October 2016.
Chapter 6—Issuing	6.1.4 Tokenization of Accounts	See “Introducing Token Service Provider Rules and Standards,” <i>Global Operations Bulletin</i> No. 8, 1 August 2016.
Chapter 6—Issuing	6.1.4 Tokenization of Accounts	Revised note to indicate a Europe Region rule variation exists.
Chapter 6—Issuing	6.10.7 Automatic Value Loads from Payment Cards	See “Revised Standards for Prepaid Account Value Loads,” <i>Global Operations Bulletin</i> No. 7, 1 July 2016.
Chapter 7—Service Providers	7.1 Service Provider Categories	See “Introducing Token Service Provider Rules and Standards,” <i>Global Operations Bulletin</i> No. 8, 1 August 2016. Also removed redundant text.
Chapter 7—Service Providers	7.1.4.2 Staged Digital Wallet Operator Requirements	Added a requirement to use MCC 4816 for a funding transaction involving the services of a high-risk cyberlocker.

Chapter Number	Rule Name	Source or Explanation of Revisions
Chapter 7—Service Providers	7.1.6 Token Service Provider (TSP) 7.15 Registration Requirements for Token Service Providers	See “Introducing Token Service Provider Rules and Standards,” <i>Global Operations Bulletin</i> No. 8, 1 August 2016.
Chapter 8—Settlement and Related Obligations	8.4 Establishment of Intracountry Interchange and Service Fees 8.4.1 Default Intracountry Fees	See “Revised Standards for Setting Default Intracountry Interchange and Service Fees,” <i>Global Operations Bulletin</i> No. 7, 1 July 2016.
Chapter 8—Settlement and Related Obligations	8.10 Risk of Loss	See “Revised Standards for Settlement and Related Obligations,” <i>Global Operations Bulletin</i> No. 9, 1 September 2016.
Chapter 9—Digital Activity	3.16 Responsibility for Digital Activity—Wallet Token Requestors	Replaced references to On-device Cardholder Verification (ODCV) with Consumer Device Cardholder Verification Method (CDCVM)
Chapter 10—Asia/Pacific Region	6.1 Card Issuance—General Requirements	See “Global Safety and Security Standards Roadmap,” <i>Global Security Bulletin</i> No. 10, 18 October 2016.
Chapter 10—Asia/Pacific Region	8.4.1 Default Intracountry Fees	See “Revised Standards for Setting Default Intracountry Interchange and Service Fees,” <i>Global Operations Bulletin</i> No. 7, 1 July 2016.
Chapter 11—Canada Region	6.1 Card Issuance—General Requirements	See “Global Safety and Security Standards Roadmap,” <i>Global Security Bulletin</i> No. 10, 18 October 2016.

Chapter Number	Rule Name	Source or Explanation of Revisions
Chapter 12—Europe Region	Definitions	See "Introduction of Debit Mastercard with Country-Wide Variance for Issuers," <i>Hungary Operations Bulletin</i> No. 5, 11 August 2016.
	Debit Mastercard Country	See "Introduction of Debit Mastercard in San Marino," <i>Europe Region Operations Bulletin</i> No. 9, 1 September 2016.
Chapter 12—Europe Region	6.1 Card Issuance—General Requirements	See "Global Safety and Security Standards Roadmap," <i>Global Security Bulletin</i> No. 10, 18 October 2016.
Chapter 12—Europe Region	7.1.2 Third Party Processor	See "Minimum Quality Requirements for Switches," <i>Europe Region Operations Bulletin</i> No. 11, 1 November 2016.
Chapter 12—Europe Region	8.4 Establishment of Intracountry Interchange and Service Fees	See "Revised Standards for Setting Default Intracountry Interchange and Service Fees," <i>Global Operations Bulletin</i> No. 7, 1 July 2016.
	8.4.1 Default Intracountry Fees	

Chapter Number	Rule Name	Source or Explanation of Revisions
Chapter 12—Europe Region	Definitions	See “Extension to Norway of Rules Related to the Interchange Fee Regulation,” <i>Europe Region Operations Bulletin</i> No. 11, 1 November 2016.
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Chapter Number	Rule Name	Source or Explanation of Revisions
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	8.2 Net Settlement	
	8.2.1 Currency Conversion	
	8.4.3 Bilateral Agreement	
Chapter 13—Latin America and the Caribbean Region	6.1 Card Issuance—General Requirements	See “Global Safety and Security Standards Roadmap,” <i>Global Security Bulletin</i> No. 10, 18 October 2016.
Chapter 15—United States Region	3.7 Integrity of Brand and Network	See “Revised Standards for Non-U.S. Government Owned Lotteries,” <i>U.S. Region Operations Bulletin</i> No. 6, 9 June 2016.
Chapter 14—Middle East/Africa Region	Definitions Debit, Debit Mastercard Card, Debit Card	Removed reference to floor limits. See “Changes to Global Floor Limit Terminology,” <i>Global Security Bulletin</i> No. 9, 15 September 2015.
Chapter 14—Middle East/Africa Region	6.1 Card Issuance—General Requirements	See “Global Safety and Security Standards Roadmap,” <i>Global Security Bulletin</i> No. 10, 18 October 2016.
Chapter 15—United States Region	5.11.5 Existing Mastercard Cardholder Obligations	See “Revised Standards for Existing Mastercard Cardholder Obligations,” <i>U.S. Region Operations Bulletin</i> No. 6, 9 June 2016.
Chapter 15—United States Region	6.1 Card Issuance—General Requirements	See “Global Safety and Security Standards Roadmap,” <i>Global Security Bulletin</i> No. 10, 18 October 2016.
Chapter 15—United States Region	6.1.1 Mastercard Card Issuance	Redundant text has been removed.
Chapter 15—United States Region	8.2.2 Settlement Currency	See “Revised Standards for Settlement and Related Obligations,” <i>Global Operations Bulletin</i> No. 9, 1 September 2016.

Chapter Number	Rule Name	Source or Explanation of Revisions
Appendix C—Definitions	Account PAN PAR Payment Account Reference (PAN)	See “Revised Standards for Use of Payment Account Reference Data,” <i>Global Security Bulletin</i> No. 10, 18 October 2016.
Appendix C—Definitions	Cirrus Acceptance Mark Maestro Acceptance Mark Mastercard Acceptance Mark	The URL for the Mastercard Brand Center website has been updated from Mastercardbrandcenter.com to brand.Mastercard.com.
Appendix C—Definitions	Global Collection Only (GCO) Data Collection Program	See “Revised Standards for the Global Collection Only Data Collection Program,” <i>Global Operations Bulletin</i> No. 7, 1 July 2016.
Appendix C—Definitions	Digitization, Digitize Mastercard Token Mobile Payment Device Payment Application	See “Introducing Token Service Provider Rules and Standards,” <i>Global Operations Bulletin</i> No. 8, 1 August 2016.
Appendix C—Definitions	Processed Transaction	See “Revised Standards for the Definition of Processed Transaction,” <i>Global Operations Bulletin</i> No. 8, 1 August 2016.

Mastercard Standards

Mastercard is dedicated to making payments safe, simple and smart. We have a set of standards (“the Standards”) in support of this mission that provides our Customers with clear direction as to their responsibilities. The Standards include the information contained in this *Mastercard Rules* manual and other manuals, along with guides, bulletins and policies that may be updated from time to time.

The Standards enable growth for Mastercard and for our Customers while ensuring integrity and reliability. They are developed under a set of principles that guide us in our actions and provide a framework under which we operate.

Mastercard and its Customers:

Uphold the value of the Mastercard brands as the choice of payment for consumers, businesses and merchants. Consumers, businesses and merchants have multiple payment options to use and to accept. Mastercard and its Customers operate so as to uphold the value of the Mastercard brands so that our products will be adopted and chosen by these end users.

Act with financial integrity and in compliance with the Standards and the law. Operating programs in a manner that is financially sound, in compliance with the Standards and the law helps us manage risk to Mastercard and to our Customers.

Engage in rigorous fraud management practices. Ensuring that transactions are conducted securely is of the utmost importance. Mastercard and its Customers leverage best-in-class technology and business practices in order to make transactions safe.

Manage systems and programs to support interoperability. The ability to process transactions at a global and local level is a key feature of the Mastercard network. Customers manage their systems and programs to enable the seamless acceptance and processing of Mastercard transactions.

Applicability of Rules in this Manual

This manual contains Rules for the Mastercard®, Maestro® and Cirrus® brands. The Rules relate to Activity conducted pursuant to a License that Mastercard grants to a Customer for use of one or more of these brands and/or to conduct Digital Activity. If a particular brand or brands is not mentioned in a Rule, then the Rule applies to all three brands.

This manual also contains Rules for the Mastercard Electronic and Mastercard Mobile brands. The Rules for these brands apply only to those Customers Licensed to use either or both of these brands.

The below table describes the applicability of the Rules for particular types of Transactions. Please note that the term “POS Transaction” refers to a Transaction that occurs at a Merchant location, whether in a Card-present environment at an attended or unattended POS Terminal, or in a Card-not-present environment. In a Card-not-present environment, this may include electronic commerce (“e-commerce”), mail order, phone order, or recurring payment Transactions.

Refer to the *Transaction Processing Rules* manual for brand-specific Rules relating to acceptance in Card-present and Card-not-present environments and the processing of particular Transaction types.

Rules relating to...	Apply to...
Mastercard POS Transactions	A POS Transaction conducted with a Mastercard Card.
Maestro POS Transactions	A POS Transaction conducted with: • A Maestro Card, or • A Mastercard Card issued using a BIN identified by the Corporation as “Debit Mastercard” and routed to the Single Message System.
ATM Transactions	A Transaction conducted with a Mastercard, Maestro, or Cirrus Card at an ATM Terminal and routed to the Interchange System.
Manual Cash Disbursement Transactions	A cash withdrawal Transaction conducted at a Customer financial institution teller with: • A Mastercard Card, or • A Maestro or Cirrus Card at a PIN-based In-Branch Terminal and routed to the Interchange System.
Mastercard Electronic Transactions	A POS Transaction conducted with a Mastercard Electronic Card at a Mastercard Electronic Merchant.

Rules relating to...	Apply to...
Mastercard Mobile Remote Payment (MMRP) Transactions	A POS Transaction performed by an enrolled consumer using a mobile device registered by the Issuer or its Service Manager and having Mastercard Mobile Remote Payment functionality. The consumer, as a Mastercard or Maestro Cardholder, initiates and authenticates payments by entering a PIN or mobile-specific credentials on the mobile device.
Payment Transactions	A Transaction that transfers funds to an Account. A Payment Transaction is not a credit that reverses a previous purchase. Includes MoneySend™ Payment Transactions.

Modifying Words and Acronyms

From time to time, the meanings of the above terms are modified by the addition of another word or acronym. For example, a Debit Mastercard POS Transaction means a Transaction resulting from the use of a Debit Mastercard Card at the point of sale (POS). However, for ease of use, not every modifying term is defined. While Mastercard alone interprets and enforces its Rules and other Standards, these *Mastercard Rules* endeavor to use defined terms and other terms and terminology in a plain manner that will be generally understood in the payments industry.

Variations and Additions to the Rules for a Geographic Area

Variations and/or additions (“modifications”) to the Rules are applicable in geographic areas, whether a country, a number of countries, a region, or other area. In the event of a conflict between a Rule and a modification of that Rule, the modification is afforded precedence and is applicable. The Rules set forth in this manual are Standards and Mastercard has the sole right to interpret and enforce the Rules and other Standards.

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Chapter 1 The License and Participation

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1.1 Eligibility to be a Customer

An entity eligible to be a Customer may apply to become a Customer. No entity may participate in Activity until that entity is approved to be a Customer, has executed the applicable Licenses for the proposed Activity in a form acceptable to the Corporation, and has paid all associated fees and other costs.

NOTE: A modification to this Rule appears in the “Digital Activity” chapter.

The following types of entities are eligible to be a Customer.

1.1.1 Principal or Affiliate

A financial institution or other legal entity authorized to engage in financial transactions in accordance with the laws and government regulations of the country (or any subdivision thereof) in which it is organized or principally engaged in business may apply to be a Principal or an Affiliate. Any such financial institution or other legal entity must also have the requisite right, power, and authority, corporate and otherwise, to be a Customer of this Corporation and to engage in the proposed Activity, and must have submitted business plans acceptable to the Corporation in accordance with the Standards, including without limitation, Rule 2.2.1.

For purposes of this Rule 1.1.1, “financial transactions” means the making of commercial or consumer loans, the extension of credit, the taking of consumer or commercial deposits, the establishment of prepaid accounts and issuance of electronic money or stored value, or the execution of related payment transactions, including effecting such transactions with payment cards or other access devices or methods.

A financial institution applicant must be regulated and supervised by one or more governmental authorities or agencies authorized and empowered to establish or enforce rules regarding financial transactions and the financial condition, activities, and practices of entities engaging in financial transactions. Any other applicant must satisfy such eligibility criteria as the Corporation may adopt from time to time, consistent with the promotion of safe and sound practices, on a regional, country-by-country or other basis. The decision to admit an applicant as a Principal or Affiliate of the Corporation is made at the sole discretion of the Corporation.

1.1.2 Association

Any legal entity that is Controlled by one or more financial institutions eligible and approved to be a Customer as described in Rule 1.1.1 and that proposes to engage in Mastercard Activity on behalf of one or more of those Customers may apply to be an Association. Any such entity must have the requisite right, power, and authority, corporate and otherwise, to be a Customer of this Corporation, must have submitted business plans acceptable to the Corporation in accordance with the Standards, including without limitation, Rule 2.2.1. The decision to admit an entity as an Association of the Corporation is made at the sole discretion of the Corporation.

1.1.3 Digital Activity Customer

NOTE: A Rule on this subject appears in the “Digital Activity” chapter.

1.2 Mastercard Anti-Money Laundering Program

A License application must be accompanied by affirmative evidence satisfactory to the Corporation that the applicant is in compliance with the Mastercard Anti-Money Laundering Program (the “AML Program”).

The AML Program requires that each Customer conducting or proposing to conduct issuing and/or acquiring Activity have policies, procedures, and controls in place to protect against the use of Mastercard systems for money laundering and terrorist financing. Such policies, procedures, and controls must apply to all Activity and include, at minimum, all of the following:

1. Thorough client identification
2. Thorough client due diligence
3. Record-keeping of such identification and due diligence
4. Appropriate limitations on anonymous activities
5. Client activity monitoring to detect suspicious activity
6. Steps to be taken when suspicious activity is detected
7. An audit process to test controls
8. Compliance with U.S. sanctions programs, which require that:
 - a. Each Cardholder, Merchant and agent is checked against the Specially Designated Nationals and Blocked Persons List (the “SDN List”) issued by the U.S. Treasury Department’s Office of Foreign Assets Control (“OFAC”), at the time the relationship is established and on an ongoing basis. Any Activity with a person or entity found to be on the SDN List is immediately terminated; and
 - b. No Activity is conducted in a country subject to OFAC sanctions programs that impact payment services, or with the government of such a country.

The Corporation has exclusive authority to determine at any time whether an applicant or a Customer is in compliance with the AML Program. Each applicant to be a Customer and each Customer must cooperate with the periodic reviews and any other efforts undertaken by the Corporation to evaluate such applicant’s or Customer’s compliance with the AML Program. As part of a periodic review, the Corporation may subject a Customer to enhanced due diligence procedures which may include on-site examinations and/or the use of a third party reviewer. Any such examination is at the expense of the Customer, and a copy of the examination results must be provided promptly to the Corporation upon request.

1.3 Satisfaction of Minimum Financial Requirements

Each Customer at all times must satisfy the minimum financial requirements established by the Corporation from time to time. The Corporation, in its discretion, may establish different or additional financial requirements for (i) a category of financial institutions, organizations, or corporations or other entities that are eligible to become a Customer, or (ii) an individual Customer or prospective Customer in the manner set forth in the Standards should the Corporation determine that different or additional requirements are reasonably appropriate to evidence the financial integrity of a type of Customer or an individual Customer or prospective Customer.

Such requirements may include both objective standards, such as the measurement of capital adequacy, and subjective standards, such as evaluating key management experience and ability, the area in which the Customer engages in business, and the manner in which such business is conducted.

1.4 Special Conditions of Participation, License or Activity

The Corporation may condition Participation, the grant of any License, or the conduct of Activity on compliance by the Customer with special conditions, such as the establishment of escrow arrangements, the delivery of letters of credit, or other arrangements that the Corporation deems necessary or appropriate to maintain the integrity of the Mastercard system, including but not limited to conditions imposed pursuant to the Mastercard AML Program.

The Corporation has the right at any time to require that a Customer enter into a security arrangement with the Corporation. If a Customer does not enter into a security arrangement with the Corporation that is satisfactory to the Corporation, the Corporation has the right at any time to collect from the Customer, in addition to any amount otherwise due and payable by the Customer to the Corporation or to other Customers, such additional amount from the Customer as collateral as the Corporation deems appropriate. The Corporation has the right to collect any such additional amount by any means available to the Corporation including by way of example and not limitation:

1. By taking any funds deposited by any persons from any account that the Corporation is authorized to draw upon for any purpose.
2. By taking any funds due to such Customer from other Customers.
3. By taking any funds being paid by such Customer to other Customers.

In each case in which the Corporation takes any such collateral, the Corporation has the right to take ownership of all or any part of such collateral (such as by placing funds taken in an account in the Corporation's name as a secured party) and to apply such collateral as payment toward any obligation of the Customer in accordance with the Standards.

Each Customer hereby appoints and authorizes the Corporation to act as the Customer's attorney and agent for any and all purposes in connection with the filing, recording, or other

perfecting of the Corporation's rights under the Standards. This Rule constitutes a security agreement between each Customer and the Corporation, and vests in the Corporation a security interest in any collateral collected as provided in these Standards, granted contemporaneously in exchange and as a condition for the continuation of the Customer's Participation and Licenses.

1.5 Interim Participation

Pending approval of an application to be a Customer, the Corporation may authorize the applicant to participate in Activity on an interim basis as if the applicant were a Customer. As a condition of such interim authorization, the applicant must agree, and by commencement of any Activity the applicant is deemed to have agreed, to comply during this interim period (and thereafter as applicable) with the Standards and to discontinue immediately any use of the Marks and Activity if the application to be a Customer is declined.

All damages, losses, costs, and liabilities arising directly or indirectly, or consequentially, from or related to any interim participation in Activity by the applicant and from the disapproval of the application to be a Customer is solely at the applicant's risk and expense, and this Corporation has no responsibility for any such damages, losses, costs, or liabilities.

1.6 The License

Each Customer agrees, and by use of any one or more of the Marks agrees, to comply with all provisions of the License pertaining to use of the Marks and with the Standards of this Corporation as may be in effect from time to time. In the event of an inconsistency between a Standard and a provision in a License, the Standard prevails and the License is deemed to be amended so as to be consistent with the Standard. Each Customer must assist the Corporation in recording any License granted to the Customer if required in the country in which the Customer is Licensed or otherwise upon request of the Corporation.

1.6.1 SEPA Licensing Program—Europe Region Only

NOTE: Rules on this subject appear in the "Europe Region" chapter.

1.7 Area of Use of the License

Except as otherwise provided in the Standards, each Customer may use a Mark and conduct Activity solely in the Area of Use in which the Customer has been granted a License. If the License does not specify an Area of Use, the License is deemed to authorize the Customer to use the Mark and conduct Activity only in the country or countries the Corporation determines to be the Customer's Area of Use.

A License that the Corporation deems to be inconsistent with this Rule is deemed amended effective as of the date of the grant of the License so as to be consistent with this Rule.

Except as otherwise provided in the Standards, the ICA number and BIN/IIN or BIN range, as applicable, used to conduct issuing and/or acquiring Activity must reflect the country, from among those in the Customer's Area of Use, where Cards are issued and/or Merchants, ATM Terminals, or PIN-based In-Branch Terminals effecting acquired Transactions are located.

NOTE: Modifications to this Rule appear in the "Europe Region" chapter.

1.7.1 Extending the Area of Use

A Customer must apply to the Corporation for permission to extend the Area of Use of a License. Such application must be made in the form and include all information then required by the Corporation. If the application is approved, the Corporation will amend the License to reflect the change in the Area of Use.

NOTE: Modifications to this Rule appear in the "Asia/Pacific Region" and "Middle East/Africa Region" chapters.

1.7.2 Extension of Area of Use Exceptions

Notwithstanding Rule 1.7, a Customer is not required to apply to extend the Area of Use of a License to conduct any of the following Activities, subject to (a) the Corporation's right to prohibit or restrict or condition any such Activity and (b) compliance by the Customer with Standards, laws and regulations applicable to any such Activity:

1. Issue Mastercard, Maestro, or Cirrus Cards outside of the Customer's Area of Use, provided that the Customer does not use Solicitations or Solicit outside of its Area of Use.
2. Issue Mastercard, Maestro, or Cirrus Cards to citizens of any country within the Customer's Area of Use, wherever such citizens reside. Any Card Solicitation, wherever conducted, must be directed only to citizens of countries within the Customer's Area of Use.
3. Issue Mastercard Corporate Card® Cards to employees of an entity on whose behalf the Cards are issued, wherever such employees reside, provided that the entity is multinational, having a presence and conducting regular business in more than one country, including at least one country in the Customer's Area of Use.
4. Issue Mastercard payroll or incentive Cards to employees of an entity on whose behalf the Cards are issued, provided that the entity is multinational, having a presence and conducting regular business in more than one country, including at least one country in the Customer's Area of Use, and:
 - a. The gross dollar volume (GDV) within a country in a calendar year from the Customer's and its Sponsored Affiliates total cross-border issuance for all payroll and incentive Card Programs for all companies served in that country does not exceed one percent of that country's Mastercard GDV in that calendar year, or
 - b. If the Customer has a License to issue Cards in a particular country (Country A) but wishes to issue Cards into Country A from another country in which the Customer is also licensed (Country B), the Customer's and its Sponsored Affiliates' total cross-border issuance from Country B into Country A in a calendar year may not exceed:

- 10 percent of that Customer's and its Sponsored Affiliates' total domestic Mastercard GDV in Country A in that calendar year, or
 - If greater than the 10 percent described herein, the amount allowed under the one percent threshold described above.
5. Acquire Mastercard or Maestro airline Transactions from a Merchant located in a country other than the Russian Federation that is outside of the Customer's Area of Use, subject to satisfying all of the following requirements:
- a. The airline has a meaningful presence in at least one country within the Area of Use; and
 - b. The Customer identifies the airline Transactions with an ICA and BIN/IIN that reflects either the country, or a country within the same Region as the country, in which the airline ticket office is located; and
 - c. The Customer authorizes, clears, and settles each Domestic Transaction in a manner that does not significantly disadvantage an Issuer in the same country in the judgment of the Corporation.
6. Acquire Mastercard e-commerce Transactions from a Merchant located in a country other than the Russian Federation that is outside of the Customer's Area of Use, subject to satisfying all of the following requirements:
- a. The ICA and BIN/IIN under which Mastercard e-commerce Transactions are acquired must reflect the country in which the Merchant is located;
 - b. The Merchant implements Mastercard® SecureCode™; and
 - c. The Customer authorizes, clears, and settles the Transaction through the Interchange System; and
 - d. The Customer authorizes, clears, and settles each Domestic Transaction in a manner that does not significantly disadvantage an Issuer in the same country in the judgment of the Corporation; and
 - e. The Customer, the Merchant, the Third Party Processor (if any), and the Data Storage Entity (if any) comply with the Mastercard Site Data Protection Program.

The Customer must apply for and receive permission from the Corporation before acquiring Mastercard e-commerce Transactions under this Rule 1.7.2, paragraph 6.

NOTE: Modifications to this Rule appear in the "Europe Region" chapter.

1.7.3 Central Acquiring—Europe Region Only

NOTE: Rules on this subject appear in the "Europe Region" chapter.

1.7.4 Transfer of Cards to India Residents is Prohibited without a License

An Issuer that reasonably believes that its Cardholders will distribute, transfer, or in any way provide Cards issued by the Issuer to residents of India must become Licensed in India and receive written authorization from the Reserve Bank of India.

Unless the Issuer is Licensed in India and has written authorization from the Reserve Bank of India, an Issuer that issues Cards to Cardholders that reside outside of India must communicate to those Cardholders in the terms and conditions of the cardholder agreement that such Cards must not be distributed, transferred, or in any way provided to residents of India.

1.8 The Digital Activity Agreement

NOTE: A Rule on this subject appears in the “Digital Activity” chapter.

1.9 Participation in Activity and Digital Activity

Each Customer may participate only in Activity as set forth in its License or Licenses.

NOTE: Modifications to this Rule appear in the “Digital Activity” and “United States Region” chapters.

1.9.1 Changing Customer Status

In the event that an Affiliate wishes to become a Principal or a Principal wishes to become an Affiliate, the Customer must notify the Corporation and submit such information as the Corporation deems necessary. It is within the Corporation’s discretion whether to grant the requested change in Customer status.

1.9.2 Participation and License or Digital Activity Agreement Not Transferable

A Customer must not transfer or assign its Participation or any License or Digital Activity Agreement, whether by sale, consolidation, merger, operation of law, or otherwise, without the written consent of the Corporation. However, in the event that the Cards issued by, the Ownership of, or any Activity or Digital Activity of a Customer are acquired by any person, whether by sale, consolidation, merger, operation of law or otherwise, the obligations, but not the rights, of such Customer shall transfer to the person acquiring such Customer.

1.9.3 Right to Sponsor Affiliates

Each Principal and Association has the right to Sponsor as an Affiliate any eligible entity which conducts or proposes to conduct Activity within the Principal's or Association's Area of Use.

1.9.4 Change in Sponsorship of an Affiliate

Each Principal or Association must advise the Corporation promptly if an Affiliate ceases to be Sponsored by the Principal or Association or has a transfer of Ownership or Control. Refer to Rule 1.13.4, paragraph 9, regarding the obligation of each Principal and Association to accept Transactions arising from Cards issued by formerly Sponsored Affiliates.

1.9.5 Customer Name Change

The Corporation must receive written notice at least 30 days before the effective date of any proposed Customer name change. A Customer that proposes to change its name must promptly undertake necessary or appropriate action to ensure that its Licenses and Activities disclose the true identity of the Customer.

1.10 Participation in Competing Networks

A Customer may take part, as either an issuer or an acquirer or both, in any ATM network in addition to the Mastercard® ATM Network that is not a Competing ATM Network. Notwithstanding the foregoing, Customers in the countries listed in Rule 1.10.3 may participate in a Competing ATM Network, but only in the manner and to the extent expressly set forth in the Standards.

A Customer may offer its Cardholders any electronic funds transfer (EFT) services (whether provided by the Mastercard® ATM Network or not), charge its Cardholders such fees, if any, as it chooses, arrange with any Customer or non-Customer for mutual access to ATMs by the Cardholders or cardholders of each, respectively, process and settle any ATM transactions without using the Interchange System, locate its ATMs wherever it chooses, and otherwise conduct its EFT business in the manner it chooses.

NOTE: Modifications to this Rule appear in the "Asia/Pacific Region" chapter.

1.10.1 Protection of the Corporation

If a Customer permits cardholders of an entity that is not a Customer to have access to its or its Customer's ATM Terminals, such entity has no participation rights in the Mastercard® ATM Network, and has no right of access to the ATM Terminals of other Customers.

If a Customer takes part in an ATM network other than the Mastercard® ATM Network, it must do so in a manner that is consistent with all applicable provisions of the Standards. It must not, because of such participation, discriminate against the Mastercard® ATM Network, any Customer or its Cardholders, or otherwise fail to comply with the Standards.

1.10.2 Participation Restrictions

A Customer that participates in the Mastercard® ATM Network as an Issuer or Acquirer may not simultaneously participate in a Competing ATM Network except as provided in Rule 1.10.3, specifically:

1. A Card or Portfolio of Cards may not participate in a Competing ATM Network; and
2. A card that provides access to a Competing ATM Network may not be a Card.

For purposes of this Rule, to participate in a Competing ATM Network as a card issuer means to issue cards, pursuant to the rules and regulations of that system, for the purpose of providing access to accounts of the issuer in accordance with such rules and regulations.

Notwithstanding this Rule, a Customer that maintains deposit accounts for individuals on behalf of one or more non-Customers may:

1. Issue to such individuals Cards bearing the name or trade name of such non-Customers that provide access to such individuals' accounts through such Competing ATM Networks; and
2. Authorize Transactions from such systems on behalf of such individuals; provided that:
 - a. Any non-Customer whose name appears on such Cards is ineligible to obtain a License from the Corporation for a reason other than its current in another Competing ATM Network,
 - b. The name of the Customer does not appear anywhere on such Cards; and
 - c. The aggregate of all such Cards issued by the Customer does not exceed ten percent (10 percent) of the total Cards issued by such Customer.

1.10.3 Exceptions to the Participation Restrictions

In the following countries, a Customer that acquires transactions of a Competing ATM Network at its ATMs is not rendered ineligible to be a Customer.

Albania	Andorra	Armenia
Australia	Austria	Azerbaijan
Bahrain	Belarus	Belgium
Bolivia	Bosnia and Herzegovina	Bulgaria
Canada	Caribbean Territory (all countries)	Channel Islands
Chile	Croatia	Cyprus
Czech Republic	Denmark	Ecuador
Egypt	Estonia	Fiji

Finland	France	Georgia
Germany	Gibraltar	Greece
Guam	Hong Kong	Hungary
Iceland	India	Indonesia
Ireland	Israel	Italy
Japan	Kazakhstan	Korea
Kuwait	Kyrgyzstan	Latvia
Liechtenstein	Lithuania	Luxembourg
Macedonia	Malaysia	Malta
Mexico	Monaco	Morocco
Moldova	Montenegro	Netherlands
New Zealand	Norway	Oman
Paraguay	Peru	Philippines
Poland	Portugal	Russian Federation
Romania	San Marino	Saudi Arabia
Serbia	Singapore	Slovak Republic
Slovenia	South Africa	Spain
Sri Lanka	Sweden	Switzerland
Taiwan	Tajikistan	Thailand
Tunisia	Turkey	Turkmenistan
Ukraine	United Arab Emirates	United Kingdom
United States	United States territories	Uzbekistan
Vatican City State	Venezuela	Vietnam

Zimbabwe

In the following countries, a Customer that participates in a Competing ATM Network as a credit card issuer is not rendered ineligible to be a Customer.

1. Hong Kong
2. Mexico
3. The Philippines
4. Singapore
5. Thailand
6. Venezuela
7. Any country in the Europe Region if authorized by the Corporation

1.11 Portfolio Sale, Transfer, or Withdrawal

The Corporation must receive written notice at least 30 days before the effective date of any proposed transfer or assignment of a Mastercard Portfolio. A Customer must promptly provide the Corporation any information requested by the Corporation relating to such an event or proposed event. If such transfer or assignment will result in a change of Control of the Customer or the Customer's issuing Program, acquiring Program, or both, then Rule 1.11 shall apply.

A Principal must not withdraw a Maestro or Cirrus Portfolio from participation in the Interchange System except upon fulfillment of the following conditions:

1. The Principal must provide the Corporation with at least six months prior written notice of its intent to withdraw a Portfolio. If confidential negotiations surrounding a Portfolio sale would render six months' notice unduly disruptive, the Corporation may accept a shorter time at its discretion.
2. The Principal must certify in writing to the Corporation that as of the date of withdrawal, no Cards will be in circulation, unless the Corporation has approved a plan for the phased withdrawal of the Portfolio. Any phased withdrawal must not exceed the lesser of one full reissuance cycle or two years. Any withdrawal plan must guarantee that Cards still in circulation will continue to provide access to Accounts through the Corporation.
3. If there is a new owner of the Portfolio, such owner must be a Customer of the Corporation. Alternatively, if the new owner is not eligible to be Licensed, then it must enter into an agreement with the Corporation to be bound by all Rules applicable to the Portfolio during its withdrawal period.

1.12 Change of Control of Customer or Portfolio

The Corporation must receive written notice at least 30 days before the effective date of any proposed change of Control of a Customer.

A Customer must promptly provide the Corporation any information requested by the Corporation relating to such an event or proposed event and the Corporation may:

1. Suspend or impose conditions on any Licenses granted to the Customer or any Digital Activity Agreements with the Customer.
2. Amend rights, obligations, or both of a Customer.
3. Terminate the Licenses or Digital Activity Agreements or all of any Customer that:
 - a. Transfers or attempts to transfer Control of the Customer to an entity that is not a Customer; or
 - b. Merges into or is consolidated with an entity that is not a Customer; or
 - c. Sells all or substantially all of its assets; or
 - d. Sells all or substantially all of its Issuer or Acquirer Portfolios; or
 - e. Experiences a change in Control or Ownership.

NOTE: Modifications to this Rule appear in the “United States Region” chapter.

1.13 Termination

The Participation or Licenses or Digital Activity Agreements of a Customer may terminate in either of two ways: voluntary termination, or termination by the Corporation.

1.13.1 Voluntary Termination

A Customer may voluntarily terminate its Participation and/or Licenses and/or Digital Activity Agreements by providing written notice and submitting documentation as then required by the Corporation. The notice must fix a date on which the termination will be effective as follows.

Written notice to the Corporation provided by or with respect to a...	Regarding termination of its...	Must be received in advance of the termination effective date, by at least...
Principal	Mastercard License	30 days
Association	Mastercard License	30 days
Principal	Maestro License	One year
Principal	Cirrus License	One year
Affiliate	Mastercard License	30 days

Written notice to the Corporation provided by or with respect to a...	Regarding termination of its...	Must be received in advance of the termination effective date, by at least...
Affiliate	Maestro License	Six months
Affiliate	Cirrus License	Six months
Digital Activity Customer	Digital Activity Agreement	60 days

When all Licenses and Digital Activity Agreements are terminated, the Participation of a Customer also terminates.

1.13.2 Termination by the Corporation

Notwithstanding anything to the contrary set forth in a License or Digital Activity Agreement, the Corporation, at its sole discretion, may terminate a Customer's Participation effective immediately and without prior notice, if:

1. The Customer suspends payments within the meaning of Article IV of the Uniform Commercial Code in effect at the time in the State of Delaware, regardless of whether, in fact, the Customer is subject to the provisions thereof; or
2. The Customer takes the required action by vote of its directors, stockholders, members, or other persons with the legal power to do so, or otherwise acts, to cease operations and to wind up the business of the Customer, such termination to be effective upon the date of the vote or other action; or
3. The Customer fails or refuses to make payments in the ordinary course of business or becomes insolvent, makes an assignment for the benefit of creditors, or seeks the protection, by the filing of a petition or otherwise, of any bankruptcy or similar statute governing creditors' rights generally; or
4. The government or the governmental regulatory authority having jurisdiction over the Customer serves a notice of intention to suspend or revoke, or suspends or revokes, the operations or the charter of the Customer; or
5. A liquidating agent, conservator, or receiver is appointed for the Customer, or the Customer is placed in liquidation by any appropriate governmental, regulatory, or judicial authority; or
6. The Customer's right to engage in Activity or Digital Activity, as the case may be, is suspended by the Corporation due to the Customer's failure to comply with the Corporation's AML Program in connection with its issuing and/or acquiring Program or to comply with applicable law or regulation, and such suspension continues for 26 consecutive weeks; or
7. The Customer fails to engage in Activity for 26 consecutive weeks; or
8. The Customer is no longer Licensed to use any of the Marks; or
9. The Customer (i) directly or indirectly engages in or facilitates any action or activity that is illegal, or that, in the good faith opinion of the Corporation, and whether or not addressed elsewhere in the Standards, has damaged or threatens to damage the goodwill

- or reputation of the Corporation or of any of its Marks; or (ii) makes or continues an association with a person or entity which association, in the good faith opinion of the Corporation, has damaged or threatens to damage the goodwill or reputation of the Corporation or of any of its Marks; or
10. The Customer (i) provides to the Corporation inaccurate material information or fails to disclose responsive material information in or in connection with its application for a License or (ii) at any other time, in connection with its Participation or Activity fails to timely provide to the Corporation information requested by the Corporation and that the Customer is required to provide pursuant to the terms of the License or the Standards.
 11. The Customer fails at any time to satisfy any of the Customer eligibility criteria set forth in the Standards, or with respect to a Digital Activity Customer, all certifications granted by the Corporation in connection with the Digital Activity Customer's conduct of Digital Activity have been suspended or revoked; or
 12. The Customer materially fails to operate at a scale or volume of operations consistent with the business plan approved by the Corporation in connection with the Customer's application to be a Customer or application for a License, or both, as the case may be, as required by Rule 2.2.1.
 13. The Corporation has reason to believe that the Customer is, or is a front for, or is assisting in the concealment of, a person or entity that engages in, attempts or threatens to engage in, or facilitates terrorist activity, narcotics trafficking, trafficking in persons, activities related to the proliferation of weapons of mass destruction, activity that violates or threatens to violate human rights or principles of national sovereignty, or money laundering to conceal any such activity. In this regard, and although not dispositive, the Corporation may consider the appearance of the Customer, its owner or a related person or entity on a United Nations or domestic or foreign governmental sanction list that identifies persons or entities believed to engage in such illicit activity; or
 14. The Corporation has reason to believe that not terminating such Participation would be harmful to the Corporation's goodwill or reputation.

NOTE: A modification to this Rule appears in the "Europe Region" chapter.

1.13.3 Termination for Provision of Inaccurate Information

The Corporation, at any time and by written notice, may require a Customer to confirm the accuracy of information provided by the Customer to the Corporation pursuant to the Standards or the terms of the Licenses.

Within 30 days of receipt of such a notice, the Customer must demonstrate to the satisfaction of the Corporation that either: (i) the information provided was accurate; or (ii) with respect to any inaccurate information, such inaccurate information was provided to the Corporation through inadvertence or with a reasonable belief as to its truth and provide information sufficient to correct such inaccuracy. Without limiting any Corporation right of immediate termination set forth in Rule 1.12.2, the Corporation may terminate a Customer's Participation and/or Licenses without further notice should the Corporation determine that the Customer has failed to make a sufficient showing under (i) or (ii) above, that any Customer

representation or demonstration under (i) or (ii) above was false, or should the Customer otherwise fail to comply with the obligations set forth in this Rule.

1.13.4 Rights, Liabilities, and Obligations of a Terminated Customer

All of the following apply with respect to a terminated Customer.

1. Except as otherwise set forth in the Standards, a terminated Customer has no right to use any Mark or to otherwise engage or participate in any Activity or Digital Activity. A terminated Customer must immediately cease its use of all Marks and must ensure that such Marks are no longer used by any of the following:
 - a. The Customer's Merchants;
 - b. Any Affiliate Sponsored by a terminated Principal or Association;
 - c. Any Service Providers that performs any service described in Rule 7.1, which service directly or indirectly supports a Program of a terminated Principal or Association and/or of any Affiliate Sponsored by a terminated Principal or Association;
 - d. Merchants of an Affiliate Sponsored by a terminated Principal or Association; or
 - e. Any other entity or person acting to provide, directly or indirectly, service related to Activity or Digital Activity undertaken pursuant to the authority or purported authority of the terminated Customer.
2. A terminated Customer is not entitled to any refund of dues, fees, assessments, or other payments and remains liable for, and must promptly pay to this Corporation (a) any and all applicable dues, fees, assessments, or other charges as provided in the Standards and (b) all other charges, debts, liabilities, and other amounts arising or owed in connection with the Customer's Activities or Digital Activities, whether arising, due, accrued, or owing before or after termination.
3. The terminated Customer must promptly cancel all Cards then outstanding that were issued by the terminated Customer and, if the terminated Customer is a Principal or Association, by all of that Customer's Sponsored Affiliates. All Payment Applications resident on Chip Cards issued by a terminated Customer must be eradicated or disabled no more than six months after the effective date of termination. With respect to any such Card not used during the six-month period, the Issuer must block all Payment Applications the first time the Card goes online.
4. The terminated Customer must promptly cause all of its Cardholders and, if the terminated Customer is a Principal or Association, the Cardholders of its Sponsored Affiliates to be notified of the cancellation of Cards in writing. Such notice must be in a form and substance satisfactory to the Corporation.
5. A terminated Customer must give prompt notice of its termination to any Merchants the Customer has authorized to honor Cards. If any such Merchant wishes to continue to accept Cards, the terminated Customer must cooperate with the Corporation and other Customers in facilitating the transfer of such Merchant to another Customer.
6. If a terminated Customer does not take an action that this Rule or any other Standard or that the Corporation otherwise requires, the Corporation may take any such required action without prior notice to the terminated Customer and on behalf of and at the expense of the Customer.

7. If a Principal or Association that Sponsors one or more Affiliates terminates its Participation, such Principal or Association must cause each of its Sponsored Affiliates to take the actions required of a terminated Customer under this Rule, unless and to the extent that any such Affiliate becomes an Affiliate Sponsored by a different Principal or Association within a period of time acceptable to the Corporation.
8. If an Affiliate terminates its Licenses or its Sponsorship by a Principal or Association, the Sponsoring Principal or Association must cause the Affiliate to take the actions required of a terminated Customer under this Rule. If that Affiliate fails to so comply, the Corporation may take any action that this Rule requires without notice to the Affiliate or the Sponsoring Principal or Association on behalf of and at the expense of the Sponsoring Principal or Association.
9. If an Affiliate Sponsored by a Principal or Association ceases to be so Sponsored by that Principal or Association, such Principal or Association nonetheless is obligated, pursuant to and in accordance with the Standards, to accept from other Customers the records of Transactions arising from the use of Cards issued by that formerly Sponsored Affiliate and whether such Transactions arise before or after the cessation of the Sponsorship.
10. A terminated Customer has no right to present records of Transactions effected after the date of termination to any other Customer, except as permitted by the Standards.
11. A terminated Customer continues to have the rights and obligations set forth in the Standards and Licenses with respect to its use of the Marks and conduct of Activity until such time as the Corporation determines such rights or obligations or both cease.
12. A terminated Customer has a continuing obligation to provide promptly to the Corporation, on request, Customer Reports and any other information about Activity or Digital Activity.
13. A terminated Customer must, at the option of the Corporation, immediately either destroy, or take such steps as the Corporation may require regarding, all confidential and proprietary information of the Corporation in any form previously received as a Customer.

The Corporation may continue the Participation and Licenses or Digital Activity Agreements, as the case may be, of a terminated Customer for purposes of the orderly winding down or transfer of the terminated Customer's business. Such continuation of Participation and Licenses or Digital Activity Agreements is subject to such terms as may be required by the Corporation.

Chapter 2 Standards and Conduct of Activity and Digital Activity

This chapter contains Rules relating to the Standards and the conduct of Activity and Digital Activity.

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2.1 Standards

From time to time, the Corporation promulgates Standards governing the conduct of Customers and Activity or Digital Activity. The Corporation has the sole right to interpret and enforce the Standards.

The Corporation has the right, but not the obligation, to resolve any dispute between or among Customers including, but not limited to, any dispute involving the Corporation, the Standards, or the Customers' respective Activities or Digital Activities, and any such resolution by the Corporation is final and not subject to appeal, review, or other challenge. In resolving disputes between or among Customers, or in applying its Standards to Customers, the Corporation may deviate from any process in the Standards or that the Corporation otherwise applies, and may implement an alternative process, if an event, including, without limitation, an account data compromise event, is, in the sole judgment of the Corporation, of sufficient scope, complexity and/or magnitude to warrant such deviation. The Corporation will exercise its discretion to deviate from its Standards only in circumstances the Corporation determines to be extraordinary. Any decision to alter or suspend the application of any process(es) will not be subject to appeal, review, or other challenge.

2.1.1 Variances

A variance is the consent by the Corporation for a Customer to act other than in accordance with a Standard. Only a Customer may request a variance. Any such request must specify the Rules or other Standards for which a variance is sought. The request must be submitted to the Corporation in writing, together with a statement of the reason for the request.

2.1.2 Failure to Comply with a Standard

Failure to comply with any Standard adversely affects the Corporation and its Customers and undermines the integrity of the Mastercard system. Accordingly, a Customer that fails to comply with any Standard is subject to assessments ("noncompliance assessments") as set forth in the Standards.

In lieu of, or in addition to, the imposition of a noncompliance assessment, the Corporation, in its sole discretion, may require a Customer to take such action and the Corporation itself may take such action as the Corporation deems necessary or appropriate to ensure compliance with the Standards and safeguard the integrity of the Mastercard system. In the exercise of such discretion, the Corporation may consider the nature, willfulness, number and frequency of occurrences and possible consequences resulting from a failure to comply with any Standard. The Corporation may provide notice and limited time to cure such noncompliance before imposing a noncompliance assessment.

The Corporation reserves the right to limit, suspend or terminate a Customer's Participation and/or Licenses or to amend the rights, obligations, or both of the Customer, whether set forth in a License or otherwise, if that Customer does not comply with any Standards or with any decision of the Corporation with regard to the interpretation and enforcement of any Standards.

2.1.3 Noncompliance Categories

From time to time, the Corporation establishes programs that address instances of noncompliance with particular Standards. Every instance of noncompliance with a Standard not addressed by such a program falls into at least one of the following three compliance categories.

Category A—Payment System Integrity

Category A noncompliance affects payment system integrity. The Corporation has the authority to impose monetary noncompliance assessments for Category A noncompliance. "Payment system integrity" violations include, but are not limited to, noncompliance involving License requirements, Merchant and ATM owner signing and monitoring requirements, and the protection of Card, Account, and Transaction information.

Category B—Visible to Customers

Category B noncompliance addresses conduct that is visible to the customers of Issuers and/or Acquirers. The Corporation has the authority to impose monetary noncompliance assessments for Category B noncompliance or, in the alternative, may provide notice and a limited time to cure such noncompliance before imposing monetary assessments. "Visible to customers" violations include, but are not limited to, noncompliance involving the use of the Marks, the selective authorization of Transactions, identification of the Merchant at the POI, the setting of minimum and maximum Transaction amounts, the payment of Merchants and Submerchants for Transactions, Transaction receipt requirements, and ATM Access Fee notices.

Category C—Efficiency and Operational Performance

Category C noncompliance addresses efficiency and operational performance. The Corporation has the authority to impose monetary noncompliance assessments for Category C noncompliance or, in the alternative, may provide notice and a limited time to cure such noncompliance before imposing monetary assessments. "Efficiency and operational performance" violations include, but are not limited to, noncompliance involving presentment of Transactions within the required time frame, supplying Merchants with materials required for Transaction processing, Card capture at the ATM, Card fees and reporting procedures, and the obligation to provide the Corporation with requested information.

2.1.4 Noncompliance Assessments

The following schedule pertains to any Standard that does not have an established compliance program. The Corporation may deviate from this schedule at any time.

Compliance Category	Assessment Type	Assessment Description
A	Per violation	Up to USD 25,000 for the first violation Up to USD 50,000 for the second violation within 12 months Up to USD 75,000 for the third violation within 12 months Up to USD 100,000 per violation for the fourth and subsequent violations within 12 months
	Variable occurrence (by device or Transaction)	Up to USD 2,500 per occurrence for the first 30 days Up to USD 5,000 per occurrence for days 31–60 Up to USD 10,000 per occurrence for days 61–90 Up to USD 20,000 per occurrence for subsequent violations
	Variable occurrence (by number of Cards)	Up to USD 0.50 per Card Minimum USD 1,000 per month per Portfolio No maximum per month per Portfolio or per all Portfolios
B	Per violation	Up to USD 20,000 for the first violation Up to USD 30,000 for the second violation within 12 months Up to USD 60,000 for the third violation within 12 months Up to USD 100,000 per violation for the fourth and subsequent violations within 12 months

Compliance Category	Assessment Type	Assessment Description
	Variable occurrence (by device or Transaction)	Up to USD 1,000 per occurrence for the first 30 days Up to USD 2,000 per occurrence for days 31–60 Up to USD 4,000 per occurrence for days 61–90 Up to USD 8,000 per occurrence for subsequent violations
	Variable occurrence (by number of Cards)	Up to USD 0.30 per Card Minimum USD 1,000 per month per Portfolio Maximum USD 20,000 per month per Portfolio Maximum USD 40,000 per month per all Portfolios
C	Per violation	Up to USD 15,000 for the first violation Up to USD 25,000 for the second violation within 12 months Up to USD 50,000 for the third violation within 12 months Up to USD 75,000 per violation for the fourth and subsequent violations within 12 months
	Variable occurrence (by device or Transaction)	Up to USD 1,000 per occurrence for the first 30 days Up to USD 2,000 per occurrence for days 31–60 Up to USD 4,000 per occurrence for days 61–90 Up to USD 8,000 per occurrence for subsequent violations

Compliance Category	Assessment Type	Assessment Description
	Variable occurrence (by number of Cards)	Up to USD 0.15 per Card Minimum USD 1,000 per month per Portfolio Maximum USD 10,000 per month per Portfolio Maximum USD 20,000 per month per all Portfolios

In the above table, all days refer to calendar days and violations of a Standard are tracked on a rolling 12-month basis.

2.1.5 Certification

A senior executive officer of each Principal and Association must, if requested by the Corporation, promptly certify in writing to the Corporation the status of compliance or noncompliance with any Standard by the Customer or by any of its Sponsored Affiliates.

2.1.6 Review Process

A Customer may request that the Chief Franchise Integrity Officer of this Corporation review an assessment imposed by the Corporation for noncompliance with a Standard. Such a request must be submitted in writing and signed by the Customer's principal contact. The request must be postmarked no later than 30 days after the date of the disputed assessment.

The Corporation may assess a USD 500 fee to consider and act on a request for review of a noncompliance assessment.

2.1.7 Resolution of Review Request

When a Customer requests review of an assessment for noncompliance with a Standard, the Chief Franchise Integrity Officer of this Corporation may take such action as he or she deems necessary or appropriate or may elect not to act. The Chief Franchise Integrity Officer may delegate authority to act or not to act with respect to any particular matter or type of matter.

If the Chief Franchise Integrity Officer or his or her designee elects to conduct further inquiry into the matter, each Customer must cooperate promptly and fully. If the Chief Franchise Integrity Officer or his or her designee makes a recommendation of action to resolve the matter, such recommendation is final and not subject to further review or other action.

2.1.8 Rules Applicable to Intracountry Transactions

NOTE: Rules on this subject appear in the "Europe Region" chapter.

2.2 Conduct of Activity and Digital Activity

Each Customer at all times must conduct Activity and Digital Activity in compliance with the Standards and with all applicable laws and regulations. A Customer is not required to undertake any act that is unambiguously prohibited by applicable law or regulation. If a Customer is unable to comply with a Standard because of applicable law or regulation, then the Corporation may require that such Customer undertake some other form of permissible Activity.

If a party other than a Customer files a claim against a Customer concerning the Customer's Activity or Digital Activity, the Corporation must be informed thereof by the Customer. The Corporation is entitled but not obliged to intervene in the case.

2.2.1 Customer Responsibilities

At all times, each Customer must:

1. Be entirely responsible for and Control all aspects of its Activities and Digital Activities, and the establishment and enforcement of all management and operating policies applicable to its Activities and Digital Activities, in accordance with the Standards;
2. Not transfer or assign any part or all of such responsibility and Control or in any way limit its responsibility or Control;
3. Ensure that all policies applicable to its Activities and Digital Activities conform to the Standards and comply with all applicable laws and government regulations;
4. Conduct meaningful and ongoing monitoring to ensure compliance with all of the responsibilities set forth in this Rule, and be able to demonstrate such monitoring and compliance upon request of the Corporation in accordance with the Standards, including without limitation, Rule 2.5;
5. Maintain a significant economic interest in each of its Activities and Digital Activities;
6. Engage in Activities and Digital Activities at a scale or volume of operations consistent with the business plans accepted by the Corporation in connection with the application to be a Customer or application for a License or a Digital Activity Agreement, or both, as the case may be;
7. Promptly update information set forth in its application, business plans and other materials previously provided to the Corporation in the event of a significant change to the accuracy or completeness of any of the information contained therein and, separately, upon request of the Corporation;
8. Promptly inform the Corporation should the Customer become unable for any reason to engage in Activity or Digital Activity in accordance with both the Standards and the laws and government regulations of any country (or any subdivision thereof) in which the Customer is Licensed to engage in Activity or approved to conduct Digital Activity; and
9. Comply with such other requirements as the Corporation may establish, in its sole discretion, in connection with the Customer's Activity and Digital Activity.

2.2.2 Obligations of a Sponsor

Each Principal and Association that Sponsors one or more Affiliates must cause each such Affiliate to comply with all Standards applicable to the Activity of that Affiliate. Each Sponsor is liable to the Corporation and to all other Customers for all Activities of each of its Sponsored Affiliates and for any failure by any such Sponsored Affiliate to comply with a Standard or with applicable law or regulation.

2.2.3 Affiliates

Except to the extent any liability or obligation arising under a Standard has been satisfied by a Sponsor, each Affiliate is responsible for the liabilities and obligations arising out of or in connection with its Activities, regardless of any:

1. Action taken by such Affiliate to satisfy such liability or obligation with, through or by a Sponsor or former Sponsor of such Affiliate, or
2. Agreement between any Sponsor and such Affiliate.

In accordance with the Standards and in compliance with all applicable laws and regulations, each Sponsor will have access to and may use or otherwise process its Sponsored Affiliates' Confidential Information and Confidential Transaction Data (as these terms are defined in Rule 3.10) in connection with authorization, settlement, clearing, fraud reporting, chargebacks, billing, and other related activities.

2.2.4 Financial Soundness

Each Customer must conduct all Activity and otherwise operate in a manner that is financially sound and so as to avoid risk to the Corporation and to other Customers.

A Customer must promptly report to the Corporation any materially adverse financial condition or discrepancy or suspected materially adverse financial condition or discrepancy relating to the Customer or, in the case of a Principal or Association, any Sponsored Affiliate.

The Customer must refer or, if applicable, cause the Affiliate to refer such condition or discrepancy to independent certified public accountants or another person or firm satisfactory to the Corporation for evaluation and recommendation as to remedial action, and promptly provide to the Corporation a copy of such evaluation and recommendation after receipt thereof.

2.2.5 Mastercard Acquirers

NOTE: A Rule on this subject appears in the "Additional U.S. Region and U.S. Territory Rules" chapter.

2.2.6 Compliance

From time to time, the Corporation may develop means and apply criteria to evaluate a Customer's compliance with Rule 2.2. Each Customer must fully cooperate with any effort by

the Corporation and the Corporation's representatives to evaluate a Customer's compliance with Rule 2.2.

In the event that the Corporation determines that a Customer is not complying or may not on an ongoing basis comply with the requirements of Rule 2.2, the Corporation may:

1. Impose special terms upon the Customer as the Corporation deems necessary or appropriate until each condition or discrepancy is resolved to the Corporation's satisfaction so as to enable the Customer to be and to remain in full compliance with Rule 2.2, or
2. Require the Customer to withdraw its Participation.

2.3 Indemnity and Limitation of Liability

Each Customer (each, for the purposes of this Rule, an "Indemnifying Customer") must protect, indemnify, and hold harmless the Corporation and the Corporation's parent and subsidiaries and affiliated entities, and each of the directors, officers, employees and agents of the Corporation and the Corporation's parent and subsidiaries and affiliated entities from any actual or threatened claim, demand, obligation, loss, cost, liability and/or expense (including, without limitation, actual attorneys' fees, costs of investigation, and disbursements) resulting from and/or arising in connection with, any act or omission of the Indemnifying Customer, its subsidiaries, or any person associated with the Indemnifying Customer or its subsidiaries (including, without limitation, such Indemnifying Customer's directors, officers, employees and agents, all direct and indirect parents, subsidiaries, and affiliates of the Indemnifying Customer, the Indemnifying Customer's customers in connection with issuing and/or acquiring Activity and/or Digital Activity and/or other business, and the Indemnifying Customer's suppliers, including, without limitation, Service Providers, Card production vendors, and other persons acting for, or in connection with, the Indemnifying Customer or a Merchant or other entity for which the Indemnifying Customer acquires Transactions, or any such Merchant's or entity's employees, representatives, agents, suppliers or customers, including any Data Storage Entity [DSE]) with respect to, or relating to:

1. Any Programs and/or other Activities and/or Digital Activities of the Indemnifying Customer;
2. Any programs and/or activities of any person associated with the Indemnifying Customer and/or its subsidiaries;
3. The compliance or noncompliance with the Standards by the Indemnifying Customer;
4. The compliance or noncompliance with the Standards by any person associated with the Indemnifying Customer and its subsidiaries;
5. Any other activity of the Indemnifying Customer;
6. Direct or indirect access to and/or use of the Interchange System (it being understood that the Corporation does not represent or warrant that the Interchange System or any part thereof is or will be defect-free or error-free and that each Customer chooses to access and use the Interchange System at the Customer's sole risk and at no risk to the Corporation);

7. Any other activity and any omission of the Indemnifying Customer and any activity and any omission of any person associated with the Indemnifying Customer, its subsidiaries, or both, including but not limited to any activity that used and/or otherwise involved any of the Marks or other assets;
8. Any failure of another Customer to perform as required by the Standards or applicable law; or
9. The Corporation's interpretation, enforcement, or failure to enforce any Standards.

The Corporation does not represent or warrant that the Interchange System or any other system, process or activity administered, operated, controlled or provided by or on behalf of the Corporation (collectively, for purposes of this section, the "Systems") is free of defect and/or mistake and, unless otherwise specifically stated in the Standards or in a writing executed by and between the Corporation and a Customer, the Systems are provided on an "as-is" basis and without any express or implied warranty of any type, including, but not limited to, the implied warranties of merchantability and fitness for a particular purpose or non-infringement of third party intellectual property rights. IN NO EVENT WILL THE CORPORATION BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, FOR LOSS OF PROFITS, OR ANY OTHER COST OR EXPENSE INCURRED BY A CUSTOMER OR ANY THIRD PARTY ARISING FROM OR RELATED TO USE OR RECEIPT OF THE SYSTEMS, WHETHER IN AN ACTION IN CONTRACT OR IN TORT, AND EVEN IF THE CUSTOMER OR ANY THIRD PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. EACH CUSTOMER ASSUMES THE ENTIRE RISK OF USE OR RECEIPT OF THE SYSTEMS.

Only in the event the limitation of liability set forth in the immediately preceding paragraph is deemed by a court of competent jurisdiction to be contrary to applicable law, the total liability, in aggregate, of the Corporation to a Customer and anyone claiming by or through the Customer, for any and all claims, losses, costs or damages, including attorneys' fees and costs and expert-witness fees and costs of any nature whatsoever or claims expenses resulting from or in any way related to the Systems shall not exceed the total compensation received by the Corporation from the Customer for the particular use or receipt of the Systems during the 12 months ending on the date that the Corporation was advised by the Customer of the Systems concern or the total amount of USD 250,000.00, whichever is less. It is intended that this limitation apply to any and all liability or cause of action however alleged or arising; to the fullest extent permitted by law; unless otherwise prohibited by law; and notwithstanding any other provision of the Standards.

A payment or credit by the Corporation to or for the benefit of a Customer that is not required to be made by the Standards will not be construed to be a waiver or modification of any Standard by the Corporation. A failure or delay by the Corporation to enforce any Standard or exercise any right of the Corporation set forth in the Standards will not be construed to be a waiver or modification of the Standard or of any of the Corporation's rights therein.

2.4 Choice of Laws

The substantive laws of the State of New York govern all disputes involving the Corporation, the Standards, and/or Customers and Activity and Digital Activity without regard to conflicts. Any action initiated by a Customer regarding and/or involving the Corporation, the Standards and/or any Customer and Activity and Digital Activity must be brought, if at all, only in the United States District Court for the Southern District of New York or the New York Supreme Court for the County of Westchester, and any Customer involved in an action hereby submits to the jurisdiction of such courts and waives any claim of lack of personal jurisdiction, improper venue, and *forum non conveniens*.

This provision in no way limits or otherwise impacts the Corporation's authority described in Rule 2.1. Each Customer agrees that the Standards are construed under, and governed by, the substantive laws of the State of New York without regard to conflicts.

NOTE: A modification to this Rule appears in the "Europe Region" chapter.

2.5 Examination and Audit

The Corporation reserves the right to conduct an examination or audit of any Customer and Customer information to ensure full compliance with the Standards. Any such examination or audit is at the expense of the Customer, and a copy of the examination or audit results must be provided promptly to the Corporation upon request.

Further, the Corporation, at any time and whether or not a Customer is subject to periodic examination or audit or other oversight by banking regulatory authorities of a government, and at the Customer's sole expense, may require that Customer to be subjected to an examination and/or audit and/or periodic examination and/or periodic audit by a firm of independent certified accountants or by any other person or entity satisfactory to the Corporation.

A Customer may not engage in any conduct that could or would impair the completeness, accuracy or objectivity of any aspect of such an examination or audit and may not engage in any conduct that could or would influence or undermine the independence, reliability or integrity of the examination or audit. A Customer must cooperate fully and promptly in and with the examination or audit and must consent to unimpeded disclosure of information to the Corporation by the auditor.

Chapter 3 Customer Obligations

This chapter contains Rules relating to Customer obligations.

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3.1 Obligation to Issue Mastercard Cards

Each Principal and Association Licensed to use the Mastercard Marks, together with its Sponsored Affiliates, must have issued and outstanding a reasonable number of Mastercard Cards based on such criteria as the Corporation may deem appropriate from time to time. In addition to any other action that the Corporation deems appropriate, such a Principal or Association that does not issue and have outstanding the requisite number of Mastercard Cards will be assessed an additional 20 percent of the assessment paid on its acquiring volume for each year in which the Card-issuing shortfall exists.

NOTE: Modifications to this Rule appear in the "Asia/Pacific Region," "Europe Region," "Latin America and the Caribbean Region," "Middle East/Africa Region," and "United States Region" chapters.

3.2 Responsibility for Transactions

Each Principal and Association is responsible to the Corporation and to all other Customers for Transactions arising from the use of the ICAs and BINs that the Corporation assigns to the Principal or Association, and for any Cards that the Principal or Association or any of its Sponsored Affiliates, if any, has issued.

A Customer must use ICAs and BINs only in accordance with the Standards.

Neither a Principal or Association nor any of its Sponsored Affiliates may use the Principal's or Association's ICAs or BINs to issue Cards or acquire Transactions other than as specified by the Corporation.

3.3 Transaction Requirements

In accordance with the Standards, each Customer must comply with each of the following requirements.

1. Accept and present to the Issuer records of Transactions arising from the use of a Card issued by any other Customer at any POI location the Customer has authorized to honor Cards;
2. Accept and pay for Transactions received from another Customer arising from the use of any Card issued by it. If an Affiliate ceases to be Sponsored by a Principal or Association, the Principal or Association remains obligated to other Customers to accept and pay for Transactions arising from the use of Cards issued by that Affiliate;
3. Maintain a functional 24-hour-per-day operating connection to the Interchange System, either directly or by means of a Service Provider operating on its behalf, and not force any other Customer wishing to operate multilaterally using the Interchange System into bilateral agreements;

4. Provide valid, accurate, complete, unaltered, and consistent data in all authorization and clearing Transaction messages; and
5. Ensure that each Cross-border Transaction is processed through the Interchange System (a "Processed Transaction," as described in the Definitions section), unless the Customer has applied for and received the consent of the Corporation to process Cross-Border Transactions through other means. In the event applicable law prevents a Customer from processing Cross-border Transactions through the Interchange System, the Customer must promptly notify the Corporation and undertake an alternative means of processing Cross-border Transactions that, in the opinion of the Corporation, will not damage the goodwill or reputation of the Corporation or of any Mark and that is otherwise satisfactory to the Corporation.

If Cross-border Transactions are not processed through the Interchange System, either the Issuer or the Acquirer or both must promptly provide the Corporation with such Customer Reports pertaining to such Cross-border Transactions and the processing thereof as the Corporation may require from time to time. Such Customer Reports and all information set forth therein shall be subject to Rule 3.10.

In the event that a Customer is party to a bilateral or multilateral arrangement pertaining to the processing of Cross-border Transactions established before 1 June 2009 and such Customer has not applied for and received prior written approval by the Corporation of such arrangement, then such Customer must:

1. Register such bilateral or multilateral arrangement with the Corporation;
2. Provide the Corporation information deemed by the Corporation to be sufficient to determine whether such arrangement will damage the goodwill or reputation of the Corporation or of any Mark or is otherwise unsatisfactory to the Corporation; and
3. If the Corporation deems such arrangement to be unsatisfactory, work with the Corporation in good faith and in a timely manner to effect such changes as may be necessary or appropriate to render the arrangement satisfactory to the Corporation.

Refer to the *Single Message System Specifications*, *Customer Interface Specification* and *IPM Clearing Formats* manuals for technical requirements relating to Processed Transactions. Refer to the *Data Integrity Monitoring Program* manual for information about the Corporation's monitoring of Processed Transaction data.

NOTE: Modifications to this Rule appear in the "Europe Region," "United States Region," and "Additional U.S. Region and U.S. Territory Rules" chapters.

3.4 Authorization Service

Each Principal and Association must provide, at its own expense and in compliance with the Standards, including but not limited to those set forth in the *Transaction Processing Rules* manual:

1. Authorization services with respect to Cards that the Sponsoring Customer and each of its Sponsored Affiliates has issued; and

2. Adequate and reasonable authorization services with respect to its Merchants and those of its Sponsored Affiliates. Each such Merchant must be instructed as to the proper use of such authorization services so as to ensure that Card acceptance and Transaction processing is conducted in compliance with the Standards.

3.5 Non-discrimination—POS Transactions

A Customer must not discriminate against any Merchant with regard to processing and authorizing POS Transactions received.

3.6 Non-discrimination—ATM and PIN-based In-Branch Terminal Transactions

Pursuant to the Standards, each Customer must:

1. Honor all valid Cards at each ATM Terminal and PIN-based In-Branch Terminal for which it is responsible, in a manner that is no less favorable than the manner in which it honors the cards of any other ATM network in which the Customer participates; and
2. Acquire and process all valid Transactions in a manner that is no less favorable than the manner in which it acquires and processes transactions of any other ATM network in which the Customer takes part.

Except as the Standards permit, a Customer must not discriminate against other Customers of the Corporation as to any of the terms or conditions upon which it honors Cards, or acquires or processes Transactions.

If an Acquirer is expressly permitted by the Corporation or local law to block use of its ATM Terminals to Cards issued by a Customer within the same country, the Acquirer must display notifications accompanying the Marks on or near such ATM Terminals informing the affected Cardholders that their Cards are not accepted.

NOTE: Modifications to this Rule appear in the “Europe Region” chapter.

3.7 Integrity of Brand and Network

A Customer may not directly or indirectly engage in or facilitate any action that is illegal or that, in the opinion of the Corporation and whether or not addressed elsewhere in the Standards, damages or may damage the goodwill or reputation of the Corporation or of any Mark. Upon request of the Corporation, a Customer will promptly cease engaging in or facilitating any such action.

In addition, a Customer must not place or cause to be placed on any Card or any Terminal or other acceptance device any image, information, application or product that would in any way, directly or indirectly, have or potentially have the effect of diminishing or devaluing the

reputation or utility of the Marks, a Card, or any of the Corporation's products, programs, services, networks, or systems.

NOTE: Modifications to this Rule appear in the "United States Region" chapter.

3.8 Fees, Assessments, and Other Payment Obligations

Each Customer is responsible to timely pay to the Corporation all fees, charges, assessments and the like applicable to Activity as may be in effect from time to time, including those set forth in the applicable regional *Mastercard Consolidated Billing System* manual.

If a Customer does not timely pay the Corporation or any other person any amount due under the Standards, then the Corporation has the right, immediately and without providing prior notice to the Customer, to assess and collect from that Customer, on a current basis as the Corporation deems necessary or appropriate, such amount, as well as the actual attorneys' fees and other costs incurred by the Corporation in connection with any effort to collect such amount from that Customer.

The Corporation may assess and collect such amount at any time after the applicable amount becomes due, by any means available to the Corporation, which shall specifically include, by way of example and not limitation:

1. The taking or setoff of funds or other assets of the Customer held by the Corporation;
2. The taking or setoff of funds from any account of the Customer upon which the Corporation is authorized to draw;
3. The taking of funds being paid by the Customer to any other Customer; and
4. The taking of funds due to the Customer from any other Customer.

Each Customer expressly authorizes the Corporation to take the Customer's funds and other assets as authorized by this Rule, and to apply such funds and other assets to any obligation of the Customer to the Corporation or any other person under the Standards, and no Customer shall have any claim against the Corporation or any other person in respect of such conduct by the Corporation.

Each Customer agrees upon demand to promptly execute, acknowledge and deliver to the Corporation such instruments, agreements, lien waivers, releases, and other documents as the Corporation may, from time to time, request in order to exercise its rights under this Rule.

3.8.1 Taxes and Other Charges

Each Customer must pay when due all taxes charged by any country or other jurisdiction in which the Customer conducts Activity with respect to such Activity. In the event the Corporation is charged taxes or other charges by a country or other jurisdiction as a result of or otherwise directly or indirectly attributable to Activity, the Customer is obligated to reimburse the Corporation the amount of such taxes or other charges. The Corporation may collect such taxes or other charges from the settlement account of the Principal or Association responsible in accordance with the Standards for the Activity that gave rise to the charge.

3.8.2 Maestro and Cirrus Card Fees and Reporting Procedures

A Principal must pay fees based upon the number of Maestro and Cirrus Cards issued by the Principal and its Sponsored Affiliates. In the case of new Affiliates, a Principal must pay a Card fee effective the month after the first Transaction is submitted for the Affiliate.

On or before 30 September of each year, the Corporation will deliver listings to Principals of each specific IIN that appears on the Corporation's routing tables for each Affiliate Customer. On or before 31 October of each year, Principals must certify, as appearing on a report provided by the Corporation:

1. A count of the number of Maestro and Cirrus Cards that are issued using a specific IIN, or
2. A count of the number of Maestro and Cirrus Accounts that have Cards issued for access using a specific IIN.

A Principal must confirm in writing to the Corporation its certification and the certifications of its Sponsored Affiliates. When a count of the number of Accounts that have Cards issued for access is provided, the Corporation will multiply the number provided by a factor of one and four tenths (1.4) to determine the number of Cards issued.

Card count certifications must be signed by the Principal and reviewed by the auditing department, senior officer, or outside auditing firm of the Principal's Service Provider. After such review, concurrence with the Card count certification or the method used to determine the Card count must be provided on the Corporation reports.

3.9 Obligation of Customer to Provide Information

Upon request by the Corporation, and subject to applicable law or regulation, a Customer must complete and timely deliver Customer Reports to the Corporation or to the Corporation's designee, provided that compliance with the foregoing obligation does not require a Customer to furnish any information, the disclosure of which, in the opinion of this Corporation's legal counsel, is likely to create a significant potential legal risk to this Corporation and/or its Customers. To the extent that a Customer is obligated to provide a Customer Report to the Corporation that the Customer deems to disclose proprietary information of the Customer, such information will be treated by the Corporation with the degree of care deemed appropriate by the Corporation to maintain its confidentiality.

As an example of a Customer Report, each Acquirer must provide Transaction Data to the Corporation in such form and manner as the Corporation may require. As used herein, "Transaction Data" means any data and/or data element or subelement that the Standards require to be used to authorize, clear and/or settle a Transaction (whether authorized, cleared and/or settled via the Interchange System or otherwise) or that the Corporation requires to be provided.

By way of example and not limitation, the Corporation requires such Customer Reports of Transaction Data pursuant to the Global Collection Only (GCO) Data Collection Program and the Quarterly Mastercard Report (QMR).

Each Principal and Association must provide the Corporation with current Customer contact information for itself and on behalf of its Sponsored Affiliates, including mailing addresses, air express/hand delivery addresses, telephone numbers, fax numbers, and email addresses.

3.10 Confidential Information of Customers

The Corporation and its parents, subsidiaries and affiliates (herein collectively referred to as Mastercard) may use and disclose both Confidential Information and Confidential Transaction Data in compliance with applicable law and as provided herein.

For purposes of this Rule 3.10:

- “Confidential Information” means any information of any nature that comes into the possession or under the control of Mastercard, whether temporarily or permanently and whether directly or indirectly, resulting from Activity or Digital Activity or any service provided by or product of Mastercard and which information is deemed by a person other than Mastercard (including, by way of example and not limitation, a Customer or Merchant or Cardholder) to be confidential information of such person; and
- “Confidential Transaction Data” means any information provided to Mastercard by a Customer or Merchant if that information enables Mastercard to determine an individual’s identity or includes an Account PAN, Payment Account Reference (PAR) value, or Token.

Mastercard may use or disclose Confidential Information and Confidential Transaction Data only as follows:

1. For the benefit of the Customer supplying the information to support the Customer’s Program and/or Activities;
2. As may be appropriate to Mastercard’s staff, accountants, auditors, or counsel;
3. As may be required or requested by any judicial process or governmental agency having or claiming jurisdiction over Mastercard;
4. As required for processing Transactions, including authorization, clearing, and settlement;
5. For accounting, auditing, billing, reconciliation, and collection activities;
6. For the purpose of processing and/or resolving chargebacks or other disputes;
7. For the purpose of protecting against or preventing actual or potential fraud, unauthorized transactions, claims, or other liability, including to third parties providing these services;
8. For the purpose of managing risk exposures, franchise quality, and compliance with the Standards;
9. For the purpose of providing products or services to Customers or other third parties, except that any Confidential Transaction Data provided in such products or services will only be provided to a Customer and will consist solely of Confidential Transaction Data provided to Mastercard by that Customer;
10. For the purpose of administering sweepstakes, contests, or other marketing promotions;
11. For preparing internal reports for use by Mastercard staff, management, and consultants for the purposes of operating, evaluating, and managing Corporation business;

12. For preparing and furnishing compilations, analyses, and other reports of aggregated information, and anonymizing Confidential Information and/or Confidential Transaction Data, provided that such compilations, analyses, or other reports do not identify any (i) Customer other than the Customer for which Mastercard prepares the compilation, analysis, or other report or (ii) Cardholder whose Transactions were involved in the preparation of any such compilation, analysis, or other report;
13. For the purpose of complying with applicable legal requirements; or
14. For other purposes for which consent has been provided by the individual to whom the Confidential Information and/or Confidential Transaction Data relates.

Each Customer must ensure that it complies with the Standards and applicable laws and regulations in connection with disclosing any Confidential Transaction Data or Confidential Information to Mastercard to allow the uses and disclosures described herein, including any laws and regulations requiring the Customer to provide notices to individuals about information practices or to obtain consent from individuals to such practices.

A Customer must provide Confidential Transaction Data to the Corporation or through the Corporation's processes or systems solely as prescribed by the Standards or as otherwise required by the Corporation or applicable law. For example, an Account PAN, PAR, or Token, when provided through the Interchange System, must be submitted in accordance with the technical specifications or other Standards pertaining to the Interchange System or a component thereof.

3.11 Use of Corporation Information by a Customer

The Corporation is not responsible for and disclaims any responsibility for the accuracy, completeness, or timeliness of any information disclosed by the Corporation to a Customer; and the Corporation makes no warranty, express or implied, including, but not limited to, any warranty of merchantability or fitness for any particular purpose with respect to any information disclosed by or on behalf of the Corporation to any Customer or disclosed directly or indirectly to any participant in a Customer's Activity. Each Customer assumes all risk of use of any information disclosed directly or indirectly to a Customer or to any participant in a Customer's Activity by or on behalf of the Corporation.

3.12 Confidential Information of Mastercard

NOTE: A modification to this Rule appears in the "Digital Activity" chapter.

A Customer must not disclose confidential information of the Corporation or its parents, subsidiaries, and affiliates (herein collectively referred to as Mastercard) except:

1. On a need-to-know basis to the Customer's staff, accountants, auditors, or legal counsel subject to standard confidentiality restrictions, or
2. As may be required by any court process or governmental agency having or claiming jurisdiction over the Customer, in which event the Customer must promptly provide

written notice of such requirement to the Secretary of the Corporation, and to the extent possible, the Customer must seek confidential treatment by the court or agency.

The obligation set forth herein continues following the termination of a Customer's License. Information provided to a Customer by Mastercard is deemed confidential unless otherwise stated in writing.

A Customer may use confidential or proprietary information and/or trade secrets of Mastercard solely for the purpose of carrying out the Customer's Activities.

3.12.1 Customer Evaluation of Mastercard Technology

From time to time, the Corporation may disclose certain specifications, designs and other technical information or documentation developed by the Corporation ("Mastercard Specifications") to a Customer, solely for the purpose of the Customer's evaluation of such Mastercard Specifications. Any such disclosure is subject to the following:

1. Each Customer to which the Corporation disclosed any Mastercard Specifications is given a non-exclusive, limited, non-transferable, non-sublicenseable right to reproduce and use such Mastercard Specifications solely for the limited purpose of the Customer's internal evaluation. A Customer may implement prototypes based on the Mastercard Specifications for its internal evaluation purposes in furtherance of such limited purpose, but the Customer may not distribute, license, offer to sell, supply or otherwise provide, demonstrate, or otherwise transfer or disclose, to any third party, any Mastercard Specifications, or any implementation of any Mastercard Specifications.
2. The Corporation does not convey, and no Customer obtains, any rights or license in or to the Mastercard Specifications or any other intellectual property of the Corporation as a result of this Rule, other than as expressly set forth in this Rule. All rights not expressly granted to a Customer with respect to the Mastercard Specifications are retained by the Corporation.
3. Each Customer must treat the Mastercard Specifications and all implementations of the Mastercard Specifications as confidential information of the Corporation subject to Rule 3.12.
4. Notwithstanding the provisions of Chapter 7 or any other Standards relating to a Customer's use of Service Providers, a Customer may not use any Service Providers in connection with the Customer's exercise of its rights under this Rule, without the Corporation's express prior written consent, which consent may be withheld or conditioned on other terms and conditions, in the Corporation's sole discretion.

3.13 Data Protection

NOTE: Rules on this subject appear in the "Asia/Pacific Region," "Europe Region" and "Middle East/Africa Region" chapters.

3.14 Quarterly Mastercard Report (QMR)

Each Customer must complete and timely deliver to the Corporation the Quarterly Mastercard Report (QMR) in the manner and at such time as the Corporation requires.

3.14.1 Report Not Received

If the Corporation does not receive a Customer's properly completed QMR questionnaire when and how due, the Corporation may:

1. Impose on the Customer, after review of the Customer's last correctly submitted QMR questionnaire and assessment paid, an assessment equal to, or greater than, the Customer's assessment for such calendar quarter;
2. Impose on the Customer a noncompliance assessment;
3. If the Customer's actual payment based on the QMR questionnaire submitted by the Customer compared with the Corporation's estimate of payment due results in an underpayment by the Customer, collect the amount of the underpayment due and impose an interest penalty of the lower of two percent per month or the highest rate permitted by law, from the date the payment was first due through the date on which the additional amount due is paid;
4. If the Customer's actual payment based on the QMR questionnaire submitted by the Customer compared with the Corporation's estimate of payment due results in an overpayment by the Customer, return the amount of the overpayment, without interest or penalty thereon, as soon as practicable after the overpayment amount is identified and calculated; and
5. Collect the assessment amount and any penalty and interest due thereon from the Customer's settlement account.

3.14.2 Erroneous or Incomplete Report

If a Customer submits an erroneous or incomplete QMR, the Corporation may:

1. Impose on the Customer, after review of the Customer's last correctly submitted QMR and assessments paid thereon, an assessment equal to, or greater than, the Customer's last properly paid assessment for each calendar quarter for which it submitted an erroneous or incomplete QMR;
2. Impose on the Customer a noncompliance assessment;
3. If the Corporation's estimate of payment due results in an underpayment by the Customer, collect the amount of the underpayment due and impose an interest penalty of the lower of two percent per month or the highest rate permitted by law, from the date the payment was first due and payable through the date on which the additional amount due is paid;
4. If the Corporation's estimate of payment due results in an overpayment by the Customer, return the amount of the overpayment, without penalty or interest thereon, as soon as practicable after the overpayment amount is identified and calculated; and

5. Collect the assessment amount and any penalty and interest due thereon from the Customer's settlement account.

3.14.3 Overpayment Claim

After the Customer delivers a completed QMR to the Corporation, the Customer may submit a claim asserting an overpayment thereon. The Corporation may review such claim if the claim is received by the Corporation no later than one calendar quarter after the date of the purported overpayment. If the Corporation substantiates the Customer's overpayment claim, the Corporation will return the amount of the overpayment to the Customer as soon as practicable, without interest or penalty thereon.

3.15 Cooperation

A Customer must fully cooperate with the Corporation and all other Customers in the resolution of Cardholder and settlement disputes.

A Customer, to the best of its ability, must provide requested investigative assistance to any other Customer.

3.16 Responsibility for Digital Activity—Wallet Token Requestors

NOTE: Rules on this subject appear in the "Digital Activity" chapter.

3.17 Issuer Reporting Requirement—EU and Norway

NOTE: Rules on this subject appear in the "Europe Region" chapter.

3.18 BINs

The Corporation may assign a Customer that engages in or is approved by the Corporation to engage in Activity one or more bank identification numbers (BINs).

The Corporation may assign BINs at its discretion from the following block ranges:

- Mastercard: 222100 to 272099 and 510000 to 559999
- Maestro: 639000 to 639099 and 670000 to 679999

Use of a BIN may not be sublicensed or re-assigned or otherwise transferred without the prior express written consent of the Corporation.

The Corporation may:

- Review a Customer's BIN usage for compliance with the Standards; and
- Retract the assignment of any BIN that has been assigned to a Customer.

NOTE: A modification to this Rule appears in the "Europe Region" chapter.

Chapter 4 Use of the Marks

This chapter contains Rules relating to the use of the Marks.

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4.1 Right to Use the Marks

A right to use one or more of the Marks is granted to Customers and other Licensees only pursuant to the terms of a License with the Corporation. Except as set forth in Rule 1.5, a Mark must not be used in any form or manner before the License is granted.

No additional interest in the Marks is granted with the grant of a right to use the Marks. A Licensee is responsible for all costs and liabilities resulting from or related to its use of a Mark or the Interchange System.

Except as set forth in Rule 1.8.2, each License is non-exclusive and non-transferable. The right to use a Mark may be sublicensed by a Licensee to any Sub-licensee only in accordance with the Standards or otherwise with the express written consent of the Corporation. A Customer or other Licensee that is permitted to sublicense the use of a Mark to a Sub-licensee must ensure, for so long as the sublicense is in effect, that the Mark is used by the Sub-licensee in accordance with the Standards and/or other additional conditions for such use required by the Corporation.

The right to use a Mark cannot be sublicensed or assigned, whether by sale, consolidation, merger, amalgamation, operation of law, or otherwise, without the prior written consent of the Corporation.

The Corporation makes no express or implied representations or warranties in connection with any Mark and the Corporation specifically disclaims all such representations and warranties.

NOTE: Modifications to this Rule appear in the “Latin America and the Caribbean Region” chapter.

4.1.1 Protection and Registration of the Marks

Protection of the Marks is vital to the Corporation, its Customers and other Licensees. Any use of a Mark must not degrade, devalue, denigrate, or cause injury or damage to the Marks or the Corporation in any way.

By using any Mark, each Customer and other Licensee acknowledges that the Corporation is the exclusive owner and/or licensor of the Marks, and agrees not to contest or assist others, either directly or indirectly, in contesting the Corporation’s sole ownership of the Marks, or otherwise take or fail to alert the Corporation of any action that would be inconsistent with that ownership. All use of any Mark will inure solely to the benefit of the Corporation.

No Customer or other Licensee or Sub-licensee may register, attempt to register or in any way make use of a Mark, or any mark or term that, in the opinion of the Corporation, is deemed to be derivative of, similar to, or in any way related to a Mark. In particular, no use of a Mark may be made on or in connection with any card, device or other application associated with a payment service that the Corporation deems to be competitive with any Activity.

Without limitation, the foregoing shall apply to the registration or use of any mark or term that incorporates, references or otherwise could be confused or associated with a Mark currently or previously Licensed, sublicensed, or otherwise used by a Customer, the Customer’s

Sub-licensees and permittees, and their respective successors or assignees (including, without limitation, by means of acquisition by merger or otherwise, bankruptcy or voluntary or involuntary winding-up).

The Corporation reserves the right to determine, establish and control the nature and quality of the services rendered by its Customers under any mark the Corporation adopts.

In order to preserve the integrity of the Marks and prevent irreparable harm to the Corporation, each Customer agrees to cease using the Marks immediately upon written demand by the Corporation, and consent to the entry of an injunction against their continued use.

If a Customer is threatened with litigation, or is sued with regard to any matter relating to use of the Marks, and such other marks, the Customer must immediately notify the Corporation in writing. The Corporation, in its discretion, may then defend, settle, or consent to the entry of a judicial order, judgment or decree that would terminate any such litigation, or permit such Customer to do so.

NOTE: Modifications to this Rule appear in the “Europe Region” and “Additional U.S. Region and U.S. Territory Rules” chapters.

4.1.1.1 Registration of a Card Design

A Customer or other Licensee must not register or attempt to register any Card design that includes a Mark.

4.1.2 Misuse of a Mark

A Customer or other Licensee must promptly notify the Corporation whenever the Customer or other Licensee learns of any misuse of any Mark or of any attempt to copy or infringe any of the Marks.

4.2 Requirements for Use of a Mark

The following requirements apply to the use of a Mark.

1. A Mark may be used only pursuant to a License. This provision applies, without limitation, to:
 - a. Use of a Mark for advertising or promotional purposes;
 - b. Placing an order for Card stock or for any other material bearing a Mark;
 - c. Displaying a Mark;
 - d. Issuing a Card;
 - e. Signing a Merchant to a Merchant Agreement; and
 - f. Distributing or affixing decals.
2. A Mark may only be used by a Customer or other Licensee to identify and promote Activity.

3. Any use of a Mark must comply with the terms of the License and the Standards, including all of the Corporation's reproduction, usage, and artwork Standards pertaining to such Marks.
4. The applicable Mark must be prominently displayed in all advertising, marketing, promotional, and collateral materials promoting a program or service offered by the Corporation. The inclusion of the Word Mark in the headline or title, or the prominent display of the Word Mark on the first page of the Solicitation satisfies this requirement. Each Solicitation must also include one or more of the following statements, as applicable to the program or service promoted:
 - "Mastercard" and the Mastercard Brand Mark are registered trademarks of Mastercard International Incorporated.
 - "Maestro" and the Maestro Brand Mark are registered trademarks of Maestro International Incorporated.
 - "Cirrus" and the Cirrus Brand Mark are registered trademarks of Mastercard International Incorporated.

4.3 Review of Solicitations

The Corporation reserves the right to review samples and approve or refuse to approve use of a Solicitation. Amended samples, if required as a result of this review, also must be forwarded to the Corporation for review.

4.4 Signage System

The Corporation's interlocking circles signage system is employed when one or more of the Corporation's brands is accepted at a Point of Interaction (POI). The system requires the consecutive vertical or horizontal display of the acceptance Marks in the following sequence—Mastercard, Mastercard Electronic, Maestro, Cirrus, Mastercard Mobile. Of the five brands, only the Marks of those brands that are accepted at a particular POI location may be displayed there.

A Customer must comply with all of the following requirements for display of the Marks:

1. The Marks must be displayed as set forth in the Standards, including those posted on the Mastercard Brand Center website at brand.mastercard.com
2. The Marks must not be separated by any other acceptance marks displayed on the same Terminal.
3. The Marks must not be placed on or near or otherwise be used to identify any acceptance device that does not accept Cards.
4. Signage must not be displayed in a false, deceptive, or misleading manner.

4.4.1 Signage at a Merchant Location

The display of the Acceptance Marks at a Merchant location must comply with Rule 5.9.1. With respect to a Maestro Merchant location, the following applies.

1. The Corporation may permit or prohibit the display of the logo of a Competing EFT POS Network at POS Terminals displaying the Maestro Acceptance Mark.
2. On any new or replacement signage incorporating the marks of a Competing EFT POS Networks or any other international, regional, or bilateral acceptance marks, the Maestro Acceptance Mark must be afforded at least equal prominence and be at least as large.

4.4.2 ATM Terminal Signage

The Mastercard, Maestro, and Cirrus Marks must be displayed on an ATM Terminal. The Mastercard Electronic and Mastercard Mobile Marks must not be displayed on an ATM Terminal. On new or replacement signage incorporating any Competing ATM Network marks, the Acceptance Marks must be afforded at least equal prominence and be at least as large.

4.5 Use of the Interlocking Circles Device

The Corporation's interlocking circles devices, each of which incorporates a Word Mark, must be reproduced as set forth in the Mastercard Brand Center website at brand.mastercard.com and in the *Card Design Standards*.

4.5.1 Use or Registration of Similar Logos, Designs, and Names

A Customer, Licensee, or Sub-licensee may not use or seek to register any logo, design, or decorative element that includes two or more interlocking, adjoining, or adjacent circles, spheres, globes, or similar shapes that, in the opinion of the Corporation, may be likely to cause confusion with, or create a false association, connection or affiliation with, or dilute the distinctiveness of any of the Corporation's interlocking circles devices.

4.6 Use of Multiple Marks

When two or more Marks that use the interlocking circles device are displayed together, they must have visual parity with one another.

When promoting any Mark with another acceptance mark in any media to denote acceptance, no other acceptance mark, symbol or logo may be or appear to be larger or more important than or more welcomed than the Mark. To maintain visual parity, an Acceptance Mark must be at least as prominent as, and appear in at least the same frequency, size, and color treatment as, any other acceptance mark displayed. To maintain parity within written text, a Word Mark must be at least as prominent as, and appear at least as frequently as, any other acceptance mark mentioned.

NOTE: Refer to Rule 5.11.1 of "Additional U.S. Region and U.S. Territory Rules" for modifications on the use of the Mastercard Brand Mark.

4.7 Particular Uses of a Mark

A Customer must comply with all of the following Standards regarding particular uses of a Mark.

4.7.1 Generic Use

A generic term, such as “bank card” or “payment card,” does not function as a Mark. Use of a Mark in a manner that would tend to genericize that Mark or otherwise result in the loss of trademark rights is prohibited.

4.7.2 Use of Modifiers

A Customer is permitted to use its name or a geographical designation in conjunction with a Word Mark, such as “California Mastercard card program” or “First Issuer Maestro Department.” The Corporation may prohibit the use of a modifier that it determines will impair the distinctiveness of any Mark or create any likelihood of confusion or reflect poorly on the Corporation.

4.7.3 Use on Stationery

A Licensee is permitted to use a Mark on print or electronic stationery, letterhead, envelopes, and the like for the purpose of identifying its Program or service. If a Word Mark is used, the Licensee’s name must appear in close proximity to it, such as “Superior National Bank Cirrus® Department.”

4.7.4 Use on Non-Licensed Products or Services

A Mark may not be used in a manner likely to create an impression that any product or service offered by the Licensee, Sub-licensee, or Merchant is sponsored, produced, offered, approved, sold by, or otherwise affiliated with the Corporation. Each Licensee must ensure that each of its Sub-licensees, partners, Merchants, and other Program participants does not apply a Mark to any product or service not expressly permitted by a License.

4.7.5 Use or Registration of “Master,” “Maestro,” and “Cirrus” Terminology

Except as expressly permitted in writing by the Corporation, the words “Master,” “Maestro,” and “Cirrus” may not be used or registered as part of a trademark, service mark, corporate name, business name, or Program name, whether preceding, following or linked together as one word, or with a hyphen or slash, or in connection with any financial or bank-related products or services.

4.7.6 Use of a Word Mark in a Corporate, Business or Domain Name

A Word Mark may not be used as part of a legal, corporate, or business name, such as “Mastercard® Center, Inc.” No Internet domain name may be registered that includes the

words “Mastercard,” “Maestro,” or “Cirrus,” except as expressly permitted in writing by the Corporation.

4.7.7 Use of a Word Mark in Text

A Word Mark must be used as an adjective (as in “your Maestro® card”) in the first or most prominent use subsequent to any use in the title, headline, signature, or cover page of an offering, unless:

1. The word “Mastercard,” “Maestro,” or “Cirrus” is used as part of a Customer’s Program name (as in “Customer/Program name Mastercard”); or
2. Otherwise expressly approved in writing by the Corporation.

Use of the word “Mastercard,” “Maestro,” or “Cirrus” as a verb (“Mastercard your gifts”), in plural (“MasterCards”) or in possessive form (“Mastercard’s”) is prohibited.

4.7.8 Program Names

Each Program name, Solicitation, and service must be referred to by the full, legal name of the applicable brand and include the appropriate registration notice.

4.7.9 Use on Cards

Standards governing the use of Marks on Cards, including but not limited to Multi-Account Chip Cards and other Cards displaying co-residing Marks, are set forth in the *Card Design Standards*, available on Mastercard Connect™, which are incorporated into these Rules by reference. A Customer must also comply with all of the following Standards regarding the particular uses of a Mark.

4.8 Use of Marks on Maestro and Cirrus Cards

A Customer that permits any of its debit cards access to the Interchange System must begin issuing debit cards in compliance with the Standards for Maestro and/or Cirrus Cards, as applicable, no later than nine months after the date that any of its debit cards first had access to the Interchange System. The Portfolios must be in full compliance with the Standards no later than 36 months after the date that any of its debit cards first had access to the Interchange System.

The Maestro Brand Marks may not be placed on any debit card that is not eligible to be a Maestro Card or on any credit card.

A Customer must not place any Competing EFT POS Network debit marks on a Maestro Card.

A Visa card issued by a Customer may display only the Cirrus Word Mark, which must be a minimum of one-half (1/2) inch across measured horizontally, not including the required registration mark.

NOTE: Modifications to this Rule appear in the “Europe Region,” “Latin America and the Caribbean Region,” and “Additional U.S. Region and U.S. Territory Rules” chapters.

4.9 Use of Marks on Mastercard Cards

No acceptance mark may appear on a Mastercard Card except as set forth in the Standards, including the *Card Design Standards* manual and other Card design specifications.

Except as expressly permitted by the Corporation, none of the following marks or any similar or related mark, or any mark owned by or affiliated with one of these entities, may appear on a Card.

1. American Express
2. JCB
3. Diners Club
4. Discover
5. Visa
6. Any other name, logo, or mark identifying or in any way associated with a payment service that the Corporation deems to be competitive with any Mastercard product or Program.

Any such competitor's credit or debit POI mark, logo, or name, regardless of whether registered, may not appear on a Card, nor may a payment application of any such competitor reside on the magnetic stripe or chip of a Card. The appearance of the PLUS word mark on the back of the Card is permitted where there is an effective PLUS agreement with the Issuer.

No Customer or other Licensee or Sub-licensee or any of its affiliates may register, attempt to register, or in any way make use of any Marks or any mark or term that the Corporation in its sole discretion deems to be derivative of, similar to, dilutive of, or in any way related to a Mark on any Card, device, or other application associated with a payment service that the Corporation deems to be competitive with any Activity of the Corporation. Without limitation, the foregoing shall specifically apply to registration or use of any mark or term that incorporates, references, or otherwise could be confused or associated with any Mark currently or previously Licensed, sublicensed (to the extent sublicensing has been previously permitted), or used by a Customer, its Sub-licensees and permittees, and their respective successors or assignees (including, without limitation, by virtue of acquisition by merger or otherwise, bankruptcy or voluntary or involuntary winding-up.)

NOTE: Modifications to this Rule appear in the "Asia/Pacific Region," "Europe Region," and "Additional U.S. Region and U.S. Territory Rules" chapters.

4.10 Use of a Card Design in Merchant Advertising and Signage

A Merchant is prohibited from using a Mastercard or Maestro Card design to indicate acceptance in Merchant advertising or other signage, other than signage for a Co-Brand Program in which the Merchant is a Co-Brand Partner. A Merchant may display an Issuer-specific Mastercard or Maestro Card design in Merchant advertising and any other signage that is not used to signify acceptance.

4.11 Use of a Card Design in Issuer Advertising and Marketing Material

An Issuer is permitted to depict a Mastercard, Maestro, or Cirrus Card face for an advertising or marketing purpose, subject to the following requirements.

1. The proportions of the Card face design, including typestyle and relative positions of the legends, may not be altered or distorted.
2. The legend “VALID THRU” or the equivalent must be depicted on the Card face design, unless the Card face design contains an effective date and an expiration date, in which case the words “VALID DATES” must be depicted in accordance with the requirements set forth in the *Card Design Standards*.
3. The Card face design must bear Account information (for example, the Primary Account Number (PAN), the effective date and/or expiration date) and all Card face design requirements set forth in the Card Design Standards System. The first six digits of the Account number must be either a BIN assigned to the Issuer by the Corporation or the unassigned BIN 541275, which the Corporation has set aside for Issuer use in advertising and marketing Card face designs.
4. The Mastercard Identification Area (or the Mastercard Brand Mark, if the Card face design depicts a Mastercard Card with the hologram on the Card back) must be completely visible on at least one Card face design depicted in the materials.

4.12 Use of the Mastercard Card Design in Cardholder Statement Enclosures

The Mastercard Card face design must be displayed on statement enclosures used to offer products or services to Cardholders through the use of a Customer’s Mastercard Card. The Mastercard Brand Mark may be used in lieu of the Card face design if the Customer’s name is displayed on the statement enclosure.

4.13 Use of the Brand Marks on Other Cards

A Brand Mark must not be used on a promotional card or other card without the prior written consent of the Corporation.

Chapter 5 Acquiring

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5.1 The Merchant and ATM Owner Agreements

Each Customer in its capacity as an Acquirer must directly enter into a written Merchant Agreement with each retailer or other person, firm, or corporation selling goods or services (herein, a “seller”) and must directly enter into a written ATM Owner Agreement with each ATM owner from which it acquires Transactions, whether such Transactions are submitted to the Customer directly by the seller or ATM owner or through a Service Provider acting for or on behalf of such Customer. A Merchant Agreement is not required in connection with Transactions acquired by an Acquirer from its registered Payment Facilitator, when submitted pursuant to a Submerchant Agreement between the Payment Facilitator and a seller.

The Acquirer must acquire all valid Transactions submitted to it from a Merchant in accordance with the Merchant Agreement, and all valid ATM Transactions in accordance with the ATM Owner Agreement. An Acquirer must not submit for processing through the Interchange System any Transaction resulting from the acceptance of a Card by an entity or person except pursuant to a Merchant Agreement or ATM Owner Agreement then in effect between the Acquirer and the entity or person.

Each Merchant Agreement and each ATM Owner Agreement must reflect the Acquirer’s primary responsibility for the Merchant or ATM owner relationship and the establishment of all management and operating policies relating to its acquiring Programs, and must otherwise comply with the Standards. A Merchant Agreement or ATM Owner Agreement must not include any provision that limits, or attempts to limit, the Acquirer’s responsibility for such Programs.

An Acquirer in violation of this Rule may be assessed up to USD 2,500 per day with respect to each entity or person on whose behalf the Acquirer submits Transactions into interchange with no Merchant Agreement being in effect between the Acquirer and the entity or person, retroactive to the first day of such noncompliant practice.

5.1.1 Verify Bona Fide Business Operation

Before entering into, extending, or renewing a Merchant Agreement or ATM Owner Agreement, an Acquirer must verify that the Merchant or ATM owner from which it intends to acquire Transactions is a bona fide business, has sufficient safeguards in place to protect Account data from unauthorized disclosure or use, and complies with applicable laws, and that each POS Transaction will reflect bona fide business between the Merchant or Submerchant and a Cardholder. Procedures for verifying that a Merchant or ATM owner is a bona fide business are set forth in Chapter 7 of the *Security Rules and Procedures* manual.

5.1.2 Required Merchant Agreement Terms

Each Merchant Agreement must contain the substance of each of the Standards set forth in Rules 5.4 through 5.13, and any other Standards applicable to the nature and manner of the Merchant’s business. The failure to include the substance of any one or more of such Standards in the Merchant Agreement or the grant of a variance by the Corporation with respect to any one or more such Standards does not relieve an Acquirer from responsibility for chargebacks or compliance.

Each Merchant Agreement may contain only such terms agreed to by the Acquirer and the Merchant, provided that no such term conflicts with any Standard. The Merchant Agreement must also provide that the Merchant's use or display of any Mark will terminate effective with the termination of the Merchant Agreement or upon notification by the Corporation to discontinue such use or display.

NOTE: Modifications to this Rule appear in the "Asia/Pacific Region," "Europe Region," "Middle East/Africa Region," and "United States Region" chapters.

5.1.2.1 Gambling Merchants

Each Merchant Agreement with a Merchant proposing to engage in gambling Transactions must incorporate the following terms.

1. If the Merchant proposes to engage in Internet gambling Transactions, the Merchant must post a notice on its websites (in a position such that the notice will be displayed before Account information is requested, such as a click-through notice) stating that assertions have been made that Internet gambling may not be lawful in some jurisdictions, including the United States, and suggesting that the Cardholder check whether Internet gambling is lawful under applicable law.
2. Unless the Merchant is a registered Payment Facilitator, a Merchant must not sell chips or other value that can be used, directly or indirectly, to gamble at locations other than those that the Merchant wholly owns.
3. A Merchant must not credit winnings, unspent chips, or other value usable for gambling to a Mastercard Account. Refer to Chapter 6 of the *Transaction Processing Rules* manual for Standards applicable to use of the Gaming Payment Transaction to transfer winnings or unspent chips or other value usable for gambling to a Mastercard or Maestro Account in some Europe Region countries, and to a Mastercard Account in some MEA Region countries.
4. All non-face-to-face gambling Transactions identified with MCC 7995 and effected with a Mastercard Card or Account must include the CVC 2 value in DE 48 (Additional Data—Private Use), subelement 92 of the Authorization Request/0100 message.

5.1.3 Required ATM Owner Agreement Terms

The ATM Owner Agreement must, in substance, include all of the following terms.

1. The ATM owner received, understands, and agrees to comply with all Standards that apply to the nature and manner of the ATM owner's business as that business relates to the ownership and/or deployment of an ATM.
2. On an ongoing basis, and in no event less than quarterly, the ATM owner is promptly to provide the Acquirer with all information for each of its ATM locations as required by the Corporation to maintain its Location Administration Tool (LAT), including but not limited to each ATM location name, address, and Terminal ID.
3. In the event of any inconsistency between any provision of the ATM Owner Agreement and the Standards, the Standards shall govern.
4. The ATM Owner Agreement automatically terminates if the Acquirer ceases to be a Customer for any reason. The Corporation retains the right to require that the Acquirer

terminate the ATM Owner Agreement if the Corporation determines that any ATM owner appears not to be qualified for any reason.

5. The ATM owner acknowledges that the Corporation is the sole and exclusive owner of the Marks and agrees that the ATM owner will not contest the ownership of the Marks for any reason whatsoever. The Corporation may at any time, immediately and without advance notice, prohibit the ATM owner from using any of the Marks for any reason.
6. The ATM owner acknowledges and agrees that the Corporation has the right to enforce any provision of the Standards and to prohibit any ATM owner conduct that may injure or may create a risk of injury to the Corporation, including injury to reputation, or that may adversely affect the integrity of the Corporation's core payment systems, information, or both. The ATM owner must agree not to take any action that might interfere with, or prevent exercise of, this right by the Corporation.

5.1.4 Maintaining Information

The Acquirer must maintain, on an ongoing basis:

1. For each Merchant participating in the Acquirer's Program, the Merchant's name and address and a signed, unexpired Merchant Agreement; and
2. For each ATM owner participating in the Acquirer's Program, a signed, unexpired ATM Owner Agreement and all of the following information:
 - a. The complete name and address of the ATM owner (or principals of the business if the ATM owner is a corporation, partnership, or limited liability company).
 - b. The complete address of the ATM Terminal location, if different from that of the ATM owner.
 - c. The ATM owner's legal status (for example, corporation, partnership, sole proprietor, non-profit, other), and the applicable Federal Taxpayer Identification Number (TIN), Federal Employer Identification Number (FEIN) or Social Security Number (SSN), or other equivalent government registration identifiers appropriate to the ATM owner's country of operation.
 - d. The legal name, and if applicable the "Doing Business As" (DBA) name, of the ATM Terminal location.
 - e. The complete name and address of any Third Party Processor (TPP) performing services for, or otherwise associated with, the ATM owner.
 - f. The complete name and address of any entity, other than the ATM owner, that receives revenue as a result of the use, lease, placement, and/or maintenance of the ATM Terminal.
3. The supplier, manufacturer, and model of each of its ATM Terminals and PIN-based In-Branch Terminals.

5.1.4.1 Location Administration Tool (LAT) Updates

The Acquirer must provide current and accurate information regarding its ATM Terminals and PIN-based In-Branch Terminals by means of quarterly updates to the Location Administration Tool (LAT) on Mastercard Connect™.

5.2 Merchant and Submerchant Compliance with the Standards

The Acquirer is responsible for ensuring that each of its Merchants and Submerchants complies with the Standards, and the Acquirer is itself responsible to the Corporation and to other Customers for any Merchant's or Submerchant's failure to do so.

To the extent a Merchant or Submerchant utilizes the service of a person or entity for a purpose arising from or related to Activity, the Acquirer is responsible for ensuring that each such person or entity complies with the Standards, and the Acquirer itself is responsible to the Corporation and to other Customers for any such person's or entity's failure to do so.

The Acquirer must not support any Merchant or Submerchant action having a purpose or effect of evading detection by the Corporation's fraud monitoring and other compliance thresholds set forth in the Standards, including but not limited to "load balancing" (that is, the distribution of Transactions between or among Merchant ID numbers in order to avoid minimum thresholds).

The Acquirer must take such actions as may be necessary or appropriate to ensure a Merchant's or Submerchant's ongoing compliance with the Standards by monitoring, on an ongoing basis, the Activity and use of the Marks of each of its Merchants. Minimum Merchant monitoring Standards are set forth in Chapters 6 and 7 of the *Security Rules and Procedures* manual.

Failure by a Merchant, Submerchant, or Acquirer to comply with any Standard may result in chargebacks, an assessment to the Acquirer, and/or other disciplinary action.

5.2.1 Noncompliance Assessments

If the Corporation becomes aware of a Merchant's noncompliance with any Standard, the Corporation may notify the Acquirer and may assess and/or otherwise discipline the Acquirer for such noncompliance, and the Acquirer must promptly cause the Merchant to discontinue the noncompliant practice. A notification by the Corporation with respect to any one location of a Merchant requires the Acquirer to ensure that the Merchant is in compliance with the Standards at all locations of the Merchant that are subject to the Merchant Agreements.

As set forth in Rule 2.1.6, a Customer may request that the Chief Franchise Integrity Officer of the Corporation review an assessment for a Merchant's noncompliance with a Standard.

5.3 Acquirer Obligations to Merchants

An Acquirer must fulfill all of the obligations set forth in this Rule 5.3 with respect to each of its Merchants.

5.3.1 Payment for Transactions

The Acquirer must pay the Merchant the amount (either gross or net of Merchant discount or setoff) of all Transactions that the Acquirer acquires from the Merchant in accordance with the Merchant Agreement and the Standards. This obligation is not discharged with regard to a Transaction until the Merchant receives payment from the Acquirer that acquired the Transaction, notwithstanding any Acquirer payment arrangement, including any such arrangement between an Affiliate and its Sponsor. A Merchant Agreement may provide for an Acquirer to withhold amounts for chargeback reserves or similar purposes in accordance with the Standards.

5.3.2 Supplying Materials

The Acquirer must regularly ensure the Merchant is provided with all materials necessary to conduct POS Transactions in accordance with the Standards and to signify Card acceptance. These materials may include POS Terminals, PIN pads, Card acceptance decals, signage, and the like.

5.3.3 Provide Information

NOTE: Rules on this subject appears in the “Europe Region” and “United States Region” chapters.

5.3.4 Merchant Deposit Account—Canada Region Only

NOTE: A Rule on this subject appears in the “Canada Region” chapter.

5.4 Merchant Location

Except as otherwise provided in the Standards, a Merchant may accept Cards only at locations that are within the Acquirer’s Area of Use.

A Merchant’s location generally is an address at which the Merchant conducts the business described in the Merchant application and governed by the Merchant Agreement. The Acquirer is responsible for verifying that the address set forth in the Merchant Agreement and any address disclosed to Cardholders or appearing in Transaction messages is a location from which the Merchant is conducting such business. When determining a Merchant’s location, the Acquirer should consider, among other factors, whether the Merchant (i) holds a business license or is otherwise authorized to conduct the business; (ii) pay taxes; and (iii) maintains an office or other physical presence and can receive business-related mail. By way of example and not limitation, a post office box address, the location at which a server is stored, the address

of a warehouse having no business-related functions, and the Uniform Resource Locator (URL) of a website do not establish a physical location.

Any disagreement between Customers regarding a Merchant location may be referred to the Corporation for final resolution. The Corporation has the right, at any time, to determine a Merchant's location based upon such information as may be available.

5.4.1 Disclosure of Merchant Location

An Acquirer must ensure that each of its Merchants prominently and clearly discloses to the Cardholder at all points of interaction:

1. The name of the Merchant, so that the Cardholder can easily distinguish the Merchant from any other party, such as a supplier of products or services to the Merchant; and
2. The location (physical address) of the Merchant to enable the Cardholder to easily determine, among other things, whether the Transaction will be a Domestic Transaction or a Cross-border Transaction. The Merchant location must be disclosed before the Cardholder is prompted to provide Card information.

The Merchant name and location, as disclosed to the Cardholder, must be the same as what is provided in authorization and clearing Transaction messages.

5.5 Submerchant Location

Except as otherwise provided in the Standards, a Submerchant may accept Cards only at locations that are within the Acquirer's Area of Use.

A Submerchant's location generally is an address at which the Submerchant conducts the business described in the Submerchant application and governed by the Submerchant Agreement. The Acquirer is responsible for verifying that the Submerchant address set forth in the Submerchant Agreement and any address disclosed to Cardholders or appearing in Transaction messages is a location from which the Submerchant is conducting such business, or the Acquirer may permit the Payment Facilitator to manage this obligation on its behalf.

When determining a Submerchant's location, the Acquirer or Payment Facilitator should consider, among other factors, whether the Submerchant (i) holds a business license or is otherwise authorized to conduct the business; (ii) pay taxes; and (iii) maintains an office or other physical presence and can receive business-related mail. By way of example and not limitation, a post office box address, the location at which a server is stored, the address of a warehouse having no business-related functions, and the Uniform Resource Locator (URL) of a website do not establish a physical location. The Acquirer must transmit the Submerchant location, substantially the same as it appears on any Transaction receipt provided, in DE 43.

Any disagreement between Customers regarding a Submerchant location may be referred to the Corporation for final resolution. The Corporation has the right, at any time, to determine a Submerchant's location based upon such information as may be available.

5.5.1 Disclosure of Submerchant Location

An Acquirer must ensure that each of its Payment Facilitators' Submerchants prominently and clearly discloses to the Cardholder at all points of interaction:

1. The name of the Submerchant, so that the Cardholder can easily distinguish the Submerchant from any other party, such as a supplier of products or services to the Submerchant; and
2. The location (physical address) of the Submerchant to enable the Cardholder to easily determine, among other things, whether the Transaction will be a Domestic Transaction or a Cross-border Transaction. The Submerchant location must be disclosed before the Cardholder is prompted to provide Card information.

The Submerchant name and location, as disclosed to the Cardholder, must be the same as what is provided in authorization and clearing Transaction messages.

5.6 Responsibility for Transactions

Each Merchant and Submerchant must ensure that the Cardholder is easily able to understand that the Merchant or Submerchant is responsible for the Transaction, including delivery of the goods (whether physical or digital) or provision of the services that are the subject of the Transaction, and for customer service and dispute resolution, all in accordance with the terms applicable to the Transaction.

5.7 Transaction Message Data

An Acquirer must ensure that each of its Merchants and Terminals complies with the Transaction message data requirements set forth in this Rule.

NOTE: A modification to this Rule appears in the "Europe Region" chapter.

5.7.1 Card Acceptor Business Code (MCC) Information

The Acquirer must ensure that each Merchant and Submerchant is identified in authorization and clearing Transaction messages with the Card acceptor business code (MCC) that reflects the primary business of the Merchant or Submerchant.

Any Transaction that includes the sale of products or services properly identified with one of the following MCCs must be identified with such MCC:

- Gambling Transactions (MCC 7995)
- Money Transfer (MCC 4829)
- Quasi Cash—Customer Financial Institution (MCC 6050)
- Quasi Cash—Merchant (MCC 6051)

For MCC descriptions, refer to Chapter 3 of the *Quick Reference Booklet*.

The Corporation shall have the ultimate authority to dictate the appropriate MCC if any dispute shall arise.

NOTE: A modification to this Rule appears in the “United States Region” chapter.

5.7.2 Card Acceptor Address Information

The Acquirer must transmit the generally accepted location, city, and country of the Terminal or website in DE 43, substantially the same as it appears on any Transaction receipt provided.

NOTE: A modification to this Rule appears in the “Europe Region” chapter.

5.7.3 Submerchant Name Information

The Acquirer must ensure that a Transaction conducted by a Submerchant includes the names of both the Payment Facilitator and the Submerchant in DE 43 (Card Acceptor Name/Location), subfield 1 (Card Acceptor Name). The Payment Facilitator name, in full or in abbreviated form, must be three, seven, or 12 characters in length, followed by “*” and the Submerchant name.

NOTE: A modification to this Rule appears in the “Europe Region” chapter.

5.7.4 ATM Terminal Information

The Acquirer of an ATM Transaction must transmit the ATM owner name and ATM location address, substantially the same as it appears on any Transaction receipt provided, in DE 43 (Card Acceptor Name/Location) and the unique ATM Terminal identification information in DE 41 (Card Acceptor Terminal ID) of each Transaction message. An Acquirer and any Service Provider performing ATM Transaction processing services must also identify itself using a unique number, which is assigned by the Interchange System.

NOTE: A modification to this Rule appears in the “Europe Region” chapter.

5.7.5 Transactions at Terminals with No Fixed Location

A Transaction arising from a Terminal with no fixed location (for example, aboard a train or ship) may be deemed to take place in the country where the Merchant operating a POS Terminal or the Acquirer of an ATM Terminal or PIN-based In-Branch Terminal is headquartered or where the Transaction is processed.

5.8 Transaction Currency Information

An Acquirer that intends to acquire Transactions on which POI currency conversion has been performed first must register with the Corporation to do so. POI currency conversion is also referred to as dynamic currency conversion, or DCC. For more information on POI currency conversion, including registration requirements, refer to Chapter 3 of the *Transaction Processing Rules* manual.

5.9 Use of the Marks

A Merchant is only permitted to use a Mark in accordance with a Merchant Agreement with its Acquirer.

The Merchant Agreement must provide that:

1. Any use of a Mark by a Merchant in advertising, acceptance decals, or signs, must be in accordance with the Standards, including the Corporation's reproduction, usage, and artwork Standards, as may be in effect from time to time; and
2. The Merchant's use or display of any Mark will terminate effective with the termination of the Merchant Agreement, or upon notification by the Corporation to discontinue such use or display.

The Acquirer must ensure that its Merchants and ATM owners:

1. Use or display the Marks in accordance with the Standards, and
2. Ceases all use of the Marks immediately upon termination of the Merchant Agreement or ATM Owner Agreement, or upon notification by the Corporation to discontinue such use.

The use or display of any Mark does not give a Merchant or ATM owner any ownership or interest in the Mark.

5.9.1 Display of the Acceptance Marks

An Acquirer must ensure that all of its Merchants, ATM Terminals, and PIN-based In-branch Terminals prominently display the appropriate Acceptance Marks at the Point-of-Interaction (POI), wherever payment options are presented. An Acceptance Mark may also be displayed in advertising or other materials or images at the physical or electronic POI to indicate brand acceptance. No other Marks or marks may be used for these purposes. An Acquirer must provide its Merchants and ATM Terminal operators with the appropriate artwork in a format authorized by the Corporation. A Merchant may be required to supply its Acquirer with samples of any materials or images bearing the Acceptance Marks.

5.9.1.1 Location of Display

The Acceptance Marks must be clearly visible to the public at the POI.

The preferred location to post the Acceptance Marks at a physical POI is the entrance, nearby window or door of the Merchant location, and on the screen of a Cardholder-facing POS Terminal. Where it is not possible to post the Acceptance Marks at the entrance of the Merchant location, posting the Acceptance Marks so as to be seen easily and readily within the location will satisfy the requirement.

The Acceptance Marks must be displayed on an unattended POS Terminal, on its screen, or both. Refer to Rule 4.4.1 for ATM Terminal requirements.

For e-commerce Transactions, the Acceptance Marks must be displayed in accordance with the requirements found at brand.mastercard.com. A Mark must not appear on the website of a supplier to a Merchant or of any other entity that is not itself a Merchant (such as, by way of example and not limitation, an entity that is contracted by the Merchant to deliver the

products or provide the services that are subject of the Transaction). For mail order, phone order, and recurring payment Transactions, the Acceptance Marks must be displayed where payment options are presented.

5.9.1.2 Display with Other Marks

Other acceptance marks, symbols, logos, or combinations thereof may appear in the same material or image with the Acceptance Marks, provided visual parity is maintained and no other acceptance mark, symbol, or logo displayed is more prominent or likely to cause confusion concerning the acceptance of Cards. Each Acceptance Mark must be displayed as a free-standing mark, meaning that an Acceptance Mark must not be displayed so as to suggest that it is either a secondary means of payment or exclusively linked to another acceptance brand.

NOTE: Refer to Rule 4.6 for more information about the Corporation's signage system and the proper display of Acceptance Marks. Refer to Rule 5.11.1 in "Additional U.S. Region and U.S. Territory Rules" for modifications on the use of the Mastercard Brand Mark.

5.10 Merchant Obligations for Acceptance

An Acquirer must ensure that each of its Merchants complies with the Card acceptance requirements set forth in this Rule with respect to the Acceptance Marks specified in the Merchant Agreement.

5.10.1 Honor All Cards

A Merchant must honor all valid Cards without discrimination when properly presented for payment. A Merchant must maintain a policy that does not discriminate among customers seeking to make purchases with a Card.

A Merchant that does not deal with the public at large (for example, a private club) is considered to comply with this Rule if it honors all valid and properly presented Cards of Cardholders that have purchasing privileges with the Merchant.

NOTE: Modifications to this Rule appear in the "Asia/Pacific Region," "Europe Region," "Middle East/Africa Region," and "United States Region" chapters.

5.10.2 Merchant Acceptance of Mastercard Cards

NOTE: Rules on this subject appear in the "Asia/Pacific Region," "Europe Region," "Middle East/Africa Region," and "United States Region" chapters.

5.10.3 Obtain an Authorization

When required by the Standards or by the Acquirer, the Merchant must obtain an authorization before completing a Transaction. Refer to the *Transaction Processing Rules* manual for authorization requirements.

5.10.4 Additional Cardholder Identification

A Merchant may request but must not require a Cardholder to provide additional identification information as a condition of Card acceptance, unless such information is required to complete the Transaction, such as for shipping purposes, or the Standards specifically permit or require such information to be collected.

A Merchant in a country or region that supports use of the Mastercard Address Verification Service (AVS) for Mastercard POS Transactions may require the Cardholder's ZIP or postal code to complete a Cardholder-Activated Terminal (CAT) Transaction, or the Cardholder's address and ZIP or postal code to complete a mail order, phone order, or e-commerce Transaction.

5.10.5 Discounts or Other Benefits at the Point of Interaction

NOTE: Rules on this subject appear in the "Asia/Pacific Region," "Canada Region," "Europe Region," "Latin America and the Caribbean Region," and "Middle East/Africa Region" chapters.

5.11 Prohibited Practices

An Acquirer must ensure that none of its Merchants engage in any of the prohibited practices set forth in this Rule.

5.11.1 Discrimination

A Merchant must not engage in any acceptance practice that discriminates against or discourages the use of a Card in favor of any other acceptance brand.

NOTE: Modifications to this Rule appear in the "Asia/Pacific Region," "Europe Region," "United States Region," and "Additional U.S. Region and U.S. Territory Rules" chapters.

5.11.2 Charges to Cardholders

A Merchant must not directly or indirectly require any Cardholder to pay a surcharge or any part of any Merchant discount or any contemporaneous finance charge in connection with a Transaction. A Merchant may provide a discount to its customers for cash payments. A Merchant is permitted to charge a fee (such as a bona fide commission, postage, expedited service or convenience fees, and the like) if the fee is imposed on all like transactions regardless of the form of payment used, or as the Corporation has expressly permitted in writing.

For purposes of this Rule:

1. A surcharge is any fee charged in connection with a Transaction that is not charged if another payment method is used.
2. The Merchant discount fee is any fee a Merchant pays to an Acquirer so that the Acquirer will acquire the Transactions of the Merchant.

NOTE: Modifications to this Rule appear in the “Asia/Pacific Region,” “Canada Region” and “Additional U.S. Region and U.S. Territory Rules” chapters.

5.11.3 Minimum/Maximum Transaction Amount Prohibited

A Merchant must not require, or indicate that it requires, a minimum or maximum Transaction amount to accept a valid and properly presented Mastercard or Maestro Card.

NOTE: A modification to this Rule appears in the “Additional U.S. Region and U.S. Territory Rules” chapter.

5.11.4 Scrip-dispensing Terminals

The Acceptance Marks must not be displayed at any POS Terminal, ATM Terminal, or PIN-based In-Branch Terminal that dispenses scrip.

A Merchant must not submit to its Acquirer, and an Acquirer must not submit to the Interchange System, any Transaction that arises from the acceptance of a Card at a scrip-dispensing Terminal.

NOTE: A modification to this Rule appears in the “Europe Region” chapter.

5.11.5 Existing Mastercard Cardholder Obligations

A Merchant must not submit to its Acquirer, and a Customer must not submit to the Interchange System, any Transaction that:

1. Represents the refinancing or transfer of an existing Mastercard Cardholder obligation that is deemed to be uncollectible; or
2. Arises from the dishonor of a Mastercard Cardholder’s personal check.

A Merchant may submit a Transaction identified with MCC 6051 (Quasi-Cash—Merchant) for the payment of an existing Cardholder obligation owed to the Merchant.

NOTE: Modifications to this Rule appear in the “Europe Region” and “United States Region” chapters.

5.11.6 Cardholder Right of Dispute

A Merchant must not impose, as a condition of Mastercard or Maestro Card acceptance, a requirement that the Cardholder waive a right to dispute a Transaction.

5.11.7 Illegal or Brand-damaging Transactions

A Merchant must not submit to its Acquirer, and a Customer must not submit to the Interchange System, any Transaction that is illegal, or in the sole discretion of the Corporation, may damage the goodwill of the Corporation or reflect negatively on the Marks.

The Corporation considers any of the following activities to be in violation of this Rule:

1. The sale or offer of sale of a product or service other than in full compliance with law then applicable to the Acquirer, Issuer, Merchant, Cardholder, Cards, or the Corporation.
2. The sale of a product or service, including an image, which is patently offensive and lacks serious artistic value (such as, by way of example and not limitation, images of nonconsensual sexual behavior, sexual exploitation of a minor, nonconsensual mutilation of a person or body part, and bestiality), or any other material that the Corporation deems unacceptable to sell in connection with a Mark.

An Acquirer that has been notified of a Merchant's noncompliance with this Rule and that fails promptly to cause the noncompliant practice to cease, or that has been notified multiple times regarding violations of this Rule, is subject, at the Acquirer's expense, and in addition to any other noncompliance assessment or other discipline, or both, to any one or more of the following:

1. Customer Risk Review under the Global Risk Management Program as described in the *Security Rules and Procedures* manual.
2. An audit at the sole expense of the Acquirer by a third party selected by the Corporation, of the Acquirer's acquiring practices. The Corporation may list a Mastercard Merchant which the Corporation determines is noncompliant with this Rule on the MATCH system. (See Chapter 11 of the *Security Rules and Procedures* manual.)

An Acquirer in violation of this Rule may be assessed, with respect to each Merchant, entity, affiliate, agent, or person on whose behalf the Acquirer submits illegal or brand-damaging Transactions into interchange:

- USD 200,000 or
- USD 2,500 per day, retroactive to the first day of the noncompliant practice, provided the Acquirer can show clear and convincing evidence that such noncompliant practice began less than 80 days prior to the date of the Corporation's notification to the Acquirer.

5.11.8 Disparagement

NOTE: A Rule on this subject appears in the "Additional U.S. Region and U.S. Territory Rules" chapter.

5.11.9 Mastercard Tokens

Neither an Acquirer nor any of the Acquirer's Merchants or Service Providers, including but not limited to any such entity that the Corporation has registered as a Token Requestor, may use Account or Transaction data to create or maintain a repository of Mastercard Token primary account numbers (PANs) and corresponding Account PANs or perform mapping of Mastercard Token PANs to Account PANs for any purpose.

The PAN of a Mastercard Card or Access Device or any Maestro Card or Access Device for which Maestro is the primary Payment Application must not be replaced by, mapped to, or Tokenized with any PAN issued from an Issuer Identification Number (IIN) reserved by the ISO Registration Authority for a competing payment network. Refer to the current *ISO Register Of Issuer Identification Numbers* for more information.

5.12 Valid Transactions

A Merchant must submit to its Acquirer records of valid Transactions only between the Merchant and a bona fide Cardholder.

A Merchant must not submit to its Acquirer a Transaction that the Merchant knows or should have known to be fraudulent or not authorized by the Cardholder, or that it knows or should have known to be authorized by a Cardholder colluding with the Merchant for a fraudulent purpose. For purposes of this Rule, the Merchant is deemed to be responsible for the conduct of its employees, agents, and representatives.

5.13 Sale or Exchange of Information

A Merchant must not sell, purchase, provide, exchange or in any manner disclose Account or Transaction data, including but not limited to the Account PAN, PAR, or Token, or personal information of or about a Cardholder to anyone other than its Acquirer, to the Corporation, or in response to a valid government demand.

This prohibition applies to Card imprints, TIDs, carbon copies, mailing lists, tapes, database files, and all other media created or obtained as a result of a Transaction.

5.14 Payment Account Reference (PAR) Data

This Rule 5.14 applies whether the Corporation or another entity as BIN Controller (as such term is defined in the EMV Payment Tokenization Specification Technical Framework) allocates a Payment Account Reference (PAR) value to an Account PAN.

An Acquirer, and any of the Acquirer's Service Providers or Merchants, must only use PAR data for one or more of the following purposes:

- To complete a refund, respond to a chargeback, or perform some other reversal of payment in connection with a purchase Transaction containing a PAR, in addition to an Account PAN or Token;
- To comply with applicable law or regulation or the Mastercard Anti-Money Laundering Program;
- To conduct fraud detection, control, or mitigation activities;
- To provide services to a Cardholder at the direction of and with the explicit consent of such Cardholder.

Chapter 6 Issuing

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6.1 Card Issuance—General Requirements

An Issuer must operate each of its Programs in accordance with the Standards as may be in effect from time to time.

Each Program must be:

- Structured so as to avoid undue risk to the Corporation and its Customers; and
- Operated in a manner that does not reflect poorly on the Corporation or any Mark.

An Issuer must ensure that a Card or Access Device:

1. Only provides access to an eligible account type;
2. Displays the appropriate Brand Marks pursuant to the applicable License and the Standards, including the *Card Design Standards* manual and all other reproduction, usage and artwork Standards;
3. Complies with the Standards set forth in Chapter 3 of the *Security Rules and Procedures* manual; and
4. If it contains a chip or has contactless payment functionality, complies with the Standards set forth in the *MIChip Requirements for Contact and Contactless* manual.

There is no limitation on the types of Accounts that may co-reside on the same Mobile Payment Device, provided that such Accounts are not linked, but rather exist independently and are each accessed by a separate and distinct Payment Application hosted on the same user interface.

NOTE: Modifications to this Rule appear in the “Asia/Pacific Region” “Europe Region,” and “United States Region” chapters.

Mastercard Safety Net

Effective 21 April 2017, all Issuers must participate in Mastercard SafetyNet, or Mastercard Safety Net alerts. Participation in Mastercard Safety Net and Mastercard Safety Net alerts is Activity, and as such, is subject to Standards applicable to Activity, including Rule 2.3. The Corporation is not liable for any Issuer’s fraud losses arising from the use of Mastercard Safety Net or Mastercard Safety Net alerts.

Transaction Alerts Service

An Issuer must offer a Transaction alerts service to its Cardholders as set forth in this Rule, when applicable.

NOTE: For modifications to these Transaction alert service requirements in a Region, refer to the Region chapter.

A Transaction alerts service is a service that alerts the Cardholder to the use of a Card for which he or she is the authorized user. A Transaction alerts service must:

- Provide the Cardholder with the option to activate the Transaction alerts service;
- Allow the activation of Transaction alerts by individual Account PAN; and

- Allow the Cardholder to set parameters for Transaction alerts based on authorization activity which, at a minimum, must include the Transaction amount.

It is strongly recommended that an Issuer support Transaction alerts:

- For Cross-border Transactions; and
- By Transaction type (for example, e-commerce Transactions, mail order/telephone order Transactions) or channel (for example, Card-not-present Transactions) or both.

The Issuer's offering of a Transaction alerts service is:

- Required for all consumer Cards except prepaid Cards for which the Issuer does not collect, store, or otherwise validate the consumer's identity pursuant to the *Guidelines for Anonymous Prepaid Card Programs* available on Mastercard Connect;
- Required for commercial Cards issued for use by a small or mid-sized business (as defined by the Corporation) in certain Regions; and
- Optional for commercial Cards issued for use by a large business (as defined by the Corporation).

NOTE: For more information about commercial Cards for small, mid-sized, and large businesses, refer to www.mastercardbusiness.com.

6.1.1 Mastercard Card Issuance

The following requirements apply to the issuance of Mastercard Cards:

1. If an approved Cardholder application for issuance of a payment card or access device indicates the applicant's preference, by way of a checkmark or otherwise, to be issued a Mastercard Card, then the Issuer must issue a Mastercard Card.
2. In conjunction with Mastercard Card issuance, the Issuer must provide a personal identification number (PIN) or offer the Cardholder the option to receive or select a PIN for purposes of Account access at ATM Terminals. PIN verification may also be supported for Chip Transactions. Refer to section 4.7 of the *Security Rules and Procedures* manual regarding the use of PIN for magnetic stripe POS Transactions.
3. An Issuer must ensure that each contactless-enabled Mastercard Card and Access Device newly issued or re-issued on or after 1 October 2015 is personalized with the appropriate device type value.

NOTE: Modifications to this Rule appear in the "Asia/Pacific Region," "Europe Region," "Middle East/Africa Region," and "United States Region" chapters.

6.1.1.1 Linked Mastercard Card Program Solicitations

Without the express prior written consent of the Corporation, an Issuer must not use a Solicitation or conduct any advertising, promotion, marketing, or the like in connection with a Mastercard Card Program that is in any way linked to a different payment card.

6.1.2 Maestro Card Issuance

The following requirements apply to the issuance of Maestro Cards:

1. The Issuer must maintain the funds in the Maestro Account.
2. The Issuer must not place the Maestro Brand Mark on any card that has access to any of the following types of accounts:
 - a. A charge card or credit card account as the primary account; or
 - b. Accounts that “pass-through” to an account at an institution not eligible to be a Customer.
3. In conjunction with Maestro Card issuance, the Issuer must provide a PIN or allow the Cardholder to select a PIN.
4. An Issuer must verify its Cardholders by means of online PIN verification as the CVM if a magnetic stripe is used to initiate the Transaction, except under the circumstances outlined in “Maestro Cardholder Verification—PIN and Signature Requirements” in Chapter 3 of the *Transaction Processing Rules* manual.
5. Chip Cards must support both online PIN verification and offline PIN verification for POS Transactions.
6. An Issuer must ensure that each contactless-enabled Maestro Card and Access Device newly issued or re-issued on or after 1 October 2015 is personalized with the appropriate device type value.

NOTE: Modifications to this Rule appear in the “Europe Region,” “Latin America and the Caribbean Region,” and “United States Region” chapters.

6.1.2.1 Eligible Accounts—Maestro

The Issuer must ensure that the account to which a Maestro Card provides access, directly or indirectly, through the Mastercard® ATM Network is one of the following:

Any checking, savings, NOW, current, sight deposit, share draft accounts (and overdraft lines of credit linked to such accounts), or pooled accounts (linked to a Corporation-approved prepaid Card Program) maintained by or on behalf of a Cardholder with an Issuer.

NOTE: A modification to this Rule appears in the “Europe Region” chapter.

6.1.2.2 Ineligible Accounts—Maestro

Any account held or serviced by a Maestro Customer Licensed to conduct only acquiring Activity is not eligible to be a Maestro Account. This provision does not prevent a Customer

from using the Mastercard® ATM Network for Gateway Processing, if such use has been authorized by the Corporation and is expressly permitted in the Standards.

6.1.3 Cirrus Card Issuance

Any card that permits its holder to obtain access to one or more eligible Accounts, as described in Rule 6.1.3.2, through the Mastercard® ATM Network is a Cirrus Card and must display the appropriate Brand Marks in accordance with the Standards.

The following requirements apply to the issuance of Cirrus Cards:

1. In conjunction with Cirrus Card issuance, the Issuer must provide a PIN or allow the Cardholder to select a PIN.
2. The Issuer determines the maximum cash withdrawal limits applicable to its Cardholders; however, with respect to a Mastercard credit Card bearing the Cirrus Brand Mark, the Issuer must permit the Cardholder to withdraw at least the equivalent of USD 200 daily if the available credit exists, and there is no other reason to deny the Transactions.

A Program offering Cirrus Cards must satisfy the following additional criteria:

1. The Customer issuing the Card must hold the Account accessed by the Card.
2. The Issuer must fund all of the credit card loans and own the accounts receivable for the Program, provided, however, that “securitization” of credit card receivables does not disqualify a Program.
3. The Issuer must have an unconditional right to demand the surrender of its Cards.

6.1.3.1 Eligible Cards—Cirrus

A Customer must obtain the express prior written consent of the Corporation before any card not described in the following list may be issued or otherwise participate in the Mastercard® ATM Network as a Cirrus Card:

1. A card issued in the name or trade name of a Customer to its depositors or electronic benefits transfer (“EBT”) recipients in Corporation-approved programs, provided that such cards access only:
 - a. A deposit account held by such Customer;
 - b. An overdraft credit line extended to such Customer; or
 - c. A brokerage or money market mutual fund account that is authorized by this Rule 6.1.3.1.
2. A card issued in the name or trade name of a Customer to employees of any of its corporate depositors to provide access to such corporate depositors’ accounts as authorized by such corporate depositor.
3. A Mastercard credit Card or Visa credit card bearing the name or trade name of a Customer and which provides access to credit accounts held or serviced by such Customer, including those bearing the name of a non-Customer Partner as set forth in Rule 6.6.
4. A private label credit card that complies with all Cirrus Card design Standards and clearly discloses the identity of the Issuer.
5. A Mastercard Electronic Card.
6. A Diners Club card issued by participating franchises.

7. A card issued in the name or trade name of a Customer, to the Customer's customers, provided that such card affords access only to loan accounts held by such Customer. Such cards must not be used for credit purchases or to provide access to so-called "pass-through," "sweep," or "zero-balance" accounts for which the funds or credit ultimately come from entities not eligible for participation in the Corporation.

The limitations contained in this Rule do not apply to a loan account or deposit account linked to a mutual fund investment, provided there is a meaningful relationship between the Customer and the Cardholder, and the Card does not bear any name, trade name or trademark of an entity that is ineligible for participation in the Corporation. For purposes of this Rule, indicators of a meaningful relationship between the Customer and the Cardholder include, without limitation, the following:

1. A written agreement regarding the account between the Customer and the Cardholder;
2. The right of the Customer unilaterally to discontinue the account relationship with the Cardholder;
3. Periodic statements for the account issued by the Customer directly to the Cardholder in the Customer's name;
4. Management of the account and Cardholder relationship by employees of the Customer; and
5. An active, Customer-driven program to market the product (for example, an investment vehicle with account access).

6.1.3.2 Eligible Accounts—CIRRUS

The Issuer must ensure that the account to which a Card provides access through the Mastercard® ATM Network is one of the following:

1. Any checking, savings, NOW, current, sight deposit, share draft accounts (and overdraft credit lines linked to such accounts), credit accounts, or pooled accounts (linked to an Corporation-approved prepaid Card Program) maintained by or on behalf of a Cardholder with an Issuer;
2. An account of a securities brokerage firm that is a member of the National Association of Securities Dealers, if such firm is also a subsidiary of a bank holding company, a multiple savings and loan holding company whose activities are restricted in accordance with 12 U.S.C. § 1467a(c)(1), as amended, or a unitary savings and loan holding company operating pursuant to 12 U.S.C. § 1467a(c)(3), as amended;
3. An account of a money market mutual fund registered in the United States with the Securities and Exchange Commission as an open-ended investment company under the Investment Company Act of 1940, as amended, if the investment adviser or administrator of such fund is a subsidiary of a bank holding company, a multiple savings and loan holding company whose activities are restricted in accordance with 12 U.S.C. § 1467a(c)(1), as amended, or a unitary savings and loan holding company operating pursuant to 12 U.S.C. § 1467a(c)(3), as amended; or
4. A credit account held or serviced by a Customer.

The Corporation may require guarantees and other assurances that brokerage firms and mutual funds described in parts 2 and 3 of this Rule will meet their settlement and other

obligations to the Corporation and its Customers. Programs that involve the issuance of Cards that access accounts of a securities brokerage firm or a money market mutual fund must be approved by the Corporation in writing prior to their inauguration, if such brokerage firm is owned or such mutual fund is advised by a subsidiary of a unitary savings and loan holding company. At a minimum, an Issuer must provide each Cardholder, wherever domiciled, with Account access in the country where such Issuer is Licensed.

6.1.3.3 Ineligible Cards—Cirrus

A card is ineligible to be a Cirrus Card if:

1. The card bears the name, trade name, trade mark or other service mark of a Competing ATM Network and is used to initiate Gateway Processing, or if such card, without such identification of a Competing ATM Network, is an access device for such a Competing ATM Network.
2. In the opinion of the Corporation, and notwithstanding items 1 through 6 in the first paragraph of Rule 6.1.3.1, the card provides its holder with access to products or services that a commercial bank could not make available to the holders of its cards on an identical and competitive basis, or if the appearance of such card is likely to cause confusion regarding participation in the Corporation.
3. Except as provided in item 6 in the first paragraph of Rule 6.1.3.1, the card provides access to or the account is a so-called “pass-through,” “sweep,” or “zero-balance” account, for which the funds or credit ultimately come from an entity ineligible to be a Customer of the Corporation. The limitation set forth in the preceding sentence does not apply to a deposit account linked to a mutual fund investment if:
 - a. There is a meaningful relationship between the Customer and the Cardholder, as described in Rule 6.1.3.1; and
 - b. The Card that accesses such account does not bear any name, trade name or trademark of an entity that is ineligible for participation in the Corporation.

6.1.3.4 Ineligible Accounts—Cirrus

Any account held or serviced by a Cirrus Customer Licensed to conduct only acquiring Activity is not eligible to be a Cirrus Account. This provision does not prevent a Customer from using the Mastercard® ATM Network for Gateway Processing, if such use has been authorized by the Corporation and is expressly permitted in the Standards.

6.1.3.5 Transferred Cirrus Portfolios

A Cirrus Card that is part of a Portfolio that has been transferred by a Customer to an entity that is ineligible to be a Customer of the Corporation may continue to be a Cirrus Card during its withdrawal period subject to compliance with the Standards, including but not limited to Rule 1.10.

6.1.4 Tokenization of Accounts

With respect to the Tokenization of Accounts, all of the following applies:

1. The Corporation has the sole right to designate a Mastercard Token Account Range to an Issuer.

2. Each Mastercard Token must be allocated by the Corporation, unless the Corporation has expressly approved otherwise.
3. The Tokenization of an Account primary account number (PAN) must be performed in compliance with all applicable Standards, including but not limited to the Mastercard Token Service Provider Standards.
4. Mastercard must be provided the mapping between the PAN assigned to a Card, and each Mastercard Token associated with the Account for use by the authorized user of the Card.
5. An Account PAN must be Tokenized whenever a Mobile Payment Device, Access Device, or other non-Card method is used, in addition to a Card, to provide access to an Account.
6. The PAN of a Mastercard Card or Access Device or any Maestro Card or Access Device for which Maestro is the primary Payment Application must not be replaced by, mapped to, or Tokenized with any PAN issued from an Issuer Identification Number (IIN) reserved by the ISO Registration Authority for a competing payment network. Refer to the current *ISO Register Of Issuer Identification Numbers* for more information.
7. The Mastercard Token cryptogram must be validated during the authorization of all Transactions involving Tokenized Accounts.

An Issuer wishing to support the Tokenization of its Accounts for use on a Mobile Payment Device must:

1. Comply with all technical specifications and other Standards applicable to Tokenization and Digitization;
2. Complete all testing and certifications as may be required by the Corporation from time to time in connection with Tokenization and Digitization;
3. Decline any request to Tokenize an Account if:
 - a. The identity of the Cardholder is unknown to the Issuer;
 - b. The Token Requestor is not a Digital Activity Customer or other Customer approved by the Corporation to conduct Digital Activity; or
 - c. The geographic location of the Cardholder if and as provided by the Token Requestor is an OFAC-sanctioned location; and
4. Establish Cardholder support policies and procedures.

NOTE: Modifications to this Rule appear in the “Europe Region” and “United States Region” chapters.

6.1.4.1 Maestro Accounts

NOTE: A Rule on this subject appears in the “United States Region” chapter.

6.1.5 Cardholder Communications

A Customer must comply with the Corporation’s Cardholder Communication requirements, including but not limited to those set forth in Rule 6.2.1.

Each Program Solicitation must:

1. Refer prominently to the offering exclusively as a Card and not position the offering as anything other than a Card;
2. Prominently feature the Word Marks and Brand Marks of the Card Program;
3. Clearly disclose the identity of the Card Issuer; and
4. Not position the Program name or logo as adding superior utility to the Card.

6.2 Issuer Responsibilities to Cardholders

An Issuer must provide information to its Cardholders as set forth below.

1. **Card Solicitations.**

Each Issuer of Cards must disclose, clearly and conspicuously, in all Solicitations any amounts relating to the Issuer Cross-border Assessment and/or the Currency Conversion Assessment that the Issuer charges, or will charge, to the Cardholder.

2. **Cardholder Communications.**

Each Issuer of Cards must disclose, clearly and conspicuously, in all new and existing Cardholder Communications, including Cardholder agreements and Account agreements, any amounts relating to the Issuer Cross-border Assessment and/or the Currency Conversion Assessment that the Issuer charges, or will charge, to the Cardholder.

3. **Periodic Billing Statement.**

Each Issuer of Cards must provide adequate disclosure on each applicable periodic billing statement, such that the Cardholder can readily determine from the billing statement any amounts that the Issuer charges to the Cardholder relating to the Issuer Cross-border Assessment and/or the Currency Conversion Assessment during that billing cycle, either in gross or on a per Transaction basis.

4. **Currency Conversion Procedure.**

The Corporation further recommends and encourages Issuers to inform their Cardholders that part of the Corporation's currency conversion procedure includes use of either a government-mandated exchange rate or a wholesale exchange rate, selected by the Corporation, and that the government-mandated exchange rate or wholesale exchange rate that the Corporation uses for a particular Transaction is the rate the Corporation selects for the applicable currency on date that the Transaction is processed (the Central Site Business Date), which may differ from the rate selected on the date the Transaction occurred or on the date the Transaction is posted to the Cardholder's Account.

For information about the Currency Conversion Assessment, refer to the *GCMS Reference Manual* or *Single Message System Specifications*. For information about the Cross-border Assessment, refer to the applicable regional *Mastercard Consolidated Billing System* manual.

NOTE: A modification to this Rule appears in the "Europe Region" chapter.

6.2.1 Cardholder Communications

Each Cardholder Communication provided to a prospective Cardholder must:

- Clearly disclose the terms and conditions of the Card Program and the identity of the Customer as the Card Issuer; and
- Otherwise be clear and truthful and not reflect poorly on the Corporation or any Mark.

6.3 Limitation of Liability of Cardholders for Unauthorized Use

An Issuer must not hold a Cardholder liable for a Transaction that was not authorized by the Cardholder if the Cardholder exercised reasonable care in safeguarding the Card from risk of loss or theft and, upon becoming aware of such loss or theft, promptly reported the loss or theft to the Issuer.

This Rule shall not apply to a Transaction conducted with a Card that is:

1. Issued to an entity other than a natural person or for a commercial purpose, except that the Rule shall apply to Cards issued for use by a small business (for a list of small business Card Programs, see <http://www.mastercardbusiness.com> and select “Cards” under “Small Business”); or
2. Issued and/or sold to a person until such time as that person's identity is registered by or on behalf of the Issuer in connection with such issuance and/or sale, which registration may include Customer identification program requirements.

If applicable law imposes a greater liability or a conflicting obligation, such applicable law shall govern.

6.4 Selective Authorization

Without the express prior written approval of the Corporation, a Customer must not launch or maintain a Card Program that has the effect of selectively authorizing Transactions arising from use of the Cards and Accounts at only a subset of Mastercard or Maestro acceptance locations.

A Customer may authorize or decline individual Transactions based on:

1. The amount of funds or credit available;
2. Fraud or credit risks presented by individual Cardholder usage patterns;
3. Cash access restrictions to manage a secured or high risk account;
4. Cardholder-designated restrictions on use; or
5. Any other restriction on use the Corporation may permit.

Notwithstanding the foregoing, a Customer is permitted to issue a Contactless Payment Device that provides access to a Mastercard or Maestro Account without also issuing an accompanying Card in connection with or which links to the same Account. Any Contactless Payment Device issued without an accompanying Card must support Transactions of any

amount, and the Issuer must provide clear instructions to the Cardholder as to the limitations of its use.

NOTE: Modifications to this Rule appear in the “Europe Region” and “Latin America and the Caribbean Region” chapters.

6.5 Affinity and Co-Brand Card Programs

A Mastercard, Maestro, or Cirrus Card Program may be issued as an Affinity Card Program or Co-Brand Card Program.

As set forth in the Card design Standards, an Issuer may use the area on a Card front reserved for the identification of the Issuer to instead or additionally identify a person or entity other than the Issuer. Such person or entity is referred to herein as a “Partner.” There are two types of Partners: an “Affinity Group,” which is an educational or other not-for-profit entity that promotes an institution or activities, and a “Co-brand Partner,” which is a for-profit company organized to engage in commercial activity.

NOTE: Modifications to this Rule appear in the “Europe Region” chapter.

6.5.1 Ownership and Control of the Program

An Affinity Card Program or Co-brand Card Program must be entirely owned and Controlled by the Issuer at all times, and a Partner must not own or Control any part of the Program or the Program receivables. However, the assignment of receivables or sale of a participation in receivables to the Partner, or some other financing vehicle involving the Partner, is permitted provided the Program is owned and Controlled by the Customer.

The Corporation exclusively determines if an Issuer is in compliance with the foregoing requirements. In making such a determination, the Corporation may consider such factors as:

1. Whether the Customer establishes the Program policies and guidelines, such as Cardholder credit and eligibility decisions;
2. The Customer’s role in setting fees and rates;
3. What the Customer has at risk;
4. Whether the Customer actively ensures that the Program policies and guidelines are implemented;
5. The ownership and Control of the Program receivables;
6. Whether all or a substantial portion of the receivables are financed with the Partner; and
7. The extent to which the Customer, and not the Partner, is portrayed as the owner of the Program.

6.5.2 Use of the Acceptance Marks

An Acceptance Mark displayed at the POI must appear apart from any Partner identification and must at least have parity in size and prominence with any Program logo, Program name, or the like, and with any competing mark also displayed. The Corporation has the right to

require the modification or removal of any POI display of a Program name or logo that the Corporation determines does not comply with this Rule or reflects negatively on any Mark.

6.6 Brand Value Transactions and Proprietary Accounts

A Brand Value Transaction ("BVT") means a Customer or third party transaction that originates by the use of a Mastercard Card to access a proprietary account, proprietary application, or both.

A BVT is a transaction that may:

1. Access a proprietary account through use of an Affinity Card Program or Co-brand Card Program Mastercard Card at the Partner's own Merchant locations or at other Merchants that participate in the Partner's services;
2. Access proprietary stored value residing on a Mastercard Card's magnetic stripe or chip; or
3. Use a non-payment application residing on a Mastercard Card, such as a loyalty application, an electronic coupon, medical information, or paperless ticketing. The technology employed by the non-payment application must not facilitate or otherwise enable the use of a competitive payment product for the non-payment benefit or service.

6.6.1 Proprietary Account Access

A proprietary account number may have one or more of the following characteristics:

1. The proprietary account number is different from the primary account number (PAN) associated with the Mastercard Account. The proprietary account number may appear on the Card face, be encoded on the Card, or be cross-referenced in the Customer or a Partner's system.
2. The proprietary account number is used in a system or network for authorization and settlement that is distinct from the Interchange System and is not used in the Interchange System.
3. Any billing related to use of the proprietary account number is distinct from any billing for the Mastercard Account, whether as part of a common statement or in a separate statement.

A Program Card must provide the Cardholder access to the same proprietary account that the Partner previously established for the Cardholder, for payment of the same particularly defined set of transactions that were previously payable by other means.

6.6.2 Use of BVT and Proprietary Accounts on a Mastercard Card

A BVT, as defined by the Corporation, may be present on a Mastercard Card for the following functionalities:

1. Enable access to a proprietary ATM network
2. Prepaid phone and long distance calling purses
3. Proprietary meal plan purses
4. Proprietary transit system payments

5. Accessing proprietary stored value, in accordance with Standards applicable to permitted forms of Electronic Money
6. Previously approved Programs so long as the properties and purpose of the Program does not change. The Corporation reserves the right to impose changes or revoke these approvals at any time.
7. Any functionality otherwise expressly approved in writing by the Corporation

A proprietary account, as exclusively defined by the Corporation, may be present on a Mastercard Card for the following functionalities:

1. Campus cards
2. Door access devices
3. Loyalty applications
4. Cardholder reference numbers
5. Electronic coupons
6. Medical information
7. Paperless ticketing
8. Previously approved Programs so long as properties and purpose of program does not change. The Corporation reserves the right to impose changes or revoke these approvals at any time.
9. Any functionality otherwise expressly approved in writing by the Corporation.

The Corporation exclusively determines if a BVT or proprietary account number may be used on a Mastercard Card.

6.6.3 Fees and Reporting Requirements

From time to time, the Corporation may establish, implement, and collect fees, assessments, or both arising from or related to BVTs, proprietary accounts, or both.

If a BVT involves an Affinity Card Program or a Co-brand Card Program, the Customer must separately report to the Corporation the number of Cards outstanding, the proprietary account sales volume on such Cards, and any other requested information in the form and at such times as the Corporation requires.

6.7 Remote Transaction Mastercard Accounts

A Remote Transaction Mastercard Account means a Mastercard Account that must only be used to engage in Remote Transactions. Subject to the requirements set forth below, a Customer is not required to issue a physical Card in connection with or which links to a Remote Transaction Mastercard Account (also commonly referred to as a “Card-optional” or “virtual” Account). A Program using Remote Transaction Mastercard Accounts is subject to the Standards, and has all rights provided to Cards under the Standards except those Standards that relate to the physical characteristics or use of a Card.

6.7.1 Remote Transaction Account Requirements

An Issuer of a Remote Transaction Mastercard Account must comply with all of the following requirements:

1. A Remote Transaction Mastercard Account must be assigned a 16-digit primary account number (PAN), in conformance with the Standards applicable to Mastercard Cards, and must be assigned a Card Validation Code 2 (CVC 2) value and an expiration or “valid through” date. A reference device may be used to communicate this information, but must not resemble a physical Card. This device or mobile representation must be submitted for review by the Corporation.
2. A Remote Transaction Mastercard Account must be enhanced with Address Verification Service (AVS) if the account is issued for use in an area where AVS is available.
3. Partial approval authorization service must be supported for all prepaid and Debit Mastercard (including prepaid) Remote Transaction Mastercard Account ranges.

Before activating a Remote Transaction Mastercard Account, the Issuer must communicate in writing to the Cardholder the PAN and the expiration or “valid through” date of the Account, the identity of the Issuer, and instructions as to the manner in which the Remote Transaction Mastercard Account may be used.

6.8 Secured Card Programs

A secured Mastercard Card means a Mastercard Card for which a line of credit is secured by an amount held on deposit.

6.8.1 Refund of Fees

If a Customer promises, directly or indirectly, to refund any fee paid by an applicant for a secured Mastercard Card if the Card is not so issued, the Customer must ensure that such refund is made promptly and in any event within 30 days following the submission of the application and without any further action by the applicant.

6.8.2 Solicitation and Disclosure Requirements

The following Solicitation and disclosure requirements apply to a secured Mastercard Card Program:

1. A Customer that conducts a secured Mastercard Card Program without the use of a Service Provider may use a Program name to identify such a Program, in addition to or in lieu of the Customer’s name, subject to the prior written approval of the Corporation.
2. A Solicitation must not reference consumers who have filed, or are contemplating filing, for bankruptcy relief. Any reference within a Solicitation to a consumer’s credit problem may be included only in the general disclosure to the consumer.
3. Each Solicitation for a secured Mastercard Card must clearly and conspicuously disclose that the Card is a secured Mastercard Card and that the consumer must establish a deposit account. The Solicitation also must specify that the credit line will be equal to

either the amount of the security deposit, or a specified percentage of the security deposit.

4. No Solicitation may refer to a specific credit line limit unless the Issuer
 - a. Regularly issues secured Mastercard Cards with such a credit limit, or
 - b. Has in effect a policy that (i) permits the regular issuance of secured Mastercard Cards with such a credit limit, and (ii) is compatible with the Issuer's policy governing its issuance of secured Mastercard Cards with lower credit limits.
5. Each Solicitation for a secured Mastercard Card must clearly and conspicuously disclose what an applicant will receive by responding to the Solicitation. If the applicant is not issued a secured Mastercard Card after responding to a Solicitation, this fact must be clearly and conspicuously disclosed in the Solicitation.
6. Each Solicitation for a secured Mastercard Card must clearly and conspicuously disclose any and all application or other fees the applicant must pay, or could be required to pay, to be issued a secured Mastercard Card. All such fees must be made payable to the Issuer and not to any other person or entity.

6.9 Youth Card Programs

Solely for the purposes of Rule 6.9 and 6.9.1, the following terms have the meanings set forth below:

1. "Minor" or "Youth" means a person under the age of majority as determined in accordance with laws and/or regulations applicable to the place where the Primary Cardholder then resides or any person under the age of fifteen in the place where the Primary Cardholder then resides where age of majority is not expressly defined under local law.
2. "Primary Cardholder" means the Cardholder authorized to use the Card and to be financially responsible for the Card.
3. "Youth Card" means a Card issued to a Minor as a Primary Cardholder. For clarity, a Card issued to a Minor at the request of the Primary Cardholder and bearing the same Primary Account Number as the Card issued to the Primary Cardholder is not a Youth Card if the Primary Cardholder is responsible for use of the Card.

A copy of the law or regulation permitting the issuance of any Prepaid Card Program Youth Card, or an opinion of legal counsel that issuance of a Youth Card is not prohibited by law or regulation, must be provided with the Prepaid Program Registration. If the law or regulation is not in English, then an English translation must also be provided.

An Issuer of a Youth Card may restrict use of the Card by card acceptor business code (MCC), including cash access restrictions. Refer to the *Prepaid Product Constructs* and *Selective Authorization Communications Policy* available on Mastercard Connect™ for additional information and requirements.

6.9.1 Solicitation and Disclosure Requirements

Prior to use, an Issuer must submit all Youth Card Program communications and marketing materials for any Prepaid Card Program including, but not limited to, printed materials and copies or electronic versions of websites and mobile applications, advertisements, card carriers, press releases, websites, welcome letters, marketing plans such as product announcements and program advertisements, consumer applications, and terms and conditions, if any, to the Corporation for review and may not use any such materials without the express approval of the Corporation.

6.10 Prepaid Card Programs

A Mastercard, Maestro, or Cirrus Card Program may be issued as a Prepaid Card Program.

A Prepaid Card Program means:

1. An Account that accesses value maintained by an Issuer or a third party designated by the Issuer on behalf of the owner of the funds in the Account, the value of which shall be fully available to the owner of the funds in the Account at all times; or
2. Any other permitted form of Electronic Money.

Typically, and by regulatory requirement in some markets, the funds are maintained in an omnibus, segregated trust, or pooled account.

6.10.1 Prior Consent of the Corporation

A Customer must not conduct a Prepaid Card Program without the express prior consent of the Corporation.

Each Customer request to conduct a Prepaid Card Program must be submitted to, and approved by, the Corporation via the Prepaid Program Registration process available on Mastercard Connect™.

NOTE: A Mastercard Prepaid® Health Savings Account Program is excluded from Prepaid Program Registration. Refer to the *Prepaid Product Constructs* and the *Selective Authorization Communications Policy* available on Mastercard Connect™ for specific Prepaid Card Program information.

6.10.2 Reservation of Rights

The Corporation reserves the right:

1. To approve or reject any Prepaid Card Program application; and
2. To require that any previously approved Prepaid Card Program be modified; and
3. To withdraw its approval of any Prepaid Card Program and require the Prepaid Card Program to be terminated. A Customer may request that the Chief Franchise Integrity Officer of the Corporation review the rejection or withdrawal of the approval of a Prepaid Card Program. Such a request must be submitted in writing and signed by the Customer's principal contact. The request must be postmarked no later than 30 days after the date of

receipt of the notice of rejection or withdrawal of approval. Any decision by the Chief Franchise Integrity Officer with respect to such rejection or withdrawal of approval is final and not subject to further review or other action.

6.10.3 Responsibility for the Prepaid Card Program

An Issuer is responsible for its Prepaid Card Programs, the Prepaid Card Program funds associated with those Prepaid Card Programs, and for the actions (or inaction) of any agents it uses in connection with such Prepaid Card Programs. The Corporation exclusively determines if an Issuer is in compliance with the foregoing requirements.

6.10.4 Categories of Prepaid Card Program

The Corporation categorizes Prepaid Card Programs into three categories: consumer, commercial, and government. The Corporation may adopt additional and/or review the current categories of Prepaid Card Programs from time to time in its sole discretion.

Consumer Prepaid Card Programs

Consumer Prepaid Card Programs are Prepaid Card Programs in which the funds may be deposited in the prepaid Account by the consumer, a commercial entity and/or a government entity. In the case of Consumer Prepaid Card Programs, the funds deposited in the prepaid Account are owned by the consumer.

Commercial Prepaid Card Programs

Commercial Prepaid Card Programs are Prepaid Card Programs in which the funds are deposited in the prepaid Account by a commercial entity. In the case of Commercial Prepaid Card Programs, the funds deposited in the prepaid Account may be owned by the commercial entity or by the consumer or other third party designated by the commercial entity or such consumer. If the commercial entity permits a consumer to deposit funds in the prepaid Account owned by the commercial entity, the Commercial Prepaid Card Program becomes a Consumer Prepaid Card Program and all relevant Consumer Prepaid Card Program requirements apply.

Government Prepaid Card Programs

Government Prepaid Card Programs are Prepaid Card Programs in which the funds are deposited in the prepaid Account by a government entity. Government Prepaid Card Programs are designed to deliver government payments to a person, including, but not limited to, segmented non-taxable wages, social benefits, pensions and emergency assistance, as governed by applicable law.

In the case of Government Prepaid Card Programs, the funds deposited in the prepaid Account may be owned by the government entity or by the consumer or other third party designated by the government entity or such consumer. If the government entity permits a consumer to deposit funds in the prepaid Account owned by the government entity, the Government Prepaid Card Program becomes a Consumer Prepaid Card Program and all relevant Consumer Prepaid Card Program requirements apply.

6.10.5 Return of Unspent Value

The Issuer must return any unspent funds in the prepaid Account to the owner of that Account in compliance with applicable law or regulation. In instances where applicable law or regulation does not provide time frames concerning the return of unspent funds, the Issuer must comply with the requirements set forth in this Rule. Subject to applicable law or regulation, an Issuer has no obligation to return unspent funds in the prepaid Account if the identity of the owner of the unspent funds has not been provided to the Issuer.

Consumer Prepaid Card Programs

An Issuer of Consumer Prepaid Card Programs must provide the consumer with a minimum of 12 months from the date of the last value load or 30 days after the expiration date, whichever comes later, to request the return of unspent funds, less any applicable fees imposed by the Issuer or any other lawful offsets. Prominent disclosure must be made to the consumer as to how and when to request the refund of unspent funds and as to any fees that apply to the Prepaid Card Program.

Once the consumer submits a refund request, the consumer must receive a refund of unspent funds within 30 days of the date on which the refund request was received by the Issuer.

Commercial Prepaid Card Programs

The Issuer of a Commercial Prepaid Card Program must provide the commercial entity or individual or other third party designated by the commercial entity or consumer with a minimum of 30 days, or as otherwise approved by the Corporation, to spend the funds in the prepaid Account, after which time the funds may revert to the commercial entity or, as otherwise agreed between the commercial entity and the Issuer or its agents (if any), to the Issuer or its agents.

Government Prepaid Card Programs

If the owner of the funds in the prepaid Account is a government entity, then the Issuer of the Government Prepaid Card Program must provide the government entity with a minimum of 30 days, or as otherwise approved by the Corporation, to spend the funds in the prepaid Account, after which time the funds may revert to the government entity or, as otherwise agreed between the government entity and the Issuer or its agents (if any), to the Issuer or its agents.

If the owner of the funds in the prepaid Account is a consumer, then the Issuer of the Government Prepaid Card Program must provide the consumer with a minimum of 12 months from the date of the last value load or 30 days after the expiration date, whichever comes later, to request the return of unspent funds, less any applicable fees imposed by the Issuer or any other lawful offsets. Prominent disclosure must be made to the consumer as to how and when to request the refund of unspent funds and as to any fees that apply to the Prepaid Card Program.

Once the consumer submits a refund request, the consumer must receive a refund of unspent funds within 30 days of the date on which the refund request was received by the Issuer.

6.10.6 Value Loading

Subject to the restrictions set forth below, the maximum load value and load parameters associated with a prepaid Account are established by the Issuer of the Prepaid Card Program and are subject to review and approval by the Corporation.

For Consumer or Commercial Prepaid Card Programs, the Corporation permits a maximum load value per day of USD 5000, EUR 4000, GBP 3500, or for all other currency types, the local currency equivalent of USD 5000. If an Issuer needs to increase the above-referenced maximum daily amount or otherwise structure the loading of funds into the prepaid Account, the Corporation will evaluate the proposed Prepaid Card Program on a case-by-case basis. However, funds deposited into the prepaid Account via Automatic Clearing House (ACH), Bankers' Automated Clearing Services (BACS), Clearing House Automated Payment System (CHAPS), or any other electronically transferred payroll payments may exceed the above-referenced maximum daily amount.

The Corporation reserves the right to reduce the maximum amount described above in certain circumstances and/or in connection with certain Prepaid Card Programs.

NOTE: Modifications to this Rule appear in the "Middle East/Africa Region" chapter.

6.10.7 Automatic Value Loads from Payment Cards

A payment card must not be used to automatically fund a purchase Transaction effected with a prepaid Account, except pursuant to an automatic value load or "top-up" arrangement agreed in advance by the Cardholder pursuant to predefined fixed parameters. For example, an automatic top-up may occur:

- In a predefined amount on a periodic time-based schedule, such as daily, weekly, or monthly; or
- In a predefined amount whenever a certain Account balance is reached (for example, a USD 50 top-up is initiated when the Account balance reaches USD 10). Any such predefined amount must not be increased at the time of authorization.

If an automatic top-up has occurred and the Account balance remains insufficient to fund a purchase Transaction, then the Issuer must respond to the authorization request with either a partial approval or a decline.

Notwithstanding this Rule, a Prepaid Account may be funded at any time with value accessed from another account maintained by the same Issuer or its designated agent for or on behalf of the same Cardholder.

NOTE: As used in this Rule, "Prepaid Account" means a Mastercard, Maestro, or Cirrus Account issued under a Prepaid Card Program.

6.10.8 Communication and Marketing Materials

If an Issuer's prepaid Cards are intended to be used by Cardholders for personal, family or household use, then the Issuer must provide Cardholders with the terms and conditions of the Prepaid Card Program on or before any purchase is made or activation fees are incurred. If the

Issuer's prepaid Cards are intended to be used by Cardholder for business use, then the Issuer must provide the commercial entity or government entity with the terms and conditions of the Prepaid Card Program on or before any purchase is made or activation fees are incurred.

Thereafter, the Issuer must provide the respective Cardholder, commercial entity or government entity with any amendment or modifications thereto and, in particular, make clear and conspicuous disclosures with respect to all fees to be incurred by the prepaid Account holder to obtain, use, reload, maintain and/or cash out the balance in the prepaid Account or for any other use, as required by the Standards and applicable law.

Press releases must be submitted for review and approval to the Corporation prior to the launch or subsequent modification of any Prepaid Card Program and prior to any marketing of the Prepaid Card Program.

Upon request, an Issuer must submit all communications and marketing materials including, but not limited to, printed materials and copies or electronic versions of websites and mobile applications, card carriers, websites, welcome letters, consumer applications, and terms and conditions if any, for all Prepaid Card Programs to the Corporation for review and approval prior to the launch or subsequent modification of the Prepaid Card Program and prior to any marketing of the Prepaid Card Program. The Corporation review is limited to compliance with the Standards for Issuer communications. Each Issuer is responsible for ensuring that its Prepaid Card Program communication and marketing materials comply with applicable law and the Standards.

An Issuer of prepaid Cards intended to be used by Cardholders for personal, family or household use must inform Cardholders that, in the event that the available amount in the prepaid Account is less than the purchase amount, some Merchants may not allow the Cardholder to combine multiple payment types (such as cash, check or another payment card) to complete the Transaction. Issuers of prepaid Cards intended to be used by Cardholders for business use must inform the commercial entity or government entity of the foregoing.

An Issuer of prepaid Cards intended to be used by Cardholders for personal, family or household use must inform Cardholders if their prepaid Cards are linked to a selective authorization Program. Issuers of prepaid Cards intended to be used by Cardholders for business use must inform the commercial entity or government entity of the foregoing. Refer to the *Prepaid Product Constructs* and *Selective Authorization Communications Policy* available on Mastercard Connect™ for additional information.

6.10.9 Anonymous Prepaid Card Programs

Prepaid Card Programs for which the Issuer does not collect, store or otherwise validate the consumer's identity are subject to the *Guidelines for Anonymous Prepaid Card Programs*, available on Mastercard Connect™.

6.10.10 BINs

An Issuer must use a dedicated BINs/IINs and associated prepaid product codes in conjunction with its Prepaid Card Programs. In the event of dispute or uncertainty, the Corporation

determines, in its sole discretion, BINs/IINs and associated prepaid product codes in conjunction with an Issuer's Prepaid Card Programs.

6.10.11 Simplified Due Diligence Guidelines

NOTE: A Rule on this subject appears in the "Europe Region" chapter.

6.11 Maestro Chip-only Card Programs—Europe Region Only

NOTE: A Rule on this subject appears in the "Europe Region" chapter.

Chapter 7 Service Providers

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7.1 Service Provider Categories

A Service Provider is categorized by the Corporation based upon the Corporation's understanding of the nature of the Program Services to be performed, as described below. A Service Provider may only perform the Program Services it is registered to perform.

An entity is categorized as a...	If the entity performs any services identified as...
Independent Sales Organization (ISO)	ISO Program Service
Third Party Processor (TPP)	TPP Program Service
Data Storage Entity (DSE)	DSE Program Service
Payment Facilitator (PF)	PF Program Service
Digital Wallet Operator (DWO)	DWO Program Service
Digital Activity Service Provider (DASP)	DASP Program Service
Token Service Provider (TSP)	TSP Program Service
Merchant Monitoring Service Provider (MMSP)	MMSP Program Service
Service Provider Registration Facilitator (SPRF)	SPRF Program Service

The following are descriptions of types of Program Service. Any entity proposed by a Customer to perform both TPP Program Service and DSE Program Service is categorized by the Corporation as a TPP.

Independent Sales Organization (ISO) Program Service

- Cardholder and/or Merchant Solicitation, including application processing
- Cardholder and/or Merchant customer service not affording access to Account data, Transaction data, or both, including the collection of any fee or other obligation associated with the Customer's Program
- Cardholder and/or Merchant statement preparation not affording access to Account or Transaction data
- Merchant education and training
- Terminal deployment, not including ATM Terminal deployment by an ATM Terminal owner that does not perform any other type of ISO Program Service
- Any other service determined by the Corporation in its sole discretion to be ISO Program Service

Third Party Processor (TPP) Program Service

- Terminal operation with electronic data capture deployment
- Authorization services, including but not limited to authorization routing, payment gateway and switching services, voice authorization, and call referral processing
- Clearing file preparation and submission
- Settlement processing (excluding possession, ownership, or control of settlement funds, which is not permitted)
- Cardholder and/or Merchant statement preparation affording access to Account data, Transaction data, or both
- Cardholder customer service affording access to Account data, Transaction data, or both
- Fraud control and risk monitoring, including but not limited to fraud screening and fraud scoring services
- Chargeback processing
- Any other service determined by the Corporation in its sole discretion to be TPP Program Service

Data Storage Entity (DSE) Program Service

Any service affording access to Account or Transaction data and not identified by the Corporation as TPP Program Service, including but not limited to:

- Merchant website hosting or other service involving the computer-based storage of Account or Transaction data
- External hosting of payment applications, such as website shopping carts
- Terminal servicing
- Encryption key loading

Payment Facilitator (PF) Program Service

- Submit to the Acquirer records of valid Transactions submitted to the Payment Facilitator by a Submerchant
- Educate and train Submerchants to ensure compliance with the Standards
- Maintain names, addresses, and URLs if applicable of Submerchants
- Timely pay Submerchants for Transactions
- Supply Submerchants with all materials necessary to effect Transactions
- Monitor the Activity and use of the Marks of each Submerchant for purposes of deterring fraudulent and other wrongful activity

Digital Wallet Operator (DWO) Program Service

- Operates and offers to consumers a Pass-through Digital Wallet
- Operates and offers to consumers a Staged Digital Wallet

Digital Activity Service Provider (DASP) Program Service

- Account Enablement System
- Credentials Management System
- Transaction Management System
- Trusted Service Manager

- Any other service specified by the Corporation in its discretion from time to time to be DASP Program Service.

Token Service Provider (TSP) Program Service

- Operation of a Token Vault
- Token generation and issuance
- Cardholder authentication and token activation
- Any other service specified by the Corporation in its discretion from time to time to be TSP Program Service.

MMSP Program Service

The monitoring of Merchant Activity and Merchant website URLs to determine compliance with the Standards pertaining to the Merchant Monitoring Program and to detect unauthorized Transaction activity, which may include but is not limited to Transactions that are not authorized by the Cardholder or that arise from business that is not bona fide or was not fully disclosed to the Acquirer or Payment Facilitator, as applicable.

Service Provider Registration Facilitator (SPRF) Program Service

- Identification of entities the Standards obligate a Customer to register as a Service Provider
- Assisting a Customer to register Service Providers other than SPRFs

7.1.1 Independent Sales Organization

An Acquirer that uses an Independent Sales Organization (ISO) must populate the ISO field with an ISO identification number (ID) in all Transaction messages arising from a Merchant, Submerchant, or ATM owner receiving or otherwise benefiting from the Program Service performed by that ISO. The ISO ID must match the Company ID provided during ISO registration, and which may be found in the Business Administration tool via Mastercard Connect.

The ISO identifier must appear in the following fields:

- DE 48 (Additional Data—Private Use), subelement 37 (Additional Merchant Data), subfield 2 (Independent Sales Organization ID) of Authorization Request/0100 and Financial Transaction Request/0200 messages; and
- PDS 0209 (Independent Sales Organization ID) of First Presentment/1240 messages.

NOTE: A modification to this Rule appears in the “Europe Region” chapter.

7.1.2 Third Party Processor

All TPPs must comply with applicable Standards, including these Service Provider Rules, in order to remain in good standing as a TPP.

TPPs are subcategorized as follows.

NOTE: Modifications to this Rule appear in the “Europe Region” chapter.

7.1.2.1 Type I

The Corporation determines, in its sole discretion, if a TPP is a Type I TPP. Type I TPPs generally are those that perform Program Service for a large number of Customers or that otherwise could significantly impact the integrity of the Interchange System.

NOTE: Modifications to this Rule appear in the “United States Region” chapter.

7.1.2.2 Type II

A Type II TPP is any TPP that the Corporation does not deem to be a Type I TPP. The Corporation at any time may reclassify a Type II TPP as a Type I TPP.

7.1.2.3 Type III

NOTE: A Rule on this subject appears in the “United States Region” chapter.

7.1.3 Payment Facilitator

A Payment Facilitator (PF) is a Service Provider that performs any one or more of the services described in Rule 7.1 as Payment Facilitator Program Service. A Customer, either directly or through a Payment Facilitator, is responsible for ensuring that each Submerchant complies on an ongoing basis with all Standards applicable to Merchants.

Refer to Rule 7.6.5, “Payment Facilitators and Submerchants,” Rule 7.6.6, “High-Risk Payment Facilitators,” and Rule 7.8, “Payment Facilitator Obligations” for more information about Payment Facilitators.

7.1.4 Digital Wallet Operator

A Digital Wallet Operator (DWO) is a Service Provider that performs any one or more of the services described in Rule 7.1 as DWO Program Service. A Merchant that stores Mastercard and/or Maestro Account data solely on its own behalf to effect Transactions initiated by the consumer is not deemed to be a DWO.

7.1.4.1 Staged Digital Wallet Methods

A Staged Digital Wallet may operate by means of one or more of the following methods:

Herein, “consumer-assigned payment account” means an account accessed by means of Mastercard Account, Maestro Account, or other account data assigned to the consumer by the DWO or by an issuer, acting for or on behalf of the DWO; “Staged DWO payment account” means a proprietary account assigned to a person by the DWO; and “funding account” means an account accessed by means of Mastercard Account, Maestro Account, or other account data provided to the Staged DWO by the consumer.

1. Prior to making a purchase, the consumer initiates a payment to his or her Staged DWO payment account. The Staged DWO sends an authorization request to the Issuer of the consumer’s funding account. Subsequent to the Issuer’s approval and the Acquirer’s presentment of such Transaction, the consumer initiates a purchase of products or services from a retailer. The Staged DWO then effects payment to the retailer’s Staged DWO payment account.

2. At the time of the consumer's purchase of products or services from a retailer:
 - a. The retailer initiates an authorization request to the issuer of the consumer-assigned payment account. The Staged DWO then initiates a separate authorization request to the issuer of the consumer's funding account. Upon receiving an approval response from the funding account issuer, the Staged DWO notifies the consumer-assigned payment account issuer, who approves the retailer's authorization request. The retailer receives payment from its acquirer.
 - b. The DWO initiates an authorization request to the issuer of the consumer's funding account. Upon receiving the Issuer's approval, the Staged DWO notifies the retailer, and the products or services are provided. The Staged DWO then effects payment to the retailer's Staged DWO payment account.
 - c. After the completion of the consumer's purchase of products or services from a retailer, the Staged DWO initiates an authorization request to the Issuer of the consumer's funding account for repayment of the consumer's debt to the retailer. Upon approval and presentment of the Transaction, the Staged DWO effects payment to the retailer's Staged DWO payment account.

A Mastercard or Maestro Account, when used as a funding account, may be pre-selected or selected at the time of payment by the consumer as the primary or default funding account, or may be used as a fallback funding account in the event of a decline. When used as a consumer-assigned payment account, a Mastercard Account may be issued as a Remote Transaction Account without linkage to a physical Card.

7.1.4.2 Staged Digital Wallet Operator Requirements

The Acquirer is responsible for ensuring compliance with the following requirements applicable to Staged Digital Wallet Operators.

NOTE: Modifications to certain provisions of this Rule appear in the "Europe Region" chapter.

1. The Staged DWO must transmit the three-digit Wallet Identification Number (WID) assigned to the Staged DWO by the Corporation in DE 48, subelement 26, subfield 1 of all Authorization Request/0100 messages and in PDS 0207 of all First Presentment/1240 messages.
2. If the Staged DWO has any role in the assignment of a consumer-assigned payment account, the Staged DWO must ensure that adequate "know your customer" procedures are performed, in accordance with applicable law or regulation.
3. The Staged DWO and each retailer receiving payment by means of a Staged DWO payment account must be located within the Acquirer's Area of Use.
4. The Staged DWO must accept liability for any Transaction chargebacks that may arise in connection with a Cardholder's claim that he or she did not register the affected Mastercard or Maestro Account as a funding account for the Staged Digital Wallet or did not otherwise consent to the use of the Staged DWO as a payment method.
5. The Staged DWO must perform customer service and provide contact information with which the consumer may request the assistance of the Staged DWO in the resolution of any disputes involving a commercial entity that displays the Staged DWO Mark.

6. The Staged DWO must be properly identified in each funding stage Transaction message, as follows:

If the Transaction to the Funding Account is authorized...	Then in the Merchant name field (DE 43, subfield 1), use...	And for MCC, use...
Before the consumer's purchase	Staged DWO name	MCC 6540 (POI funding transaction)
During the consumer's purchase	Staged DWO name in conjunction with retailer name (where the retailer is the seller of the products or services purchased by the consumer and may be a Merchant, Submerchant, or other commercial entity)	MCC that most closely describes the primary business of the retailer
After the consumer's purchase	Staged DWO name	MCC 6051 (existing debt payment)

MCC 6540 may not be used for a funding stage Transaction if such funds may subsequently be used for any of the purposes; in such event, the funds must be segregated and used by the consumer solely for the designated purpose:

- The purchase of chips or other value usable for gambling (MCC 7801, MCC 7802, or MCC 7995 must be used);
 - The purchase of access to adult content and services (MCC 5967 must be used);
 - The purchase of any prescription drug (MCC 5122 or MCC 5912 must be used);
 - The sale of any tobacco product (MCC 5993 must be used); or
 - The purchase of high-risk cyberlocker services (MCC 4816 must be used).
7. Upon registering or re-registering a Staged DWO as set forth in Rule 7.13, the Acquirer must provide to the Corporation an Activity Report for the Staged DWO that includes its Transaction sales amount for the prior 12-month period.

NOTE: Modifications to certain provisions of this Rule appear in the “Europe Region” chapter.

7.1.5 Digital Activity Service Provider

An entity proposing to be a Digital Activity Service Provider must satisfy all certification and testing procedures established by the Corporation before such entity may be registered by a Customer as its Digital Activity Service Provider.

7.1.6 Token Service Provider (TSP)

An entity proposing to be a Token Service Provider (TSP) must satisfy all certification and testing procedures established by the Corporation before such entity may be registered by a Customer as its TSP.

7.1.7 Merchant Monitoring Service Provider

A Merchant Monitoring Service Provider (MMSP) is a Service Provider that performs all of the services described in Rule 7.1, as a Merchant Monitoring Service Provider.

7.2 The Program and Performance of Program Service

Before an entity commences to perform Program Service that supports or benefits a Customer's Program, the Customer must:

- Verify that the entity is operating a bona fide business, has sufficient safeguards in place to protect Account and Transaction data from unauthorized disclosure or use, and complies with applicable laws; and
- Cause such an entity to be registered by the Corporation as a Service Provider.

A Service Provider may perform only the type of Program Service that is registered to perform.

A corporate affiliate of a Customer that is Owned and Controlled by the Customer or by the Customer's ultimate parent and which performs Program Service exclusively for the Customer and not for any other Customer is deemed not to be a Service Provider.

The Customer must ensure that an entity performing Program Service that supports or benefits the Customer's Program, and whether or not such entity is registered by the Corporation as a Service Provider:

1. Complies with all Standards applicable to the Program Service provided (including, by way of example and not limitation, data use and protection, confidentiality and privacy Standards) for so long as such entity performs such Program Service. This Customer obligation arises and continues regardless of the nature of the Program Service performed and whether the entity is performing Program Service pursuant to an agreement or other arrangement with the Customer, a Service Provider of the Customer, or any other entity.
2. Promptly provides to the Corporation any information requested by the Corporation pertaining to the Program Service or the performance thereof.

Program Service in support of or benefitting an Affiliate Program is deemed to be Program Service in support of or benefitting the Program of the Principal that Sponsors such Affiliate. An Affiliate wishing to receive Program Service from a Service Provider must obtain the prior written consent of the Affiliate's Sponsoring Principal.

NOTE: Modifications to this Rule appear in the “Canada Region” chapter.

7.2.1 Customer Responsibility and Control

The Customer must at all times be entirely responsible for and must manage, direct, and control all aspects of its Program and Program Service performed by Service Providers, and establish and enforce all Program management and operating policies in accordance with the Standards.

A Customer must not transfer or assign any part of such responsibilities or in any way limit its responsibility with regard to any of its Service Providers. A Customer must conduct meaningful monitoring of its Service Providers to ensure ongoing compliance by its Service Providers with the Standards.

7.2.2 Notification to the Corporation

Each Principal and Association must advise the Corporation promptly when any of its Service Providers or any of its Sponsored Affiliates' Service Providers ceases to perform Program Service in connection with the Customer's or Affiliate's Program or undergoes a change of name or transfer of Ownership or Control.

Each Type I TPP must advise the Corporation promptly in writing when it:

1. Commences to perform or ceases to perform any Program Service for any Customer, and on an ongoing basis, inform the Corporation of all ICA numbers pertaining to which it is performing any Program Service;
2. Undergoes a change of name or transfer of Ownership or Control;
3. Fails or refuses to make payments in the ordinary course of business;
4. Makes an assignment for the benefit of creditors; or
5. Seeks bankruptcy protection or similar protection.

A Customer may not receive Program Service by or from any other entity or person except as set forth in the Standards.

NOTE: Modifications to this Rule appear in the “United States Region” chapter.

7.2.3 Program Service Agreement

This Rule is not applicable with respect to a Service Provider whose provision of Program Service to the Customer consists only of DSE Program Service, DWO Program Service, or DASP Program Service, or MMSP Program Service.

Prior to the commencement of the performance of Program Service by an entity in support of a Customer Program, the Customer and the Service Provider must enter into a written agreement describing the Program Service to be performed (the “Program Service agreement”). The Program Service agreement must be updated from time to time as appropriate to reflect the Program Service that the Service Provider performs in support of or benefiting, the Customer Program and may not be inconsistent with the Standards.

The Program Service agreement must reflect the Customer's responsibility for establishing all management and operating policies described herein and must not include any provision that attempts to limit the Customer's responsibility for the Program. The Program Service agreement must include all of the following provisions:

1. The Service Provider received, understands, and agrees to comply with all applicable Standards, including the Service Provider Rules.
2. On an ongoing basis, the Service Provider is promptly to provide the Customer with the current addresses of each of its offices.
3. In the event of any inconsistency between any provision of the Program Service agreement and the Standards, the Standards will govern.
4. The Program Service agreement automatically and immediately terminates if the Corporation de-registers the Service Provider or if the Customer ceases to be a Customer or if the Customer fails to have a valid License by the Corporation to use any Mark pertaining to the Program Service to be performed by the Service Provider.
5. The Service Provider acknowledges that the Corporation is the sole owner of the Marks, agrees not to contest the ownership of the Marks for any reason, and agrees the Corporation may prohibit the Service Provider from using any of the Marks for any reason.
6. The Service Provider acknowledges that the Corporation has the right to enforce any provision of the Standards and to prohibit a Service Provider from engaging in any conduct the Corporation deems could create a risk of injury to the Corporation, or that could adversely affect the integrity of the Interchange System, and agrees not to take any action that could interfere with the exercise of this right by the Corporation.

7.2.4 Disclosure of Standards

Before a Customer proposes an entity to be registered as a Service Provider by the Corporation, the Customer must provide or ensure the proposed Service Provider has access to the Standards then in effect applicable to Service Providers and Program Service the proposed Service Provider is expected to perform. After registration, the Customer must provide, or ensure a Service Provider is notified of, any change to the Standards applicable to such Program Service.

7.2.5 Customer Point of Contact

A Service Provider must promptly provide a name and title of, and a telephone number for an employee of the Customer upon request by a Cardholder or an ATM owner, or if the Service Provider is unable or unwilling to respond to a question to the Cardholder's or ATM owner's satisfaction.

7.2.6 Use of the Marks

A Service Provider must not use any Mark on its own behalf, whether in connection with Program Service or otherwise. The Service Provider may not create an impression that the Service Provider is a Customer or a representative of the Corporation.

A Service Provider must not create an impression that the Corporation in any way endorses the Service Provider or the Program Service that the Service Provider performs.

A Service Provider may use one or more of the Marks in connection with the Program Service it performs, provided:

1. The Marks are used in accordance with the Standards, including all current reproduction, usage and artwork Standards; and
2. The Marks are used according to the express written instructions of the Customer; and
3. The Marks are used solely in connection with the provision of Program Service.

The Service Provider may use the Marks on its stationery, letterhead, or business cards only if accompanied, in close proximity, by a clear statement that identifies the Service Provider as an agent for a Customer and that includes the name by which the Customer identifies itself to the public (for example, "Service Provider is an authorized representative of Bank XYZ").

7.2.7 Service Provider Identification on a Card

The name of a non-Customer Service Provider may appear on a Card only if that Service Provider does not perform acquiring Program Service in connection with any Customer Program.

7.2.8 Program Materials

A Customer must approve all Program documents before distribution by a Service Provider. The Program materials may not imply that the Service Provider is participating in any activity not permitted by the Standards. Program materials include, by way of example, Card applications, ATM Owner Agreements, Cardholder agreements, Cardholder statements, marketing materials, and Cardholder Communications, including Solicitations.

7.2.9 Fees

The Service Provider may not attempt to collect any fee associated with the Customer's Program without the prior written approval of the Customer. Any fee must be clearly disclosed in writing to the Merchant or Card applicant prior to any request for payment of the fee.

7.2.10 Settlement Failure Obligation

A Service Provider that becomes aware of a settlement failure by the Customers for which the Service Provider performs Program Service must promptly, and in no event later than 24 hours after becoming aware of such failure, notify the Corporation in writing of such failure.

7.2.11 Data Security

A Service Provider must comply with all Standards pertaining to the storage, safeguarding, and/or transmission of Account and Transaction data.

If a Service Provider reasonably believes that an unauthorized person accessed or may have accessed Account, Cardholder, or Transaction data in the possession or control of the Service Provider or any other third party, the Service Provider must promptly notify each Customer for which it provides Program Service in writing of such belief and the Customer must promptly notify the Corporation in writing of such belief.

7.3 Access to Merchant Account

A Service Provider must not have access to any account for funds due to a Merchant or withheld from a Merchant for chargebacks. A Customer must not assign or transfer to a Service Provider an obligation to pay or reimburse a Merchant if the obligation arises from Activity.

7.4 Transfer of Rights Prohibited

A Service Provider must not subcontract, sublicense, assign, license, franchise, or in any other manner extend or transfer to any third party any right or obligation the Service Provider may have in connection with providing Program Service for a Customer, and any such transfer is null and void *ab initio*.

A Service Provider may perform Program Service for a Customer only using the Service Provider's own employees or employees of a different Service Provider that is confirmed also to be registered by the Corporation to perform Program Service for that same Customer.

7.5 Use of Corporation's Systems and Confidential Information

For purposes of this Rule, "the Corporation's Systems" means any of the Corporation's equipment and software and "the Corporation's Confidential Information" means any of the Corporation's information identified or reasonably understood to be confidential or proprietary.

A Service Provider performing Program Service and each Service Provider Registration Facilitator must agree to:

1. Use any of the Corporation's Systems, including but not limited to any Mastercard Interface Processor (MIP) or Network Interface Processor (NIU) used to connect to the Interchange System, and any of the Corporation's Confidential Information solely in order to perform Program Service on behalf of the Customer;
2. Treat the Corporation's Systems and Confidential Information in at least as careful and confidential a manner as the Service Provider treats its own and the Customer's systems and proprietary information;
3. Acknowledge that access to the Corporation's Systems and Confidential Information does not provide the Service Provider with any right to use them further;
4. Limit access to the Corporation's Systems and Confidential Information to those Service Provider employees with a need to have access in order to enable the Service Provider to perform Program Service and to implement and to maintain reasonable and appropriate safeguards to prevent unauthorized access to the Corporation's Systems or disclosure of the Corporation's Confidential Information, including those set forth in section 10.4, "Connecting to Mastercard—Physical and Logical Security Requirements," of the *Security Rules and Procedures* manual;

5. Immediately cease any use of the Corporation's Systems and Confidential Information upon request of the Corporation or the Customer or upon the earlier of the termination or completion of the Service Provider's performance of Program Service, and to immediately deliver all of the Corporation's Systems and Confidential Information to the Corporation; and
6. Immediately advise the Customer and the Corporation if any unauthorized person seeks to gain or gains access to the Corporation's Systems or Confidential Information, whether by legal proceedings or otherwise.

A Service Provider must comply with all Standards and applicable laws and regulations pertaining to the safeguarding of Account, Cardholder, and Transaction data.

The obligations set forth in this Rule survive the termination or expiration of the Program Service agreement.

7.6 Acquiring Programs

Each Customer and each Service Provider that performs Program Service with respect to that Customer's acquiring Programs must comply with all of the following.

7.6.1 Merchant Agreement

The Merchant Agreement establishing the terms of an acquiring relationship between the Acquirer and a Merchant must:

1. Be signed by the Customer with no separate or other agreement between the Service Provider and the Merchant regarding Activity. The Service Provider may be a party to the Merchant Agreement, in which case the Merchant Agreement must contain the substance of all of the following:
 - a. For purposes of the Merchant Agreement and performance of the Merchant Agreement by the Service Provider, (i) the Service Provider is the exclusive agent of the Customer; (ii) the Customer is entirely responsible for, and in control of, Service Provider performance; and (iii) the Customer must approve, in advance, any fee payable to or obligation of the Merchant arising from or related to performance of the Merchant Agreement.
 - b. The Merchant Agreement is not effective and may not be modified in any respect without the express written agreement of the Customer.
 - c. The Service Provider may not have access, directly or indirectly, to any account for funds or funds due to a Merchant and/or funds withheld from a Merchant for chargebacks arising from, or related to, performance of this Merchant Agreement. The Customer may not assign or otherwise transfer an obligation to pay or reimburse a Merchant arising from, or related to, performance of the Merchant Agreement to a Service Provider.
 - d. The Service Provider may not subcontract, sublicense, assign, license, franchise, or in any manner extend or transfer to any third party, any right or obligation of the Service Provider set forth in the Merchant Agreement. The Customer may not waive, forgive,

release, assign, or fail to insist on strict performance of each requirement set forth in these parts 1 through 4.

2. Confirm the Customer's responsibility for the Program and for the Merchant's Program participation and confirm that the Merchant Agreement does not contain any provision that could be deemed to limit such responsibility.
3. Not take effect or state or imply that it takes or has taken effect prior to being signed by the Customer.
4. Disclose the Customer's name and sufficient information to enable the Merchant to contact the Customer directly by telephone or in writing.

7.6.2 Collection of Funds from a Merchant

Discount rates (or similar charges called by other terms) due to a Customer from a Merchant must be collected directly by the Customer and not by the Service Provider.

7.6.3 Access to Documentation

The Customer at all times must maintain prompt and unrestricted physical access to all original, executed Merchant Agreements and ATM Owner Agreements and to completed Merchant and ATM site inspection reports. The Customer must forward true and complete copies of any one or more of these documents to the Corporation promptly upon request.

7.6.4 Authority to Terminate Merchant Agreement or ATM Owner Agreement

A Customer may not limit or in any manner condition its authority to terminate any Merchant Agreement or ATM Owner Agreement to accommodate a Service Provider or otherwise.

7.6.5 Payment Facilitators and Submerchants

The Acquirer is responsible for all acts and omissions of a Payment Facilitator and of any Submerchant.

A Payment Facilitator may not be a Submerchant of any other Payment Facilitator, nor may a Payment Facilitator be a Payment Facilitator for another Payment Facilitator.

Unless otherwise approved by the Corporation, any Submerchant that exceeds USD 1,000,000 in Mastercard and Maestro combined annual Transaction volume must enter into a Merchant Agreement directly with a Customer.

7.6.5.1 Responsibility for Payment Facilitator and Submerchant Activity

The Acquirer is responsible for the Activity of the Payment Facilitator and each of its Submerchants. The Acquirer must ensure ongoing compliance with all of the following.

1. A Submerchant must be located within the Acquirer's Area of Use as described in Rule 1.7, "Area of Use." The Acquirer must obtain an extension of its Area of Use if the Submerchant is located elsewhere, except as provided in Rule 1.7.2, "Extension of Area of Use Exceptions," paragraphs 5 and 6. The location of the Submerchant determines the location of a Transaction, not the location of the Payment Facilitator. A Payment Facilitator may be located outside of the Acquirer's Area of Use.
2. Settlement funds the Acquirer permits a Payment Facilitator to access may only be used to pay Submerchants pursuant to the terms of their Submerchant Agreements.

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3. An Acquirer may permit a Payment Facilitator to manage the following obligations on behalf of the Acquirer, and remains fully responsible for the fulfillment of each to the extent that the Payment Facilitator fails to do so:
 - a. Verify that a Submerchant is a bona fide business operation, as set forth in section 7.1.2, "Submerchant Screening Procedures" in Chapter 7 of the *Security Rules and Procedures* manual; and
 - b. Retain records concerning the investigation of a prospective Submerchant, provided that such records are provided to the Acquirer immediately upon request; and
 - c. Pay a Submerchant for Transactions, in accordance with Rule 7.8.2, "Obligations as Sponsor of Submerchants," part 4; and
 - d. Ensure that a Submerchant is supplied with materials necessary to effect Transactions as set forth in Rule 7.8.2, "Obligations as Sponsor of Submerchants," part 5; and
 - e. Monitor a Submerchant's Activity on an ongoing basis to deter fraud or other wrongful activity, as set forth in Rule 7.8.2, part 6.
 4. Neither the Payment Facilitator nor the Submerchant may require a Cardholder to waive a right to dispute a Transaction.
 5. The Acquirer must provide to the Corporation a quarterly Activity report for each Submerchant of the Payment Facilitator that includes:
 - a. Submerchant name and location as appears in DE 43 (Card Acceptor Name/Location) of clearing records
 - b. Submerchant "doing business as" name or URL
 - c. Submerchant MCCs
 - d. Transaction sales count and amount for each MCC
 - e. Transaction chargeback count and amount for each MCC

Provided the Acquirer is compliant with parts 6 and 7 set forth immediately below, and unless otherwise required by the Corporation, the requirements set forth in this part 5 are not applicable to Processed Transactions.

6. An Acquirer that uses a Payment Facilitator must populate the Payment Facilitator field with a Payment Facilitator (PF) ID in all Transaction messages as follows. The PF ID must match the Company ID provided during Payment Facilitator registration or will be provided directly by the Corporation.
 - a. DE 48 (Additional Data—Private Use), subelement 37 (Additional Merchant Data), subfield 1 (Payment Facilitator ID) of Authorization Request/0100 and Financial Transaction Request/0200 messages; and
 - b. PDS 0208 (Additional Merchant Data), subfield 1 (Payment Facilitator ID) of First Presentment/1240 messages.
7. An Acquirer that uses a Payment Facilitator must populate the Submerchant field with a Submerchant ID in all Transaction messages as follows. The Submerchant ID must match the Submerchant ID supplied by the Acquirer or Payment Facilitator.
 - a. DE 48 (Additional Data—Private Use), subelement 37 (Additional Merchant Data), subfield 3 (Submerchant ID) of Authorization Request/0100 and Financial Transaction Request/0200 messages; and

- b. PDS 0208 (Additional Merchant Data), subfield 2 (Submerchant ID) of First Presentment/1240 messages.

7.6.6 High-Risk Payment Facilitators

A Payment Facilitator that proposes to sponsor as Submerchants one or more entities conducting business that may be described under any one of the following MCCs or any entity that, as a Merchant, was reported under the Excessive Chargeback Program is deemed by the Corporation to be a “High-Risk Payment Facilitator.”

- Non-face-to-face adult content and services Merchants—MCCs 5967 and 7841
- Non-face-to-face gambling Merchants—MCC 7995
- Non-face-to-face pharmaceutical Merchants—MCC 5122 and MCC 5912
- Non-face-to-face tobacco product Merchants—MCC 5993
- High-risk cyberlocker Merchants—MCC 4816

The Acquirer must register each such entity in the Mastercard Registration Program (MRP) system via Mastercard Connect™ before accepting Transactions arising from such entity, whether directly or through a Payment Facilitator, as described in Chapter 9 of the *Security Rules and Procedures* manual.

The Corporation, in its sole discretion, may de-register a Payment Facilitator if it or any of its Submerchants is identified as generating excessive chargebacks or fraudulent activity or of violating any Standard or applicable law. The Corporation reserves the right to de-register a Payment Facilitator or Submerchant that in the opinion of the Corporation, participates in any activity that may cause damage to the Corporation.

The Corporation reserves the right to require an Acquirer to provide a monthly Processed Transaction Activity report that includes all of the information listed in Rule 7.6.5.1, “Responsibility for Payment Facilitator and Submerchant Activity,” part 5 for any Submerchant of a High-Risk Payment Facilitator.

The Merchant monitoring requirements set forth in Chapter 9 of the *Security Rules and Procedures* manual apply to Submerchants of High-Risk Payment Facilitators.

NOTE: Modifications to this Rule appear in the “United States Region” chapter.

7.7 Issuing Programs

Each Customer and each Service Provider that performs Program Service with respect to that Customer's issuing Programs must comply with all of the following:

7.7.1 Card Application Approval

The Customer itself, and not a Service Provider, must approve the application of a person to participate as a Cardholder in the Customer's Card Program.

7.7.2 Cardholder Agreement

The Cardholder agreement must disclose the Customer's name and sufficient information to enable the Cardholder to contact the Customer directly by telephone or in writing. The Service Provider must not be a party to the Cardholder agreement.

7.7.3 Program Payments

All Program payments other than Card application fees paid by prospective Cardholders must be collected directly by the Customer and not by the Service Provider.

7.7.4 Program Receivables

A Service Provider may own Program receivables or participate in a financing vehicle involving such receivables so long as the Corporation determines that the Customer continues to own and control the Program. Ownership of such receivables by the Service Provider does not in any way limit the Customer's obligation to comply with the Standards.

7.8 Payment Facilitator Obligations

The Acquirer must ensure that its Payment Facilitator satisfies all of the obligations set forth in this Rule.

7.8.1 Submerchant Agreement

Pursuant to a written agreement between an Acquirer and a Payment Facilitator, a Payment Facilitator may enter into a Submerchant Agreement with a Submerchant for the purpose of facilitating the Acquirer's acquiring of Transactions from the Submerchant. The Submerchant Agreement must conform to Standards pertaining to Merchant Agreements, and must clearly and conspicuously:

- Identify the Acquirer;
- Disclose contact information of the Acquirer that the Submerchant may use to address questions and concerns; and
- Reflect that the Payment Facilitator is entering into the Submerchant Agreement on behalf of and as an agent of the identified Acquirer.

The Submerchant Agreement must not interfere with or lessen the right of the Payment Facilitator, the Acquirer, or the Corporation to terminate the agreement at any time. The

Corporation reserves the right to restrict a Payment Facilitator from entering into a Submerchant Agreement based on the business of the entity or other criteria as the Corporation deems appropriate.

7.8.1.1 Required Submerchant Agreement Terms

A Submerchant Agreement must include all provisions required to be included in a Merchant Agreement, in addition to complying with Rule 7.8.1 and this Rule 7.8.1.1. The failure of the Payment Facilitator to include the substance of any one or more of such Standards in the Submerchant Agreement or the grant of a variance by the Corporation with respect to any one or more such Standards does not relieve an Acquirer from responsibility for chargebacks or compliance related to the Activity of or use of the Marks by the Submerchant.

The Submerchant Agreement must, in substance, include all of the following provisions:

1. On an ongoing basis, the Submerchant is promptly to provide the Payment Facilitator with the current address of each of its offices, all “doing business as” (DBA) names used by the Submerchant, and a complete description of goods sold and services provided.
2. In the event of any inconsistency between any provision of the Submerchant Agreement and the Standards, the Standards will govern.
3. The Payment Facilitator is responsible for the Card acceptance policies and procedures of the Submerchant, and may require any changes to its website or otherwise that it deems necessary or appropriate to ensure that the Submerchant remains in compliance with the Standards governing the use of the Marks.
4. The Submerchant Agreement automatically and immediately terminates if the Corporation de-registers the Payment Facilitator or if the Payment Facilitator’s Acquirer ceases to be a Customer for any reason or if such Acquirer fails to have a valid License with the Corporation to use any Mark accepted by the Submerchant.
5. The Payment Facilitator may, at its discretion or at the direction of its Acquirer or the Corporation, immediately terminate the Submerchant Agreement for activity deemed to be fraudulent or otherwise wrongful by the Payment Facilitator, its Acquirer, or the Corporation.
6. The Submerchant acknowledges and agrees:
 - a. To comply with all applicable Standards, as amended from time to time;
 - b. That the Corporation is the sole and exclusive owner of the Marks;
 - c. Not to contest the ownership of the Marks for any reason;
 - d. The Corporation may at any time, immediately and without advance notice, prohibit the Submerchant from using any of the Marks for any reason;
 - e. The Corporation has the right to enforce any provision of the Standards and to prohibit the Submerchant and/or its Payment Facilitator from engaging in any conduct the Corporation deems could injure or could create a risk of injury to the Corporation, including injury to reputation, or that could adversely affect the integrity of the Interchange System, the Corporation’s Confidential Information (as defined in Rule 7.5), or both; and
 - f. The Submerchant will not take any action that could interfere with or prevent the exercise of this right by the Corporation.

The Submerchant Agreement must not contain any terms that conflict with any Standard.

NOTE: Modifications to this Rule appear in the “United States Region” chapter.

7.8.2 Obligations as Sponsor of Submerchants

A Payment Facilitator must fulfill all of the following obligations with respect to each of its Submerchants.

1. Submit Valid Transactions

The Payment Facilitator must submit to its Acquirer records of valid Transactions submitted by a Submerchant and involving a bona fide Cardholder. The Payment Facilitator must not submit to its Acquirer any Transaction that the Payment Facilitator or the Submerchant knows or should have known to be fraudulent or not authorized by the Cardholder, or that either knows or should have known to be authorized by a Cardholder colluding with the Submerchant for a fraudulent purpose. For purposes of this Rule, the Submerchant is deemed to be responsible for the conduct of its employees, agents, and representatives.

2. Submerchant Compliance with the Standards

The Payment Facilitator must ensure that each of its Submerchants complies with the Standards applicable to Merchants.

3. Maintaining Submerchant Information

The Payment Facilitator must maintain, on an ongoing basis, the names, addresses, and URLs if applicable of each of its Submerchants. The Acquirer must ensure that the Payment Facilitator promptly supplies the Corporation with any such information upon request.

4. Payments to Submerchants

Each Payment Facilitator must pay each Submerchant for all Transactions the Payment Facilitator submits to its Acquirer on the Submerchant's behalf. This obligation is not discharged with regard to a Transaction until the Submerchant receives payment from the Payment Facilitator, notwithstanding any payment arrangement between the Submerchant and the Payment Facilitator or between the Payment Facilitator and its Acquirer.

A Submerchant Agreement may provide for a Payment Facilitator to withhold amounts for chargeback reserves or similar purposes.

5. Supplying Materials to Submerchants

Each Payment Facilitator must regularly ensure that each of its Submerchants is provided with all materials necessary to effect Transactions in accordance with the Standards and to signify Card acceptance.

6. Submerchant Monitoring

Each Payment Facilitator must monitor on an ongoing basis the Activity and use of the Marks of each of its Submerchants for the purpose of deterring fraudulent and other wrongful activity and to ensure ongoing compliance with the Standards. For purposes of this Rule, the

minimum Merchant monitoring Standards set forth in the *Security Rules and Procedures* manual apply with respect to Submerchants.

7. Provide Information

Each Payment Facilitator must ensure that each of its Submerchants is provided with the information specified in Rule 5.3.3.

NOTE: Modifications to this Rule appear in the “United States Region” chapter.

7.9 Registration Requirements for DSEs, ISOs and Type II TPPs

Each Principal and Association, for itself and each of its Sponsored Affiliates, must use the Business Administration [Register and Provision a Company] application on Mastercard Connect™ to register any Service Provider not designated by the Corporation as a Type I TPP. A Customer may elect to register an entity as an SPRF for the purpose of having that SPRF perform Service Provider registration requirements for DSE, ISO and Type II TPP Service Providers on the Customer's behalf.

The following requirements apply:

1. The Customer must submit all information and material required by the Corporation in connection with the proposed registration within 60 days of the registration application submission date.
2. A Service Provider performing TPP Program Service that also wants to provide ISO Program Service to one or more Customers must be distinctly proposed for registration by the Corporation on behalf of each Customer wishing to receive Program Service from that Service Provider.
3. A Service Provider that performs services involving the storage, transmission, or processing of Account, Cardholder, or Transaction data must comply with the PCI Data Security Standard in accordance with the Mastercard Site Data Protection (SDP) Program implementation schedule for Service Providers, as set forth in section 10.3.4, “Implementation Schedule,” of the *Security Rules and Procedures* manual. Before initiating registration, the Customer must instruct the proposed Service Provider to contact the Corporation via email at sdp@mastercard.com and validate its compliance with the SDP Program using the tools described in section 10.3.2, “Compliance Validation Tools,” of the *Security Rules and Procedures* manual. For any proposed Type II TPP that is not compliant, the Corporation must be provided and must approve a compliance action plan. A Corporation-approved compliance action plan does not exempt the Customer from responsibility and liability that arises from its or any of its Sponsored Affiliates' or their Type II TPP's noncompliance with any Standard, including those relating to the disclosure and securing of Account, Cardholder, and Transaction data. The registration of a proposed DSE will not be deemed complete until its compliance is validated.
4. The Corporation collects the applicable fee then in effect from the Customer that proposes the registration via the *Mastercard Consolidated Billing System* (MCBS).

5. The Customer must receive the Corporation's written confirmation of the registration before:
 - a. The Customer or any of its Sponsored Affiliates or any of their Service Providers or Merchants receive Program Service from the proposed Service Provider; or
 - b. The proposed Service Provider commences performing such Program Service or represents itself to any person as authorized to provide such Program Service on behalf of the Customer or any of its Sponsored Affiliates.

In its sole discretion, the Corporation may approve or reject any application for the registration of a Service Provider.

6. To maintain the registration of a Service Provider, the Customer must submit information as required by the Corporation, including but not limited to a copy of the Program Service agreement, if applicable. The renewal fee then in effect is debited from the Customer via MCBS. In its sole discretion, the Corporation may decline to renew the registration of a Service Provider.

If a Customer terminates a Service Provider, the Customer must notify the Corporation or its SPRF of the termination date and of the reasons for the termination. This notification must be received by the Corporation or its SPRF within one week of the decision to terminate. In its sole discretion, the Corporation may require a Customer to terminate a Service Provider at any time.

7.9.1 Site Data Protection (SDP) Program Noncompliance

Each Customer that has registered or proposed the registration of a Type II TPP to provide Program Service for itself and/or any of its Sponsored Affiliates must promptly notify each of its Merchants and any other entity that may be impacted by the Program Service if the registered or proposed TPP is not fully compliant with the applicable SDP Program requirements. Notice must be made by the date on which the Program Service commences, or immediately if Program Service has commenced.

Such notification must include, with respect to the registered or proposed TPP:

1. The name and address of the TPP;
2. A description of the Program Service to be or being provided by the TPP;
3. A description of SDP Program requirements the TPP is not compliant with; and
4. A specific date by which the TPP will become fully compliant with applicable SDP Program requirements, or, in the alternative, the date by which the TPP will cease providing Program Service.

The application of a DSE will not be approved until such time as the DSE becomes fully compliant with SDP Program requirements.

7.10 Registration Requirements for Type I TPPs

A TPP that the Corporation determines to be a Type I TPP, upon receiving notification of such determination, must apply to be registered by the Corporation as a Type I TPP, as follows.

1. Within 90 days of receiving notification of its designation by the Corporation as a Type I TPP, the TPP must submit:
 - a. TPP Registration Form 919 via email to tpp_registration@mastercard.com;
 - b. An Attestation of Compliance (AOC) via email to sdp@mastercard.com. The AOC must demonstrate compliance with the PCI Data Security Standard in accordance with the Mastercard Site Data Protection (SDP) Program implementation schedule applicable to Level 1 Service Providers, as set forth in section 10.3.4, "Implementation Schedule," of the *Security Rules and Procedures* manual. A compliance plan will not be accepted.
 - c. SSAE16 and business continuity forms via email to tprmrequest@mastercard.com.
2. A Type I TPP must not also provide ISO Program Service unless registered to provide ISO Program Service.

After registration by the Corporation of a Type I TPP, and on a quarterly basis, the applicable fee is charged by the Corporation directly to the Type I TPP. Renewal of Type I TPP registration status is at the sole discretion of the Corporation.

NOTE: A Rule on this subject appears in the "United States Region" chapter.

7.11 Registration Requirements for Type III TPPs

NOTE: A Rule on this subject appears in the "United States Region" chapter.

7.12 Registration Requirements for Payment Facilitators

To propose a Merchant for registration as a Payment Facilitator, the Acquirer must:

- Be a Customer in good standing with the Corporation, and
- Meet any and all capital requirements designated by the Corporation, and
- If the entity is deemed to be a potential High-Risk Payment Facilitator, be in good standing with all of the Corporation's risk management programs.

To register a Merchant as a Payment Facilitator, the Acquirer must:

1. Submit all information and material required by the Corporation in connection with the proposed registration within 60 days of the registration application submission to payment_facilitator@mastercard.com; and
2. Ensure that the Payment Facilitator is compliant with the PCI Data Security Standard in accordance with the Mastercard Site Data Protection (SDP) Program implementation

schedule applicable to Merchants, as set forth in section 10.3.4, "Implementation Schedule," of the *Security Rules and Procedures* manual.

3. The Corporation collects the applicable fees then in effect from the Acquirer that proposes the registration, or if an Affiliate, its Sponsor via the Mastercard Consolidated Billing System (MCBS).
4. The Acquirer must receive the Corporation's written or email confirmation of the registration before the Acquirer may submit Transactions from the Payment Facilitator or any of its Submerchants into interchange. In its sole discretion, the Corporation may approve or may reject any application for the registration of a Payment Facilitator.
5. To maintain the registration of a Payment Facilitator, the Customer must submit such information and material as may be required by the Corporation from time to time, including but not limited to a copy of the agreement between the Acquirer and the Payment Facilitator. The renewal fee then in effect is debited from the Acquirer, or if an Affiliate, its Sponsor via MCBS. In its sole discretion, the Corporation may decline to renew the registration of a Payment Facilitator.

If the Acquirer ceases to accept Submerchant Transactions from or terminates a Payment Facilitator, the Acquirer must notify the Corporation of the date and reasons for such action within one week of the decision. In its sole discretion, the Corporation may require an Acquirer to cease to accept Submerchant Transactions from a Payment Facilitator at any time.

7.13 Registration Requirements for Staged DWOs

Each Principal and Association, for itself and each of its Sponsored Affiliates, that acquires or proposes to acquire Transactions effected by means of a Staged Digital Wallet must register the Staged DWO with the Corporation in accordance with the following procedures:

1. The Customer must submit all information and material required by the Corporation in connection with the proposed registration to d_wallet_registration@mastercard.com within 60 days of the registration application submission date.
2. The Staged DWO must comply with the PCI Data Security Standard in accordance with the Mastercard Site Data Protection (SDP) Program implementation schedule applicable to Merchants, as set forth in section 10.3.4, "Implementation Schedule," of the *Security Rules and Procedures* manual. Before initiating registration, the Sponsoring Customer must instruct the proposed Staged DWO to contact the Corporation via email at sdp@mastercard.com and validate its compliance with the SDP Program using the tools described in section 10.3.2, "Compliance Validation Tools," of the *Security Rules and Procedures* manual. For any proposed Staged DWO that is not compliant, the Corporation must be provided and must approve a compliance action plan. A Corporation-approved compliance action plan does not exempt the Customer from responsibility and liability that arises from the Customer's or any of its Sponsored Affiliates' or their Staged DWO's noncompliance with any Standard, including those relating to the disclosure and securing of Account, Cardholder, and Transaction data. The registration of a proposed Staged DWO will not be deemed complete until its compliance is validated.

3. The Corporation collects the applicable fees then in effect from the Customer that proposes the registration via the Mastercard Consolidated Billing System (MCBS).
4. The Customer must receive the Corporation's written or email confirmation of the registration before the Customer or any of its Sponsored Affiliates or any of their Service Providers or Merchants receive Program Service from the Staged DWO and before the Staged DWO commences performing such Program Service or represents itself to any person as authorized to provide such Program Service on behalf of the Principal or Association or any of its Sponsored Affiliates. In its sole discretion, the Corporation may approve or may reject any application for the registration of a Service Provider.
5. To maintain the registration of a Staged DWO, the Customer must submit such information and material as may be required by the Corporation from time to time. The renewal fee then in effect is debited from the Customer via MCBS. In its sole discretion, the Corporation may decline to renew the registration of a Staged DWO as a Service Provider.

If the Customer terminates a Staged DWO, the Customer must notify the Corporation or its SPRF of the termination date and of the reasons for the termination. This notification must be received by the Corporation or its SPRF within one week of the decision to terminate. In its sole discretion, the Corporation may require a Customer to terminate a Staged DWO as a Service Provider at any time.

7.14 Registration Requirements for Digital Activity Service Providers

Each Principal and Association, for itself and each of its Sponsored Affiliates must use the Business Administration [Register and Provision a Company] application on Mastercard Connect™ to register a Digital Activity Service Provider (DASP). A Digital Activity Customer must notify the Corporation of each Digital Activity Service Provider it proposes to use, and the Corporation will complete the registration on the Digital Activity Customer's behalf. The following requirements apply:

1. The Customer must submit all information and material required by the Corporation in connection with the proposed registration within 60 days of the registration application submission date.
2. The proposed Digital Activity Service Provider successfully completes all certification and testing procedures required by the Corporation.
3. The Corporation collects the applicable fee then in effect from the Customer that proposes the registration via the Mastercard Consolidated Billing System (MCBS).
4. The Customer must receive the Corporation's written confirmation of the registration before:
 - a. The Principal, Association, a Sponsored Affiliate, or the Digital Activity Customer receive Program Service from the proposed DASP; or
 - b. The proposed DASP commences performing such Program Service or represents itself to any person as authorized to provide such Program Service on behalf of the Principal, Association, a Sponsored Affiliate, or the Digital Activity Customer.

In its discretion, the Corporation may approve or reject any application for the registration of a DASP.

5. To maintain the registration of a DASP, the Customer must submit such information as may be required by the Corporation. The registration renewal fee then in effect is debited from the Customer via MCBS. In its discretion, the Corporation may decline to renew the registration of a DASP.

If a Customer terminates a DASP, the Customer must notify the Corporation of the termination date and of the reasons for the termination. This notification must be received by the Corporation within one week of the decision to terminate. In its discretion, the Corporation may require a Customer to cease receiving DASP Program Service from a DASP at any time.

7.15 Registration Requirements for Token Service Providers

Each Principal and Association, for itself and each of its Sponsored Affiliates must use the Business Administration (Register and Provision a Company) application on Mastercard Connect™ to register a Token Service Provider (TSP). The following requirements apply:

1. The Customer must submit all information and material required by the Corporation in connection with the proposed registration within 60 days of the registration application submission date.
2. The proposed TSP must successfully complete all certification and testing procedures required by the Corporation.
3. The Corporation collects the applicable fee then in effect from the Customer that proposes the registration via the Mastercard Consolidated Billing System (MCBS).
4. The Customer must receive the Corporation's written confirmation of the registration before:
 - a. The Principal, Association, or a Sponsored Affiliate receives Program Service from the proposed TSP; or
 - b. The proposed TSP commences performing such Program Service or represents itself to any person as authorized to provide such Program Service on behalf of the Principal, Association, or a Sponsored Affiliate.

In its discretion, the Corporation may approve or reject any application for the registration of a TSP.

5. To maintain the registration of a TSP, the Customer must submit such information as may be required by the Corporation. The registration renewal fee then in effect is debited from the Customer via MCBS. In its discretion, the Corporation may decline to renew the registration of a TSP.

If a Customer terminates a TSP, the Customer must notify the Corporation of the termination date and of the reasons for the termination. This notification must be received by the Corporation within one week of the decision to terminate. In its discretion, the Corporation may require a Customer to cease receiving TSP Program Service from a TSP at any time.

7.16 Registration Requirements for Merchant Monitoring Service Providers

To register a Merchant Monitoring Service Provider:

1. The Acquirer must submit all information and materials required by the Corporation in connection with the proposed registration to mmp@mastercard.com.
2. The Corporation collects the applicable fee then in effect from the Customer that proposes the registration via the Mastercard Consolidated Billing System (MCBS).
3. The Customer must receive the Corporation's written confirmation of the registration.
4. To maintain the registration of an MMSP, the Customer must submit such information as may be required by the Corporation. The registration renewal fee then in effect is debited from the Customer via MCBS. In its discretion, the Corporation may decline to renew the registration of an MMSP.

If a Customer decides to terminate an MMSP, the Customer promptly must notify the Corporation in writing of the termination date and of the reasons for the termination. This notification must be received by the Corporation within one week of the decision to terminate.

7.17 Registration of a Service Provider Registration Facilitator

A Customer itself must request that an entity be registered by the Corporation as a Service Provider Registration Facilitator (SPRF) and an entity must be registered by the Corporation as an SPRF before commencing to provide Service Provider registration Program Service.

7.18 Service Provider Registration Noncompliance

A Customer that fails to comply with these Service Provider registration requirements is subject to noncompliance assessments of up to USD 25,000 for each 30-day period of noncompliance.

7.19 Prohibition from Acting as a Service Provider

The Corporation reserves the right to prohibit, either for a fixed period of time or permanently, a Service Provider, its owners, and/or employees from performing Program Service, acting as DSE, or both.

7.20 Termination of Program Service Agreement or De-registration

On the effective date of the termination or expiration of the Program Service agreement, or upon notice by the Corporation, or upon expiration or de-registration of an entity as a Service Provider, the entity must immediately cease all use of the Corporation's systems and Marks and cease performing the Program Service.

7.21 Confidential Information of Service Providers

With regard to any Service Provider, and regardless of (i) how the Service Provider is or may be categorized, (ii) the nature of Program Services the Service Provider may perform, and (iii) whether the Service Provider is registered as a Service Provider by the Corporation, the following information is not confidential information:

1. The name, address and other contact information of the Service Provider;
2. The identity of any Customer the Corporation believes may be receiving Program Services by the Service Provider;
3. The nature of Program Services the Corporation believes the Service Provider may be performing for any Customer; and
4. Any information the Corporation deems necessary or appropriate to disclose in order to safeguard the financial, reputational or other interests of the Corporation, Customers, or both.

7.22 Audits

The Corporation or its designee may conduct one or more regular or periodic financial and procedural audits of the Customer, its Service Providers, or both, at any time and from time to time for the purpose of determining compliance with the Standards, including these Service Provider Rules. The Customer bears all costs of any such audit or audits. The Customer and its Service Providers each must fully co-operate with and promptly supply the Corporation with all information and material upon request.

7.23 No Endorsement by the Corporation

In no event does compliance with these Service Provider Rules or enforcement or any lack of or delay in enforcement thereof or the registration of a Service Provider imply, suggest, or otherwise mean that the Corporation endorses any Service Provider or the nature or quality of Program Service or other performance or that the Corporation approves of, is a party to, or a participant in, any act or omission by a Service Provider or other entity acting for or on behalf of a Customer.

Chapter 8 Settlement and Related Obligations

This chapter contains Rules relating to interchange and service fees, settlement, and other financial obligations.

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8.1 Definitions

As used in the Rules set forth in this section, the following terms have the meanings described:

1. “Interchange fee” means an amount paid by the Acquirer to the Issuer with respect to the interchange of a Transaction conducted by a Merchant or a Merchandise Transaction conducted at an ATM Terminal. All references to interchange fees in this section mean both the levels of the fees and all qualifying criteria and conditions for their applicability.
2. “Intracountry issuing Volume” means the issuing Volume resulting from Intracountry Transactions.
3. “Intracountry acquiring Volume” means the acquiring Volume resulting from Intracountry Transactions.
4. “Service fee” means an amount paid by the Issuer to the Acquirer with respect to the interchange of a Manual Cash Disbursement Transaction or ATM Transaction. All references to service fees in this section mean both the levels of the fees and all qualifying criteria and conditions for their applicability.

8.2 Net Settlement

A Customer that uses the Interchange System for the authorization and clearing of Transactions is required to net settle in accordance with the Corporation’s settlement Standards. However, an Acquirer and an Issuer may, with respect to a particular Transaction, agree to settle directly between themselves pursuant to a bilateral agreement.

Standards describing net settlement and bilateral agreement rights and obligations are set forth in the *Settlement Manual*. For information about Single Message System settlement options, refer to *Single Message System Settlement and Reports*.

NOTE: A modification to this Rule appears in the “Europe Region” chapter.

8.2.1 Currency Conversion

In the EU, the Rule on this subject is modified as follows.

A Customer must refer to the documentation of the registered switch of its choice for currency conversion information.

8.2.2 Settlement Messages and Instructions

NOTE: Rules on this subject appear in the “Europe Region” chapter.

8.2.3 Reconciliation

It is the responsibility of each Customer to reconcile the totals and Transactions provided by the Interchange System to its own internal records on a daily basis.

For more information on reconciliation, refer to *Single Message System Programs and Services* and the *GCMS Reference Manual*.

8.3 Interchange and Service Fees

A Transaction settled between Customers gives rise to the payment of the appropriate interchange fee or service fee, as applicable. The Corporation has the right to establish default interchange fees and default service fees (hereafter referred to as “interchange fees,” “service fees,” or collectively, “fees”), it being understood that all such fees set by the Corporation apply only if there is no applicable bilateral interchange fee or service fee agreement between two Customers in place. The Corporation establishes all fees for Interregional Transactions and Intraregional Transactions, and may establish fees for Intracountry Transactions.

The Corporation will inform Customers, as applicable, of all fees it establishes and may periodically publish fee tables. Unless an applicable bilateral interchange fee or service fee agreement between two Customers is in place, any intraregional or interregional fees established by the Corporation are binding on all Customers.

NOTE: Modifications to this Rule appear in the “Asia/Pacific Region” and “Europe Region” chapters.

8.3.1 Cost Studies

The Corporation or its agent may conduct one or more cost studies on a country-specific or regional or other basis for the purpose of establishing interchange and service fees. In order to ensure a sufficient quantity and level of data quality and representativeness as the Corporation deems necessary, the Corporation may designate any number of Customers to participate in cost studies. Each Customer so designated is required to participate and must provide and be able to certify that it has provided the Corporation or its agent with complete and accurate information in the form and manner and for such period of time and by a date as requested.

8.3.1.1 Allocation of Expenses

The Corporation may allocate expenses related to any cost study among Customers conducting Activity in the country or region or other area that is the subject of the cost study.

The expenses may be allocated as the Corporation deems appropriate and the decision of the Corporation is binding on all Customers in that country or region or other area.

8.3.1.2 Compliance with a Cost Study

A Customer designated to participate in a cost study that fails to fully and timely participate is subject to assessments and other disciplinary action at the sole discretion of the Corporation.

8.4 Establishment of Intracountry Interchange and Service Fees

This rule is applicable only to Intracountry Transactions.

Unless prohibited by applicable law, default intracountry interchange and service fees are established by the Corporation, or by application of intraregional interchange or interregional interchange and service fees to Intracountry Transactions as set forth in Rule 8.4.2. Such fees may also be established by bilateral agreement between two Customers as set forth in Rule 8.4.3.

For any Transaction that is subject to a bilateral agreement between two Customers, the interchange and service fees set forth in the bilateral agreement prevail.

For any Transaction that is not subject to a bilateral agreement between two Customers, the default intracountry fees established by the Corporation apply, or if none, the intraregional fees apply, or if none, the interregional fees apply. The Corporation reserves the right to determine if multiple bilateral agreements are deemed to be a multilateral agreement.

NOTE: Modifications to this Rule appear in the “Asia/Pacific Region,” “Europe Region,” and “Latin America and the Caribbean Region” chapters.

8.4.1 Default Intracountry Fees

NOTE: A Rule on this subject appears in the “Europe Region” chapter.

8.4.2 Intraregional Fees

In the event that no bilaterally agreed interchange fee or service fee applies and no default interchange fee or service fee has been established pursuant to these Rules, the applicable intraregional fee or if none, the interregional fee, applies to Intracountry Transactions.

NOTE: A modification to this Rule appears in the “Asia/Pacific Region” chapter.

8.4.3 Bilateral Agreement

Any two Customers may establish, by bilateral agreement, the interchange and service fees applicable to Transactions between them. All such fees must be submitted promptly to the Corporation. When applicable to Transactions processed through the Interchange System, they must be submitted to the Corporation sufficiently in advance of the effective date to allow the Corporation to incorporate the fees into future Interchange System releases as necessary.

NOTE: Modifications to this Rule appear in the “Asia/Pacific Region” and “Europe Region” chapters.

8.5 Failure of a Principal or Association to Discharge a Settlement Obligation

Subject to the limitation set forth in this Rule, if a Principal or Association fails to discharge a Settlement Obligation arising from or in connection with any Processed Transaction, the Corporation will satisfy such Settlement Obligation to the extent such Settlement Obligation is not otherwise satisfied.

To the extent the Corporation satisfies a Customer's Settlement Obligation, such satisfaction constitutes an automatic transfer, sale, and absolute assignment to the Corporation, and not an assignment for security purposes, of all right, title, and interest in the receivable. Such satisfaction of the Customer's Settlement Obligation also entitles the Corporation to all records and documents related to the receivable, including the name and address of each Cardholder or other person obligated to satisfy any part of the receivable. The Customer must promptly deliver all such records and documents to the Corporation or to the Corporation's designee. Any proceeds received by or on behalf of the Customer from any receivable must be held in trust by the Customer and paid to the Corporation as soon as practicable.

The Corporation may take any action the Corporation deems necessary or appropriate to protect its interest in the receivable and to protect the integrity of the affairs of the Corporation, such as, by way of example and not limitation, by:

1. Refusing or rejecting Transaction authorization requests relating to use of the Customer's Cards.
2. Establishing a settlement account for monies due to and from the Customer.
3. Without prior notice to the Customer, holding any monies due, directly or indirectly and for any purpose, to the Customer from the Corporation and any Settlement Obligations due to the Customer and apply those monies to the amounts the Customer owes to the Corporation and to other Customers arising from Activity.
4. Listing some or all of a Customer's Account numbers on the Electronic Warning Bulletin file, the international Warning Notices, or both, or in other or similar publications.
5. Effecting chargebacks on behalf of the Customer.
6. Overseeing the disposition of unused Card stock and any other media bearing security-sensitive information, including Account information.

The Corporation assumes no liability, responsibility, or obligation to satisfy, in full or in part:

1. A Settlement Obligation arising from or in connection with a Transaction that was not a Processed Transaction.
2. A Settlement Obligation arising from or in connection with a Transaction in which the Principal or Association, considered together with one or more of its Affiliates, acts as both the Issuer and the Acquirer.

3. A Settlement Obligation arising from or in connection with a Transaction in which the Issuer and Acquirer are related parties or are under common Control by one or more parents, holding companies, or other entities.
4. A Settlement Obligation arising from or in connection with any of the Principal's or Association's Sponsored Affiliates.

8.6 Settlement Liability for Debit Licensees

NOTE: A Rule on this subject appears in the "United States Region" chapter.

8.7 Settlement Liability for Type I TPPs that Sponsor Affiliates

NOTE: A Rule on this subject appears in the "United States Region" chapter.

8.8 System Liquidity

If the Corporation requires funds to maintain system liquidity and to meet the obligations that a Customer or Customers have failed to discharge (for purposes of this section, "Non-discharged Customer Obligations"), the Corporation may collect funds directly from the settlement accounts of Customers upon reasonable notice to the Customers.

In such event, the funds will be collected by the Corporation by:

1. Decreasing the gross daily settlement amounts of outgoing volumes of Customers by up to five percent (5 percent) of the amount settled on one or more days; and
2. Increasing the gross daily settlement amounts of incoming volumes of Customers by up to five percent (5 percent) of the amount settled on one or more days.

This collection may continue as long as deemed necessary or appropriate to satisfy Non-discharged Customer Obligations and to ensure system liquidity or until the Corporation deems such collection no longer necessary or appropriate.

Collected funds are treated as advance payments on the sums that may be required from the Customers in the allocation among Customers of loss related to Non-discharged Customer Obligations. If the funds collected from a Customer exceed the amount ultimately allocated to it in connection with Non-discharged Customer Obligations, the excess amount will be returned to the Customer with interest. If the funds collected from a Customer do not exceed the amount allocated to it, the Customer will pay any shortage to the Corporation with interest. Any interest payment by or to the Corporation will be based on the average effective Federal Reserve Fund's Earning Credit Rate (or if such rate is not published, a rate that the Corporation designates) during the time between the incidence of the Customer funding and the final allocation.

8.9 Liability for Owned or Controlled Entities

Each Customer (referred to for purposes of this Rule as a “Responsible Customer”) shall irrevocably and unconditionally guarantee, as a primary obligor and not merely as a surety, to the Corporation and all other Customers, the prompt payment and performance of the obligations (the “Guaranteed Obligations”) of each of the Responsible Customer’s affiliated entities arising under the Standards and from each such affiliated entity’s Mastercard, Maestro, and Cirrus Activities and use of any of the Marks.

For purposes of this Rule, a Responsible Customer’s affiliated entity is defined as follows:

1. A Customer that is Owned or Controlled by the Responsible Customer or is owned or controlled by the Responsible Customer and another Customer or Customers; or
2. A Customer that, with the Responsible Customer, is under common Ownership by, or Control of, another entity; or
3. A Customer that Owns or Controls the Responsible Customer or shares Ownership or Control of the Responsible Customer with another Customer or Customers.

The obligations of each Responsible Customer under this Rule shall be continuing, absolute, and unconditional and shall not be discharged or impaired or otherwise affected by any act or omission (including any renewal, extension, amendment, waiver or unenforceability of any of the Guaranteed Obligations) that may vary the risk of such Responsible Customer or otherwise operate as a discharge of the obligations of such Responsible Customer as a matter of law or equity, and all defenses of the Responsible Customer with respect thereto are waived to the fullest extent permitted by applicable law.

The Responsible Customer’s liability to the Corporation and all other Customers is a primary obligation, while the Corporation’s liability, if any, to another Customer is secondary, in that it only arises if a Responsible Customer is unable to pay its Guaranteed Obligations in full. Any assessments imposed on a Customer for liability under this Rule may be collected by the Corporation, at its option, from the Customer’s settlement account or by any other means available. A Responsible Customer may not be exempted from this Rule except upon written notice by the General Counsel of the Corporation.

8.10 Risk of Loss

Each Customer bears all risk of loss and the Corporation bears no risk of loss with respect to all amounts owed by the Customer related to the settlement except to the extent any such amount is received by the Corporation, free and clear.

Each Customer remains fully responsible for fulfillment of, and must take all actions necessary to fulfill, all of its obligations under the Standards, regardless of whether the Customer designates a Service Provider or other third party to perform all or any part of such obligations on the Customer’s behalf. The fact that a Customer has paid any portion of any amount owed to any such third party designee does not discharge any of the Customer’s obligations to the Corporation.

The Corporation may draw on the Customer's funds to fulfill any one or more of the Customer's obligations under the Standards, regardless of whether those funds are held or controlled by the Customer or by any third party designee, to the same extent that the Corporation is entitled to draw on funds from any settlement account or funds of the Customer in accordance with the Standards, and regardless of whether those funds are commingled with any other funds. If the Corporation draws on the Customer's funds in accordance with the Standards, the Corporation is not required to reimburse the Customer or any third party (whether a third party designee of the Customer or another Customer) for funds drawn which are owned by any of them or otherwise subject to any of their rights. The Customer and any third party (whether a third party designee of the Customer or another Customer) bear all risk and liability related to the funds drawn and must jointly and severally indemnify and hold the Corporation harmless from all liability and claims arising from any such draw of funds.

Each Customer bears all risk of loss, and the Corporation bears no risk of loss with respect to all amounts owed by the Corporation to the Customer under the Standards once the Corporation has discharged the Corporation's obligations set forth in the *Settlement Manual*, regardless of whether the payment is received by the Customer or a third party designee of the Customer.

Each Customer must notify the Corporation promptly in writing if any third party designee commingles funds received for or from the Customer in connection with the Customer's Transactions with any other funds. Each Customer must notify the Corporation promptly in writing of the details of any failure of the Customer or any third party designee of the Customer to meet any of their obligations with respect to payment of funds owed under the Standards.

If a Customer's third party designee advances funds on behalf of the Customer to pay the Corporation or any other party entitled to receive those funds in accordance with the Standards, then such payment is deemed to be a payment by the Customer, and the Customer, and the third party designee of the Customer, jointly and severally bear all risks of loss and must jointly and severally indemnify and hold the Corporation harmless from any and all liability and claims arising from any such payment.

In addition to the other Customer obligations set forth in this Rule 8.10, a Customer must:

1. Obtain the prior written agreement of any third party designee of the Customer that may be given access to any funds owed by or to the Customer pursuant to the Standards; and
2. Be responsible for any such third party designee's compliance with all applicable Standards, including those set forth in this Rule 8.10.

NOTE: Modifications to this Rule appear in the "United States Region" chapter.

8.11 Loss Allocation Among Customers

Any loss that the Corporation incurs, or for which the Corporation may otherwise be responsible due to the failure of a Mastercard Customer, whether or not intentional, to

perform any of its Participation obligations, may be allocated among the Mastercard Customers by the Corporation in such manner and at such times as the Corporation determines to be appropriate.

NOTE: Modifications to this Rule appear in the “Europe Region” and “Latin America and the Caribbean Region” chapters.

Chapter 9 Digital Activity

This chapter contains Rules pertaining to Digital Activity and Digital Activity Customers.

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Digital Activity Rules

The Standards for Digital Activity consist of:

1. These Digital Activity Rules, and any Rules published in other manuals that reference Digital Activity or Digital Activity Customers; and
2. The technical specifications set forth in the *Authorization Manual, Single Message System Programs and Services*, and other documentation relating to the Mastercard Digital Enablement Service and published by the Corporation from time to time.

Applicability of Rules

The Rules in this Digital Activity chapter are variances and additions to the Rules in Chapters 1 through 8 that apply solely to Digital Activities.

The Rules in Chapters 1 through 8 continue to apply to the Activities of a Customer. The following Rules pertain only to the conduct of Activity and **do not** apply to Digital Activity or to Digital Activity Customers:

- Rule 1.5, "Interim Participation";
- The subsections of Rule 1.7, "Area of Use of the License";
- Rule 1.9.1, "Changing Customer Status"; Rule 1.9.3, "Right to Sponsor Affiliates"; Rule 1.9.4, "Change in Sponsorship of an Affiliate";
- Rule 1.10, "Participation in Competing Networks" and its subsections;
- Rule 1.11, "Portfolio Sale, Transfer, or Withdrawal";
- Rule 3.1, "Obligation to Issue Mastercard Cards";
- Rule 3.2, "Responsibility For Transactions";
- Rule 3.3, "Transaction Requirements";
- Rule 3.4, "Authorization Service";
- Rule 3.5, "Non-Discrimination—POS Transactions";
- Rule 3.6, "Non-Discrimination—ATM and PIN-based In-Branch Terminal Transactions";
- Rule 4.8, "Use of Marks on Maestro and Cirrus Cards";
- Rule 4.9, "Use of Marks on Mastercard Cards";
- Rule 4.10, "Use of a Card Design in Merchant Advertising and Signage";
- Chapter 5, "Acquiring," in its entirety;
- Chapter 6, "Issuing," in its entirety; and
- Chapter 8, "Settlement and Related Obligations," in its entirety.

1.1 Eligibility to be a Customer

The Rule on this subject, as it pertains to Digital Activity Customers, is replaced with the following.

An entity eligible to be a Digital Activity Customer may apply to become a Digital Activity Customer. No entity may participate in Digital Activity as a Digital Activity Customer until that entity is approved to be a Digital Activity Customer, has executed the applicable Digital Activity Agreement for the proposed Digital Activity in a form acceptable to the Corporation, and has paid all associated fees and other costs.

1.1.3 Digital Activity Customer

An entity that satisfies such eligibility criteria as the Corporation may adopt from time to time, consistent with the promotion of safe and sound business practices, may apply to be a Digital Activity Customer.

The decision to approve an applicant as a Digital Activity Customer is at the discretion of the Corporation.

The eligibility criteria that apply to Digital Activity as performed by a Wallet Token Requestor are:

1. Validation of the entity's compliance with the *Payment Card Industry Data Security Standard (PCI DSS)*;
2. Attestation of the entity's compliance with all applicable laws and regulations for each jurisdiction in which the Digital Activity is proposed to be conducted, including but not limited to the existence of client data privacy policies and procedures and all necessary licenses and other permissions as may be required; and
3. The successful completion of such certification and testing procedures as the Corporation may require to ensure that the applicant and/or the specified type of Mobile Payment Device on which the applicant's Digital Wallet will reside can perform all of the following in accordance with the Corporation's minimum standards:
 - a. Identification and Verification (ID&V), pursuant to a Token Implementation Plan deemed acceptable by the Corporation;
 - b. Device Binding; and
 - c. Any optional Transaction type or payment-related functionality to be supported, including but not limited to:
 - Any form of On-Device Cardholder Verification;
 - Contactless Transactions, which may be supported in both Magnetic Stripe Mode and EMV Mode or in EMV Mode only; and
 - Digital Secure Remote Payment Transactions.

1.8 The Digital Activity Agreement

Each Digital Activity Customer must enter into a Digital Activity Agreement with the Corporation.

In the event of an inconsistency between a Rule or other Standard and a provision in a Digital Activity Agreement, the Rule or other Standard shall be afforded precedence and the Digital Activity Agreement is deemed to be amended so as to be consistent with the Rule or other Standard. Each Digital Activity Customer must assist the Corporation in recording any Digital Activity Agreement granted to the Customer if required in the country or countries in which the Digital Activity Customer is located or otherwise upon request of the Corporation.

Each Digital Activity Agreement shall include a limited License granting the Customer the right to use the Marks solely in connection with the conduct of the approved Digital Activity, in accordance with the Standards, and with no specified Area of Use.

A Customer may only conduct Digital Activity as a Wallet Token Requestor in the country or countries in which the Corporation has implemented the Mastercard Digital Enablement Service and/or Mastercard Cloud-Based Payments, as applicable.

1.9 Participation in Activity and Digital Activity

The Rule on this subject, as it applies to Digital Activity, is modified to add the following.

Each Digital Activity Customer and each other Customer approved by the Corporation to conduct Digital Activity may participate only in such Digital Activity as is set forth in its Digital Activity Agreement or Agreements with the Corporation or as otherwise documented in writing by the Corporation.

3.12 Confidential Information of Mastercard

The Rule on this subject, as it applies to Digital Activity, is modified to add the following.

For purposes of this Rule, “the Corporation’s Systems” means any of the Corporation’s equipment and software and “the Corporation’s Confidential Information” means any of the Corporation’s information identified or reasonably understood to be confidential or proprietary.

Each Digital Activity Customer and each other Customer engaged in Digital Activity must:

1. Use any of the Corporation’s Systems and any of the Corporation’s Confidential Information to which it has access in connection with its Digital Activity Agreements solely to conduct the Digital Activities specified therein;
2. Treat the Corporation’s Systems and Confidential Information at least as carefully and confidentially as the Customer treats its own systems and proprietary information;

3. Acknowledge that access to the Corporation's Systems and Confidential Information does not provide the Customer with any right to use them further;
4. Limit access to the Corporation's Systems and Confidential Information to those employees with a need to have access in order to enable the Customer to perform its Digital Activity and to implement and to maintain reasonable and appropriate safeguards to prevent unauthorized access to the Corporation's Systems or disclosure of the Corporation's Confidential Information, including those set forth in section 10.4 of the *Security Rules and Procedures* manual;
5. Immediately cease any use of the Corporation's Systems and Confidential Information upon request of the Corporation or upon the termination of its Digital Activity Agreements, and to immediately deliver all of the Corporation's Systems and Confidential Information to the Corporation; and
6. Immediately advise the Corporation if any unauthorized person seeks to gain or gains access to the Corporation's Systems or Confidential Information, whether by legal proceedings or otherwise.

3.16 Responsibility for Digital Activity—Wallet Token Requestors

Each Digital Activity Customer and each other Customer approved by the Corporation to engage in Digital Activity must establish adequate fraud loss controls for each of its Digital Activity Programs and use them actively and effectively.

Each Digital Activity Customer and each other Customer approved by the Corporation to engage in Digital Activity as a Wallet Token Requestor is responsible to the Corporation and to all other Customers, including but not limited to those whose Cardholders may elect to enroll in any of its Digital Wallet offerings, for all acts or omissions arising from the performance of its Digital Wallets. The Corporation may hold such Digital Activity Customer or other Customer liable, in full or in part, pursuant to section 10.2, "Account Data Compromise Events," of the *Security Rules and Procedures* manual, if the Corporation determines that the Digital Activity Customer or other Customer's Digital Wallet, or any device, network, system, or environment employed in connection with the Digital Wallet, was compromised or vulnerable to compromise or that the Digital Activity Customer or other Customer has or had a direct or indirect relationship with an agent whose device, network, system, or environment was compromised or vulnerable to compromise.

Only a Corporation-certified Consumer Device Cardholder Verification Method (CDCVM) may be included in a Wallet Token Requestor's Token Implementation Plan. Each CDCVM supported or proposed to be supported on a Mobile Payment Device in connection with the use of a Digital Wallet must be certified by the Corporation prior to use by Cardholders. The Corporation reserves the right to deem a Wallet Token Requestor that offers or makes available for use to Cardholders any non-Corporation-certified CDCVM fully liable for Issuer fraud losses that may result from the use of any such non-Corporation-certified CDCVM.

3.16.1 Wallet Token Requestor Requirements

A Wallet Token Requestor must comply with all of the following requirements:

1. Unless the Wallet Token Requestor is an Issuer, contact the Corporation via e-mail at sdp@mastercard.com to validate its compliance with the *Payment Card Industry Data Security Standard* by certifying the successful completion of an annual onsite assessment by a Payment Card Industry (PCI) Security Standards Council (SSC) approved Qualified Security Assessor (QSA) and quarterly network scans conducted by a PCI SSC Approved Scanning Vendor (ASV), as set forth in section 10.3.2 of the *Security Rules and Procedures* manual.
2. Before participation begins and on an ongoing basis thereafter, perform testing and obtain any necessary certifications of its equipment, procedures, and systems as the Corporation may require to ensure compatibility with its technical specifications then in effect, and ensure its capability to transmit all required Mastercard Token authorization request message data.
3. Register to use the Mastercard Open API at the following site: <https://developer.mastercard.com/portal/display/api/API/registration/process>.
4. Establish a Token Implementation Plan that is acceptable to the Corporation and complies with the Mastercard Digital Enablement Service Specifications.
5. For each Mastercard Token implementation, use ID&V Parameters that are equivalent to those set forth in the Token Implementation Plan, regardless of whether the Mastercard Digital Enablement Service will Digitize the Accounts or the Mastercard Token Vault will perform PAN mapping and cryptography validation of the Mastercard Tokens.
6. Support the display of a Digital Card Image and any terms and conditions supplied by the Token Issuer on the Mobile Payment Device. Mastercard and Maestro branding on a Mobile Payment Device must be approved by the Corporation prior to implementation, as described in the "Contactless Branding in Mobile Applications" section of the *Mastercard Contactless Branding Standards* document.

The Corporation reserves the right to approve, refuse to approve, require the modification of, or withdraw the approval of a Token Implementation Plan, and to suspend, either temporarily or permanently, a Wallet Token Requestor's Mastercard Digital Enablement Service participation. A Customer may submit a written request that the Corporation's Chief Franchise Integrity Officer review such action, provided the request is postmarked within 30 days of the date on which notice of the action was received, and is signed by the Customer's principal contact. Any decision by the Chief Franchise Integrity Officer is final and not subject to further review or other action.

Device Binding

Each Wallet Token Requestor that proposes to conduct Device Binding for Mastercard Tokens must:

1. Be certified by the Corporation under the Global Vendor Certification Program as compliant with all applicable physical and logical security requirements for data preparation and mobile provisioning, as described in section 2.4 of the *Security Rules and Procedures*;

2. Ensure all transmissions to and from the Token Requestor are secured through a mutually authenticated SSL (Secure Sockets Layer, client and server authentication); and
3. Store encryption keys in a secure key management center, and use two-level or three-level key encryption hierarchy for encryption key management.

3.16.2 Wallet Token Requestor Obligations

A Wallet Token Requestor must not:

1. Disparage the Corporation or any of the Corporation's products, programs, services, networks, or systems;
2. Inhibit or prevent:
 - a. A Mastercard or Maestro Account provisioned onto an NFC-enabled Mobile Payment Device from being used to make payments at a contactless-enabled POS Terminal deployed at a Merchant; or
 - b. A Mastercard or Maestro Account provisioned onto a Mobile Payment Device from being used to make "in-application" purchases at a Merchant capable of processing Digital Secure Remote Payment Transactions;
3. Obscure or misuse any Mastercard or Maestro Mark, Issuer's logo, or Digital Card Image;
4. Present Mastercard or Maestro as a payment option in terms that are less favorable than those offered with respect to other payment options; or
5. Provide incentives with the intent of encouraging consumers to cease using a Mastercard or Maestro Account as the default payment option in its Digital Wallet, including but not limited to offering a direct or indirect reward or benefit to doing so.

Notwithstanding the foregoing, and for the avoidance of doubt, a Merchant located in the United States Region or a U.S. Territory may take any action set forth in Rule 5.9.1, "Discrimination," in the "Additional U.S. Region and U.S. Territory Rules" chapter.

Chapter 10 Asia/Pacific Region

This chapter contains Rules pertaining to Activity conducted in the Asia/Pacific Region.

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Applicability of Rules

The Rules in this Asia/Pacific Region chapter are variances and additions to the “global” Rules that apply in the Asia/Pacific Region or in a particular Region country or countries.

Rule 5.1.2, “Required Merchant Terms,” Rule 5.10.1, “Honor All Cards,” and Rule 5.10.2, “Merchant Acceptance of Mastercard Cards” in this Asia/Pacific Region chapter, as they apply in New Zealand, apply to Debit Mastercard Cards and Other Mastercard Cards (and not to Cirrus-only Cards or Maestro-only Cards) issued in New Zealand by New Zealand Customers and presented for payment at Merchant locations in New Zealand. Customers and Merchants in New Zealand must continue to comply with the global rules for Cards issued by Customers outside of New Zealand and presented for payment at Merchant locations in New Zealand.

Refer to Appendix A for the Asia/Pacific Region geographic listing.

Definitions

Solely within New Zealand, the following terms have the meanings set forth below:

Debit, Debit Mastercard Card, Debit Card

Any Mastercard Card or Program issued in New Zealand by a New Zealand Customer that when presented for payment in New Zealand, accesses, debits, holds, or settles funds from a consumer’s demand deposit or asset account. “Debit” or “Debit Mastercard Card” shall include consumer signature debit programs, stored value programs, prepaid cards, payroll cards, electronic benefit transfer cards, and deferred debit cards that access, debit, hold, or settle funds from the user’s demand deposit or asset account less than fourteen days after the date of purchase. “Debit” shall not include any Card or Program that accesses, debits, hold, or settles funds from the user’s demand deposit or asset account 14 or more days after the date of the purchase.

Other Mastercard Card

Any Mastercard Card or Program issued in New Zealand by a New Zealand Customer that is not defined as “debit” or “Debit Mastercard Card.”

1.7 Area of Use of the License

1.7.1 Extending the Area of Use

With respect to India, the Rule on this subject is modified as follows.

A License and written authorization from the Reserve Bank of India is required in order to conduct Activity in India.

1.10 Participation in Competing Networks

In the Asia/Pacific Region, the Rule on this subject is modified as follows.

With the exception of Issuers in American Samoa, Guam, and Northern Mariana Islands, a Maestro Customer must not issue debit cards in any Competing PIN POS Network. A Maestro Customer, including a Customer in American Samoa, Guam, and Northern Mariana Islands, must not issue debit cards in any Competing International ATM Network.

3.1 Obligation to Issue Mastercard Cards

The Rule on this subject does not apply in New Zealand.

3.13 Data Protection

In the Asia/Pacific Region and solely for purposes of Rule 3.13, the following terms have the meanings set forth below.

Applicable Data Protection Law

The applicable laws, rules, regulations, directives and governmental requirements in a country in the Asia/Pacific Region relating in any way to the privacy, protection and security of Personal Data, as amended from time to time.

Data Subject

A Cardholder or Merchant or other natural person whose Personal Data is collected, used or disclosed by the Corporation or a Customer in a country in the Asia/Pacific Region.

Organization

Any individual, company, association or body of persons, corporate or unincorporated, whether or not formed or recognised under the applicable law of a country in the Asia/Pacific Region, or resident, or having an office or a place of business, in a country in the Asia/Pacific Region.

Personal Data

Any information or opinion, whether true or not, about an identified individual or an individual who can be identified or is reasonably identifiable from that information or opinion.

Processing of Personal Data

The carrying out of any operation or set of operations in relation to Personal Data, including recording, holding, organization, adaptation or alteration, retrieval, combination, transmission and erasure or destruction.

Transaction-related Personal Data

Personal Data required for authorizing, recording, settling and clearing a Transaction processed by the Corporation.

3.13.1 Processing of Transaction-Related Personal Data

A Customer who collects, uses or discloses Transaction-related Personal Data in a country in the Asia/Pacific Region must comply with the Applicable Data Protection Law in that country.

A Customer is the Organization responsible for complying with the Applicable Data Protection Law in respect of the collection, use and disclosure of Personal Data, including the transfer of Personal Data outside the applicable country in the Asia/Pacific Region (including to the United States of America), for the purposes of authorizing, recording, clearing and settling transactions, and the Corporation acts as an entity that processes Personal Data on behalf of the Customer for these purposes.

The Corporation will only undertake Processing of Personal Data in accordance with the Customer's instructions and the Standards and will comply with security obligations equivalent to those imposed on the Customers under the Applicable Data Protection Law, and such other obligations as applicable to the Corporation under the Applicable Data Protection Law.

3.13.2 Data Subject Notice and Consent

A Customer in a country in the Asia/Pacific Region must ensure that Data Subjects are properly informed and, if necessary, have given proper consent in accordance with the Applicable Data Protection Law that Personal Data relating to them may be collected, used or disclosed by the applicable Customer and the Corporation as set forth for the purposes provided for in Rule 3.10.

3.13.3 Data Subject Access to Personal Data

In accordance with the Applicable Data Protection Law, a Customer in a country in the Asia/Pacific Region must develop and implement appropriate procedures for handling requests by Data Subjects for access to and/or correction of Personal Data maintained by the applicable Customer or the Corporation. The Corporation will cooperate with a Customer in responding to such requests and will provide access to Personal Data maintained by the Corporation where appropriate.

If an access request is made directly to the Corporation, a Customer must cooperate with the Corporation in promptly responding to the request.

3.13.4 Integrity of Personal Data

Each Customer in a country in the Asia/Pacific Region must take reasonable steps to ensure that Personal Data the Customer provides to the Corporation is accurate, complete and current.

4.9 Use of Marks on Mastercard Cards

In Australia, the Rule on this subject is modified as follows.

The EFTPOS acceptance mark may appear only on the back of Mastercard Cards issued in Australia that provide access to a deposit account at the time of issuance.

When appearing on the back of a Mastercard Card, the EFTPOS acceptance mark is limited to acceptance solely within Australia. See the *Card Design Standards* for information regarding the placement of the EFTPOS acceptance mark on a Mastercard Card.

5.1 The Merchant and ATM Owner Agreements

5.1.2 Required Merchant Agreement Terms

In New Zealand, the Rule on this subject is modified as follows.

A Merchant Agreement for Mastercard Card acceptance must provide the Merchant with the options, and the applicable Merchant discount rate for each option, to elect to accept Debit Mastercard Cards only, Other Mastercard Cards only, or both Debit Mastercard Cards and Other Mastercard Cards. A Merchant may choose to stop accepting Debit Mastercard Cards or Other Mastercard Cards by providing no less than 30 days advance written notice to its Acquirer.

5.10 Merchant Obligations for Acceptance

5.10.1 Honor All Cards

In New Zealand, the Rule on this subject as it applies to Mastercard acceptance is replaced with the following:

1. **Honor All Debit Mastercard Cards.** Subject to Rule 5.9.1, "Discrimination," in this Asia/Pacific Region chapter, a Merchant that chooses to accept Debit Mastercard Cards must honor all valid Debit Mastercard Cards without discrimination when properly presented for payment. Merchants must maintain a policy that does not discriminate among customers seeking to make purchases with a Debit Mastercard Card.
2. **Honor All Other Mastercard Cards.** Subject to Rule 5.9.1, "Discrimination," in this Asia/Pacific Region chapter, a Merchant that chooses to accept Other Mastercard Cards must honor all Other Mastercard Cards without discrimination when properly presented for payment.

A Merchant must maintain a policy that does not discriminate among customers seeking to make purchases with Other Mastercard Cards.

5.10.2 Merchant Acceptance of Mastercard Cards

In New Zealand, a Merchant that accepts Mastercard Cards may choose to accept Debit Mastercard Cards only, Other Mastercard Cards only, or both Debit Mastercard Cards and Other Mastercard Cards.

An Acquirer must advise the Corporation when a New Zealand Merchant chooses not to accept either Debit Mastercard Cards or Other Mastercard Cards. An Acquirer must provide a complete list of the BINs that apply to Debit Mastercard Cards to its Merchants upon any form of reasonable request.

5.10.5 Discounts or Other Benefits at the Point of Interaction

In the Asia/Pacific Region, a discount or other benefit may be applied by a Merchant at the POI upon presentation of a particular Mastercard Card for payment. Promotion of any such discount or other benefit at the POI is permitted provided such promotion does not result in discrimination against other Mastercard Card Programs. The determination of whether any promotion discriminates against other Card Programs is at the sole discretion of the Corporation.

5.11 Prohibited Practices

5.11.1 Discrimination

In New Zealand, the Rule on this subject is modified as follows.

The Corporation will not consider steering at the point of sale by offering discounts, promotions, or financial incentives to encourage an alternate form of payment (including as between Cards and EFT POS cards, or cards from different schemes, or different types of Cards) of itself to constitute a breach of Rule 5.11.1 or any other Rule. Further, the Corporation will not consider Merchant surcharging pursuant to Rule 5.11.2 of the Additional U.S. Region and U.S. Territory Rules chapter to constitute a breach of Rule 5.11.1.

5.11.2 Charges to Cardholders

In Australia, the Rule on this subject is modified as follows, with respect to Mastercard POS Transactions. For all other Transactions, the global Rule applies.

The Rule on this subject does not apply to Australia. If a Merchant in Australia applies a surcharge for payment with a Mastercard Card, the amount or method of calculation of the surcharge must be clearly indicated to the Cardholder at the POI location and must bear a reasonable relationship to the Merchant's cost of accepting the Cards.

6.1 Card Issuance—General Requirements

In the Asia/Pacific Region, the Rule on this subject is modified as follows.

All newly issued or re-issued Cards with contact and/or contactless chip functionality must be EMV-compliant.

Transaction Alerts Service

An Issuer in the Asia/Pacific Region must comply with the Transaction alerts service requirements set forth in Rule 6.1 of Chapter 6 by 13 October 2017. The Issuer's offering of a Transaction alerts service is required for commercial Cards issued for use by a small or mid-sized business (as defined by the Corporation).

These requirements do not apply to an Issuer in Australia or New Zealand.

6.1.1 Mastercard Card Issuance

In New Zealand, the Rule on this subject is modified as follows.

A Customer must use specific and unique bank identification numbers (BINs) for Debit Mastercard Cards. Refer to Rule 3.18 for more information.

8.3 Interchange and Service Fees

In New Zealand, the Rule on this subject is modified as follows.

Intracountry Mastercard Transactions are excluded from the list of Transactions for which the Corporation may establish default interchange and service fees.

8.4 Establishment of Intracountry Interchange and Service Fees

Rule 8.4 of this Asia/Pacific Region chapter, as it applies to Intracountry Mastercard Transactions occurring within New Zealand is replaced in its entirety with the following:

The Corporation will establish and publish on its website containing content specific to New Zealand and in such other manner as the Corporation deems appropriate, maximum interchange fees for all Intracountry Transactions (herein, the "Mastercard maximum interchange fee"). Each Issuer and Acquirer may negotiate bilateral interchange fees (subject to any Mastercard maximum interchange fee) and each Issuer may determine interchange fees applicable to its Intracountry Transactions (subject to any bilateral agreements and subject to any Mastercard maximum interchange fee). An Issuer must ensure that with respect to each of its Intracountry Transactions, neither a negotiated bilateral interchange fee nor an interchange fee set by the Issuer results in an interchange amount with respect to that Intracountry Transaction that exceeds the interchange amount payable pursuant to the maximum interchange fee set by the Corporation.

An Issuer must promptly notify the Corporation of the interchange fees applicable to its Intracountry Transactions. Such fees must not exceed the maximum interchange fee set by the Corporation. If an Issuer does not provide the Corporation with an interchange fee that applies to each of its Intracountry Transactions, then the Corporation will process the Transaction on the basis of a zero interchange fee.

Each Issuer must publish the intracountry interchange fees notified to the Corporation on its website except for those interchange fees which are subject to a bilateral agreement. The Corporation either will publish on its website containing content specific to New Zealand the Issuer's intracountry interchange fees (except for those interchange fees which are subject to a bilateral agreement) or will provide a link from its website to the relevant page of the Issuer's website.

8.4.1 Intraregional Fees

In New Zealand, the Rule on this subject is modified to exclude intraregional or interregional fees from applying by default to Intracountry Transactions. For the avoidance of doubt, the global Rule applies to Intracountry Mastercard Manual Cash Disbursement Transactions.

8.4.2 Bilateral Agreement

In the Asia/Pacific Region, the Rule on this subject is modified as follows.

All interchange fees applicable to Intracountry Transactions contained in a bilateral agreement must not exceed the maximum interchange fee set by the Corporation (the "Mastercard maximum interchange fee").

Chapter 11 Canada Region

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Applicability of Rules

The Rules in this Canada Region chapter are variances and additions to the “global” Rules that apply in the Canada Region.

Customers and Merchants must continue to comply with the global Rules with respect to Cards issued by Customers outside of the Canada Region and presented for payment at Merchant locations in the Canada Region, unless otherwise agreed by the Corporation.

Refer to Appendix A for the Canada Region geographic listing.

See *Guidelines for Code of Conduct for the Credit and Debit Card Industry in Canada* for Rules regarding the Corporation’s adoption of Department of Finance Canada requirements associated with accepting credit and debit card payments in Canada.

Refer to Appendix A for the Canada Region geographic listing.

5.3 Acquirer Obligations to Merchants

5.3.4 Merchant Deposit Account

The Acquirer of a Canada Region Merchant must have a deposit account for the Merchant and must deposit the proceeds of Mastercard POS Transactions submitted by the Merchant into the Merchant’s deposit account.

5.10 Merchant Obligations for Acceptance

5.10.5 Discounts or Other Benefits at the Point of Interaction

The use of a Mastercard Card issued pursuant to an Affinity or Co-Brand Card Program to activate a discount or other benefit at the POI that is not available on similar purchases with the use of any other Mastercard Card is permitted for Intraregional Transactions effected in the Canada Region. The determination of whether any such discount or other POI benefit practice complies with the Standards is at the sole discretion of the Corporation.

5.11 Prohibited Practices

5.11.2 Charges to Cardholders

In the Canada Region, the Rule on this subject is modified as follows.

In addition to a discount for cash, a Merchant may provide a discount to its customers for other forms of payment, including differential discounts for other payment brands. Such discounts must be clearly communicated at the Point of Interaction.

6.1 Card Issuance—General Requirements

Transaction Alerts Service

An Issuer in the Canada Region must comply with the Transaction alerts service requirements set forth in Rule 6.1 of Chapter 6 by 12 October 2018.

6.1.1 Mastercard Card Issuance

In the Canada Region, the Rule on this subject is modified as follows.

1. An Issuer must ensure that each contactless-enabled Mastercard Card and Access Device newly issued or re-issued on or after 18 October 2013 is personalized with the appropriate device type value.
2. An Issuer must properly personalize the chip of all Debit Mastercard Cards and prepaid Mastercard Cards newly issued or re-issued on or after 17 October 2014 to support the purchase with cash back Transaction.

6.1.2 Maestro Card Issuance

In the Canada Region, the Rule on this subject is modified as follows.

When an Issuer issues a Maestro Card that contains the Maestro Brand Mark and any other POS debit mark, the Issuer must not prioritize Maestro on the Financial Institution Table (FIT).

7.2 The Program and Performance of Program Service

In the Canada Region, the Rule on this subject is modified as follows.

A Canada Region Customer that performs services to effect the payment of an outstanding balance on a Mastercard Account issued by another Canada Region Customer for or on behalf of such Customer's Cardholder is deemed not to be a Service Provider of such Customer.

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Applicability of Rules

The Rules in this Europe Region chapter are variances and additions to the “global” Rules that apply in the Europe Region or in a particular country or countries.

Rules 5.10.1, 5.10.2, and 6.1.1 apply to:

1. Debit Mastercard Cards issued in a Debit Mastercard Country and presented for payment in the Europe Region;
2. Debit Mastercard POS Transactions that take place in the Europe Region; and
3. Merchants and Acquirers of those Transactions.

The rules set forth in chapters 2 through 7 of the *UK Domestic Rules* manual also apply to Transactions effected with a Debit Mastercard Card that take place wholly within the United Kingdom.

Customers and Merchants that accept Debit Mastercard Cards must continue to comply with the global Rules with respect to all Mastercard Cards issued by Customers outside of the Europe Region and presented for payment at Merchant locations in the Europe Region, unless otherwise agreed by the Corporation.

Refer to Appendix A for the Europe Region, Non-Single European Payments Area (Non-SEPA) and Single European Payments Area (SEPA) geographic listings.

Definitions

Solely within the Europe Region, the following terms have the meanings set forth below:

Commercial Card

In the EU and Norway, this term has the meaning set out in EU Regulation 2015/751.

In Iceland and Liechtenstein, a Card issued to an undertaking or public sector entity or one of its employees and that is intended for use in connection with business expenses made by that undertaking or public sector entity or by its employee, or a Card issued to a self-employed natural person engaged in a business activity and that is intended for use for business expenses. Mastercard Cards and Maestro Cards fitting the above definition that are in issuance in Iceland, Liechtenstein, and Norway must be identifiable as Commercial Cards.

Consumer Card

In Iceland and Liechtenstein, a Card issued to a natural person that is not used primarily for business expenses.

Credit Card, Credit Card Transaction

In the EU and Norway, these terms have the meaning set out in EU Regulation 2015/751.

In Iceland and Liechtenstein, a Consumer Card that allows the Cardholder to make purchases with a certain credit amount, which can be settled in full by the end of a specified period (which typically is interest-free) or can be settled in part, with the remaining balance being taken as credit and charged with interest. A Credit Card may be linked to a current account at a deposit-taking institution or to an account that has been set up specifically for the use of the Credit Card. Credit Cards include charge (or delayed debit) Cards. A charge (or delayed debit) Card is a Card that allows the Cardholder to make purchases but does not offer credit, the amount of the debit having to be settled in full only after a specified period (which typically is interest-free). A charge (or delayed debit) Card may be linked to a current account at a deposit-taking institution or to an account that has been set up specifically for the use of then charge (or delayed debit) Card.

Debit Card, Debit Card Transaction

In the EU and Norway, these terms have the meaning set out in EU Regulation 2015/751.

In Iceland and Liechtenstein, a Consumer Card that allows a Cardholder to charge purchases directly to a current account at a deposit-taking institution. The Debit Card serves as a device to access funds stored in a current account. A Debit Card Transaction is always directly charged to a current account, i.e., no later than two business days after the clearing of the Transaction, whereas a Credit (or charge or delayed debit) Card Transaction may be settled by the end of a specified period or charged to a current account more than two business days after the clearing of that Transaction. Mastercard Cards and Maestro Cards fitting the above definition must be identifiable as Debit Cards.

Debit Mastercard Card

If issued in the EEA, a Mastercard-branded Debit Card or Commercial Card, as “Debit Card” and “Commercial Card” are defined in this section. In all Europe Region countries, a Mastercard Card offering credit facilities for which the Cardholder has to enter into a written credit agreement with the Card issuing institution that would qualify as consumer credit under the applicable legislation governing consumer credit is not covered by this definition of Debit Mastercard Card. Overdraft facilities may be provided on an Account to which a Debit Mastercard Card is linked.

Debit Mastercard Country

A country designated by the Corporation, in its sole discretion, as a participant in the Intracountry Debit Mastercard Program. The following countries are Debit Mastercard Countries: Albania, Austria, Azerbaijan, Bosnia, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, Georgia, Germany, Greece, Hungary, Iceland, Ireland, Israel, Italy, Kazakhstan, Kosovo, Latvia, Lithuania, Macedonia, Malta, Moldova, Montenegro, Norway, Poland, San Marino, Serbia, Slovakia, Slovenia, Sweden, Tajikistan, Turkey, Ukraine, and United Kingdom.

European Economic Area (EEA)

The following countries, islands, and territories: Austria, Belgium, Bulgaria, Croatia, Czech Republic, Cyprus, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Netherlands, Norway, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom, Canary Islands, Ceuta, Melilla, Azores, Madeira, Aland Islands, Jan Mayen, Gibraltar, French Guiana, Guadeloupe, Martinique, Réunion, Saint Martin (French Part), and Mayotte.

For the sake of clarity, the EEA does not include: Andorra, Monaco, San Marino, Switzerland, Vatican City, Antarctica, Greenland, Faroe Islands, Akrotiri and Dhekelia, Saint Pierre and Miquelon, Saint Barthélemy, Saint Martin (Dutch Part), Svalbard, Falkland Islands, Channel Islands, Isle of Man, Pitcairn, Henderson, Ducie and Oeno Islands, Saint Helena, Ascension and Tristan da Cunha, South Georgia, and the South Sandwich Islands.

European Union (EU)

The following countries, islands and territories: Austria, Belgium, Bulgaria, Croatia, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, United Kingdom, Canary Islands, Ceuta, Melilla, Madeira, Azores, Aland Islands, Gibraltar, Mayotte, Martinique, Guadeloupe, French Guiana, Réunion, and Saint-Martin (French Part).

Inter-European Transaction

A Transaction completed using a Card issued in a country or territory listed in Single European Payments Area (SEPA) at a Terminal located in a country or territory listed in Non-Single European Payments Area (Non-SEPA) or Transaction completed using a Card issued in a country or territory listed in Non-Single European Payments Area (Non-SEPA) at a Terminal located in a country or territory listed in Single European Payments Area (SEPA).

Interregional Transaction

In the Europe Region, the term Interregional Transaction includes Inter-European Transactions.

Intra-EEA Transaction

A Transaction that is not an Intracountry Transaction and that is completed using a Card issued in a country or territory that is part of the EEA at a Terminal located in a country or territory that is part of the EEA and that is acquired by an Acquirer pursuant to a License for a country or territory that is part of the EEA.

Intra-European Transaction

An Intra-Non-SEPA Transaction or an Intra-SEPA Transaction, but not an Inter-European Transaction.

Intra–Non–SEPA Transaction

A Transaction completed using a Card issued in a country or territory listed in Non–Single European Payments Area (Non–SEPA) at a Terminal located in a country or territory listed in Non–Single European Payments Area (Non–SEPA).

Intraregional Transaction

This term is replaced by “Intra–European Transaction” in the Europe Region.

Intra–SEPA Transaction

A Transaction completed using a Card issued in a country or territory listed in Single European Payments Area (SEPA) at a Terminal located in a country or territory listed in Single European Payments Area (SEPA).

Prepaid Card

In the EU and Norway, this term has the meaning set out in EU Regulation 2015/751.

SEPA Cards Framework (SCF)

The SEPA Cards Framework as published by the European Payments Council, as it may be amended from time to time.

UK SFD Regulations

The UK Financial Markets and Insolvency (Settlement Finality) Regulations 1999.

1.6 The License

A License will cover both issuing and acquiring, unless the applicant or Customer wishes to receive a License for issuing only or acquiring only.

1.6.1 SEPA Licensing Program

An applicant or a Customer with a License for a SEPA country may participate in the SEPA licensing program.

A Customer may participate in the SEPA licensing program as a Principal, Association, or Affiliate. A Principal or Association participating in the SEPA licensing program may Sponsor Affiliates in one or more SEPA countries. An Affiliate may be sponsored by different Sponsors in different countries.

The Customer must undergo additional reviews (for example, risk management and AML compliance) before each additional License is approved. The Customer must meet any applicable legal or regulatory requirements in each country in which it intends to undertake Activities.

Each Sponsoring Customer is assigned a separate ICA for each SEPA country in which it is active, must use that ICA only for its Activity in that country, and must not undertake Activity in that country before the relevant ICA has been implemented.

The Sponsoring Customer is assigned a separate BIN or BIN range for each SEPA country in which it is active, must use that BIN or BIN range only for its Activity in that country, and must not undertake Activity in the country before the relevant BIN or BIN range has been implemented. Different ranges within a BIN may be linked to ICAs assigned for different SEPA countries.

With regard to Intracountry Transactions, a Customer participating in the SEPA licensing program must comply with the applicable intracountry rules and fees.

1.7 Area of Use of the License

In the Europe Region, the Rule on this subject is modified as follows.

In the EEA, the License covers the entire EEA as the Area of Use.

A separate ICA is required for ATM acquiring in each EEA country. A single ICA may be used for Merchant acquiring in one or more EEA countries. A separate ICA and BIN or BIN range is required for issuance in each EEA country.

Different ranges within a BIN assigned to an Issuer may be linked to ICAs assigned to that same Issuer for different countries. A Customer is not required to have a physical establishment in the Area of Use.

1.7.2 Extension of Area of Use Exceptions

A Customer with a License for the EEA is not required to apply for an extension of Area of Use in order to undertake Activity in an additional country within the EEA.

Paragraph 6, part (a) of the Rule on this subject is modified with respect to Merchants located and acquired in the Europe Region as follows.

The ICA number under which e-commerce Transactions are acquired must reflect either the country in which the Merchant is located or another country in the Europe Region.

1.7.3 Central Acquiring

In the Europe Region, Rule 1.7.3 replaces Rule 1.7.2, paragraphs 5 and 6.

A Customer that complies with this Rule 1.7.3, may acquire Transactions from a Europe Region Merchant located outside of its Area of Use, with the exception of Merchants located in the Russian Federation, where central acquiring is not permitted.

1.7.3.1 Central Acquiring Registration

A Customer must have completed the central acquiring registration process before it centrally acquires. The central acquiring registration letter specifies the countries in which a Customer may centrally acquire intra-European and inter-European Transactions from a Merchant.

In order to be registered for central acquiring, the Customer must meet the central Acquirer criteria set forth in Rule 1.7.3.2.

1.7.3.2 Central Acquirer Service Requirements

The Customer must authorize, clear and settle centrally acquired Transactions in a manner that does not disadvantage the Cardholder, the Merchant, or the Issuer involved in the Transaction in comparison with non-centrally acquired Transactions.

1.7.3.3 Intracountry Rules

A central Acquirer must comply with the intracountry rules of each country in which Transactions are centrally acquired.

1.7.3.4 Centrally Acquired Merchants

An Acquirer may centrally acquire Transactions from **any Merchant** located in any one of the following **Western or Central European Areas of Use**: EEA, Andorra, Channel Islands, Isle of Man, Monaco, San Marino, Switzerland, Turkey, Vatican City.

In **all other Europe Region countries**, excluding the Russian Federation, an Acquirer may only centrally acquire Transactions of a Merchant that operates in more than two Europe Region countries. However, an Acquirer may centrally acquire e-commerce Transactions from an e-commerce Merchant operating in only one Europe Region country pursuant to its central acquiring authorization.

1.7.3.5 Registration Procedure

To register to centrally acquire Merchants located in the **Western and Central European Areas of Use** listed in Rule 1.7.3.4, the Customer must submit to the Corporation a single application form covering all such Western and Central European Areas of Use. The central acquiring registration letter will cover all such Western and Central European Areas of Use.

To register to centrally acquire Merchants located in other countries, the Customer must submit to the Corporation an application form for each Merchant and country where the Customer wishes to centrally acquire Transactions.

1.7.3.6 Extension of Registration

In the **Western and Central European Areas of Use** listed in Rule 1.7.3.4, a central Acquirer is not required to comply with any formal procedures in order to extend its central acquiring Activities in Western and Central Europe.

In **all other Europe Region countries**, excluding the Russian Federation, a Customer that wishes to extend its central acquiring Activities to a new Merchant or country must follow the registration procedure set forth in Rule 1.7.3.5 above.

1.7.3.7 Interchange Fee Requirements

If a central Acquirer acquires an Intracountry Transaction, the following principles apply to the interchange fee:

1. The central Acquirer may agree upon bilateral interchange fees with the Issuer; and
2. Unless a bilateral agreement applicable to an Intracountry Transaction has been established between two Customers, then the interchange fees applicable to an Intracountry Transaction as set forth in the *Interchange Manual—Europe Region*, will apply.

If a central Acquirer acquires a Non-Intracountry Transaction, the following principles apply to the interchange fee:

1. The central Acquirer may agree upon bilateral interchange fees with the Issuer; and
2. Unless a bilateral agreement applicable to a Non-Intracountry Transaction has been established between two Customers, the interchange fees applicable to a Non-Intracountry Transaction as set forth in the *Interchange Manual - Europe Region*, will apply.

1.7.3.8 Settlement of Disputes

Any disputes relating to central acquiring will be resolved by the Corporation in accordance with the Standards.

1.7.3.9 Customer Noncompliance

The following are examples of violations of the central acquiring rules for which noncompliance assessments may be applied:

1. Engaging in central acquiring without first registering,
2. Engaging in central acquiring in non-notified countries or of non-notified Merchants (not applicable for Western and Central European countries).
3. Failure to comply with intracountry rules (including application of incorrect interchange fees) resulting in financial loss to another party.
4. Incorrect data in Transaction messages (including incorrect country code) resulting in financial loss to another party.

1.13 Termination of License

1.13.2 Termination by the Corporation

Paragraph 4 of the Rule on this subject does not apply in the Europe Region.

2.1 Standards

2.1.8 Rules Applicable to Intracountry Transactions

The Corporation may establish Rules for Intracountry Transactions. The Corporation will inform Customers of all Rules it establishes.

NOTE: This Rule 2.1.8 does not apply to the establishment of intracountry interchange and service fees. Refer to Rule 8.4, “Establishment of Intracountry Interchange and Service Fees” for more information.

2.1.8.1 Order of Precedence

For any Intracountry Transaction in a SEPA country, the intracountry Rules established by the Corporation apply, or if none, the Rules applicable to Intra-SEPA Transactions apply, or if none, the Rules applicable to Inter-European Transactions apply, or if none, the interregional Rules apply.

For any Intracountry Transaction in a Non-SEPA country, the intracountry Rules established by the Corporation apply, or if none, the Rules applicable to Intra-Non-SEPA Transactions apply, or if none, the Rules applicable to Inter-European Transactions apply, or if none, the interregional Rules apply.

2.4 Choice of Laws

In the Europe Region, the Rule on this subject is replaced in its entirety by the following:

Licenses are governed by and construed according to the applicable law mentioned in the particular License, without reference to conflict-of-laws or similar provisions that would mandate or permit application of the substantive law of any other jurisdiction.

The courts mentioned in the particular License have exclusive jurisdiction for the resolution of any dispute relating to rights and obligations deriving from Licenses.

Licenses concluded after 1 January 2007 specify English law and courts.

The Standards are governed by and construed according to English law, without reference to conflict-of-laws or similar provisions that would mandate or permit the application of substantive law of any other jurisdiction. English courts have exclusive jurisdiction for the resolution of any dispute relating to the Standards between two Customers holding Licenses for countries in the Europe Region.

3.1 Obligation to Issue Mastercard Cards—EEA Only

The Rule on this subject does not apply in the EEA.

3.3 Transaction Requirements—SEPA Only

Paragraph 5 of the Rule on this subject does not apply to Cross-Border Transactions that are Intra-SEPA Transactions.

3.6 Non-discrimination—ATM and PIN-based In-Branch Terminal Transactions

In the Europe Region, the Rule on this subject is modified as follows.

An Acquirer must not discriminate against any Card, with regard to processing Transactions, including Cards issued by other Customers in the same country.

An Issuer must not discriminate against any ATM Terminal or PIN-based In-Branch Terminal with regard to processing and authorizing Transactions, including ATM Terminals and PIN-based In-Branch Terminals owned by other Customers within the same country.

3.13 Data Protection

In the Europe Region and solely for purposes of Rule 3.13, the following terms have the meanings set forth below:

Controller

The entity which alone or jointly with others determines the purposes and the means of the Processing of Personal Data.

Data Subject

A Cardholder or Merchant, or other natural or legal person (to the extent a legal person is subject to national data protection law) whose Personal Data are processed by the Corporation and a Customer in the EEA or Switzerland.

EU Privacy Directive

Collectively, Directive 95/46/EC of the European Parliament and the Council of 24 October 1995 concerning the protection of individuals with regard to the processing of Personal Data and the free movement of such data, and Directive 2002/58/EC of the European Parliament and the Council of 12 July 2002 concerning the processing of personal data and the

protection of privacy in the electronic communications sector, as may be amended from time to time.

Personal Data

Any information relating to an identified or identifiable natural person. An identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to an identification number or to one or more factors specific to his or her physical, physiological, mental, economic, cultural, or social identity.

Processor

The entity which processes Personal Data on behalf of a Controller.

Processing of Personal Data

Any operation or set of operations which is performed upon Personal Data, whether or not by automatic means, such as collection, recording, organization, storage, adaptation or alteration, retrieval, consultation, use, disclosure by transmission, dissemination or otherwise making available, alignment or combination, blocking, erasure or destruction of such data.

Sub-Processor

The entity engaged by the Processor or any further sub-contractor to Process Personal Data.

Transaction-related Personal Data

Personal Data required for authorizing, recording, settling and clearing a Transaction processed by the Corporation. This definition does not apply in relation to intra-EEA Transactions or Intracountry Transactions in the EEA.

3.13.1 Processing of Transaction-Related Personal Data

With regard to Transaction-related Personal Data, a Customer in the EEA or Switzerland must comply with the applicable national legislation implementing the EU Privacy Directive or any other applicable data protection law. A Customer is a Controller with regard to the Processing of Personal Data for the purposes of authorizing, recording, clearing and settling transactions, and the Corporation acts as a Processor for these purposes. This paragraph does not apply in relation to intra-EEA Transactions or Intracountry Transactions in the EEA.

To the extent it acts as Processor, the Corporation will only undertake Processing of Personal Data in accordance with the Standards and will comply with security obligations equivalent to those imposed on the Customers as Controllers by Article 17 of the EU Privacy Directive 95/46, as implemented by national legislation. The Corporation acting as Processor is authorized by the Customers, acting as Controllers, to enter into the 2010 Controller to Processor Standard Contractual Clauses with non-EEA or non-Switzerland-based Sub-Processors on behalf of Mastercard's Customers. This authorization is general and allows the Corporation to sub-contract part or all of its Processing activities as necessary for the

Corporation to provide its products and services in accordance with the EU Privacy Directive and the Swiss Data Protection Act.

3.13.2 Data Subject Notice and Consent

A Customer in the EEA or Switzerland must ensure that Data Subjects are properly informed and, if necessary, have given proper consent in accordance with applicable laws and regulations that Personal Data relating to them may be used, disclosed or otherwise processed by the applicable Customer and the Corporation as set forth for the purposes provided for in Rule 3.10.

In relation to intra-EEA Transactions or Intracountry Transactions in the EEA, the purposes for which Personal Data may be used, disclosed or otherwise processed by the Corporation do not include those set out in subparagraph 4 of Rule 3.10.

In accordance with applicable laws and regulations, a Customer in the EEA or Switzerland must ensure that Data Subjects are properly informed, at a minimum:

1. That Data Subjects have the right to (a) request access to and receive information about the Personal Data maintained by the applicable Customers, or the Corporation, (b) update and correct inaccuracies in the Personal Data, and (c) have the Personal Data blocked or deleted as appropriate;
2. That Data Subjects may withdraw any consent they previously provided to the applicable Customer or the Corporation or object at any time on legitimate grounds to the Processing of Personal Data;
3. About the choices and means that Data Subjects have for limiting the Processing of Personal Data by the Corporation;
4. That Personal Data may be processed outside the EEA or Switzerland; and
5. About the categories of recipients of Personal Data.

3.13.3 Data Subject Access to Personal Data

In accordance with applicable laws and regulations, a Customer in the EEA or Switzerland must develop and implement appropriate procedures for handling requests by Data Subjects for access to, correction and/or deletion of Personal Data maintained by the applicable Customer or the Corporation. The Corporation will cooperate with a Customer in responding to such requests and will provide access to Personal Data maintained by the Corporation where appropriate.

If an access request is made directly to the Corporation, a Customer must cooperate with the Corporation in promptly responding to the request.

3.13.4 Integrity of Personal Data

Each Customer in the EEA or Switzerland must take reasonable steps to ensure that Personal Data the Customer provides to the Corporation is accurate, complete and current.

3.17 Issuer Reporting Requirement—EU and Norway

With regard to Intra-EEA Transactions and Intracountry Transactions in EU countries and in Norway, each Customer must keep an account, on a calendar year basis, of the total amount of scheme-related fees that each has paid, directly or indirectly, to the Corporation as an Issuer, and of the total amount, if any, that each has received as an Issuer from the Corporation. If the amount received exceeds the amount paid, the Customer must contact its relationship manager prior to 1 April of the following year to resolve the net compensation event.

3.18 BINs

BINs assigned to the Corporation by ISO must be used only to issue Mastercard, Maestro or Cirrus Cards and to carry out Mastercard, Maestro or Cirrus Transactions, unless otherwise agreed in writing.

4.1 Right to Use the Marks

4.1.1 Protection and Registration of the Marks

In the Europe Region, the Rule on this subject is modified as follows.

Mastercard Europe SA is the exclusive owner of the Eurocard and eurocheque marks. A Customer must not, either by act or omission, do anything inconsistent with the exclusive ownership of the Eurocard or eurocheque marks, or do anything that may harm the Eurocard or eurocheque marks.

A Customer must take such measures as the Corporation or other owner of a Mark may require to assist in any actions by the Corporation or other owner to register, perfect, maintain, or protect the Corporation's or other owner's rights to the Mark. The Customer may be required by the Corporation or other owner to litigate in the Customer's own name, on behalf of the owner of the Mark, if the owner is legally prevented from litigating in its own name. All activities relating to such assistance will be decided upon and be under the control of the Corporation or the other owner of the Mark. The owner will pay the Customer's reasonable out-of-pocket expenses related to these activities.

4.8 Use of Marks on Maestro and Cirrus Cards

In the Europe Region, the Rule on this subject is modified as follows.

1. The Maestro Mark may co-reside on a Mastercard Card in the context of a Corporation-approved multi-Account Card Program.
2. A Customer must not use the trademark or trade name of a competing international payment scheme on Maestro Cards or Cirrus Cards, unless it has received written permission from the Corporation to do so. This Rule does not apply in the EU or Norway.
3. In the EEA, the Maestro Brand Mark may be placed on any type of card, including Credit Cards and Commercial Cards.
4. In the EU and Norway, the Maestro Mark may co-reside on a Card with other payment scheme marks. Each payment scheme is identified by its logo or mark displayed on Cards and at the POI and by its distinct AID in the chip of the Card. When another payment scheme co-resides on a Maestro Card, the Issuer must clearly inform the Cardholder how to use the Maestro Payment Application.

4.9 Use of Marks on Mastercard Cards

The Rule on this subject is modified as follows.

In the EU and Norway, the Marks may co-reside on Mastercard Cards with other payment scheme marks. Each payment scheme is identified by its logo or mark displayed on Cards and at the POI and by its distinct AID in the chip of the Card. When another payment scheme co-resides on a Mastercard Card, the Issuer must clearly inform the Cardholder how to use the Mastercard Payment Application.

5.1 The Merchant and ATM Owner Agreements

5.1.2 Required Merchant Agreement Terms

In the Europe Region, the Rule on this subject is modified as follows.

Each Merchant Agreement with a Merchant located in the EEA must contain a term requiring the Merchant to respond to Cardholder disputes and handle chargebacks in accordance with the *Chargeback Guide*.

5.3 Acquirer Obligations to Merchants

5.3.3 Provide Information

An Acquirer may provide a Merchant located in the EU or Norway with information enabling the Merchant to identify the category (commercial, debit, credit or prepaid) of each Card or Payment Application issued in the EU or Norway.

5.7 Transaction Message Data

In the EEA, the Rule on this subject is modified as follows.

A Customer must refer to the specifications manuals of the registered switch of its choice for technical requirements relating to Transaction data.

5.7.2 Card Acceptor Address Information

In the EEA, the Rule on this subject is modified as follows.

The address of a Terminal or website must be indicated in the field specified by the registered switch of the Customer's choice.

5.7.3 Submerchant Name Information

In the EEA, the Rule on this subject is modified as follows.

The name and location of a Merchant, Payment Facilitator and Sub-merchant, as appropriate, must be indicated in the field specified by the registered switch of the Customer's choice.

5.7.4 ATM Terminal Information

In the EEA, the Rule on this subject is modified as follows.

The ATM owner name, ATM location, and unique ATM Terminal identification must be indicated in the fields specified by the registered switch of the Customer's choice. Unique numbers identifying the Acquirer and any Service Provider must be assigned by the registered switch of the Customer's choice.

5.10 Merchant Obligations for Acceptance

5.10.1 Honor All Cards

In the Europe Region, the Rule on this subject is modified as follows.

EU Countries and Norway Only

The following Rules apply with respect to acceptance by Merchants in the EU or Norway of Cards issued in the EU or Norway.

1. A Merchant that accepts Mastercard Credit Cards must accept all Mastercard Credit Cards issued in the EU or Norway.
2. A Merchant that accepts Mastercard Debit Cards, including Debit Mastercard Cards, must accept all Mastercard Debit Cards issued in the EU or Norway.
3. A Merchant that accepts Mastercard Prepaid Cards must accept all Mastercard Prepaid Cards issued in the EU or Norway.
4. A Merchant that accepts Maestro Credit Cards must accept all Maestro Credit Cards issued in the EU or Norway.
5. A Merchant that accepts Maestro Debit Cards must accept all Maestro Debit Cards issued in the EU or Norway.
6. A Merchant that accepts Maestro Prepaid Cards must accept all Maestro Prepaid Cards issued in the EU or Norway.
7. A Merchant is not required to accept Maestro Cards as a condition of accepting Mastercard Cards, and vice versa.
8. A Merchant is not required to accept Commercial Cards issued in the EU or Norway.
9. A Merchant must not refuse to accept any Card on the basis of the identity of the Issuer or the Cardholder.

NOTE: Rule 5.10.1 in Chapter 5 applies with respect to acceptance by Merchants in the EU or Norway of Cards issued in countries and territories that are not part of the EU or Norway.

Debit Mastercard—Non-EU Countries Only, excluding Norway

The Rule on this subject, as it applies to Debit Mastercard Card acceptance in a country that is not part of the EU (excluding Norway), is modified as follows.

A Merchant in a Debit Mastercard Country that chooses to accept only Debit Mastercard Cards issued in the Europe Region must honor all valid Debit Mastercard Cards issued in the Europe Region without discrimination, when properly presented for payment.

5.10.2 Merchant Acceptance of Mastercard Cards

A Merchant that accepts Mastercard Cards must accept all types of Mastercard Cards (for example, Mastercard consumer Cards, Mastercard Corporate Card® Cards, World Mastercard® Cards, and Debit Mastercard Cards).

The above Rule does not apply with respect to acceptance by Merchants in the EU or Norway of Cards issued in the EU or Norway.

5.10.2.1 Acceptance in a Debit Mastercard Country

As an exception to Rule 5.10.2 above, a Merchant in a Debit Mastercard Country is permitted to choose to accept only Debit Mastercard Cards issued in the Europe Region or both Debit Mastercard Cards and other Mastercard Cards issued in the Europe Region. An Acquirer must inform existing and prospective merchants that they have this right.

A Merchant may choose to stop accepting other Mastercard Cards issued in the Europe Region by providing no less than 30 days advance written notice to its Acquirer. The Acquirer must identify to the Corporation any Merchant in a Debit Mastercard Country that chooses to

accept Debit Mastercard Cards but not other Mastercard Cards issued in the Europe Region, and inform the Corporation of the reason for the Merchant's decision. Merchants may request signage for the purpose of indicating their acceptance of Debit Mastercard Cards at www.mastercardweacceptdebit.com.

An Acquirer must provide a complete list of the BINs that apply to Debit Mastercard Cards to its Merchants upon any form of reasonable request.

5.10.5 Discounts or Other Benefits at the Point of Interaction

A discount or other benefit may be applied at a POI location in the Europe Region upon simple presentation of a particular Mastercard Card or Maestro Card for payment. The promotion at the POI of a discount or other benefit that may be accessed by any particular Card is prohibited. The preceding Rule on promotion does not apply in the EU or Norway.

5.11 Prohibited Practices

5.11.1 Discrimination

Discrimination—EU and Norway Only

In the EU and Norway, the Rule on this subject is modified as follows.

A Merchant must not be prevented from expressing a preference for the use of the Mastercard or Maestro Payment Application.

Neither a Customer nor a Digital Activity Customer, Merchant, Payment Facilitator or other Service Provider may, directly or indirectly, prevent the use of Mastercard, Maestro, or Cirrus as a brand for Intracountry Transactions in the EU or Norway, for Transactions between Norway and an EU country, or for Intra-EU Transactions.

Chip Environment

By way of example but not limitation, the following requirements apply in the **chip** environment:

1. A single certification must be valid for both intracountry and intra-EU use of a Mastercard, Maestro, or Cirrus Payment Application at the Terminal.
2. The prevalence of any particular chip-based payment application at the Terminal or Acquirer host system level must not be mandated.
3. If a Mastercard, Maestro, or Cirrus Payment Application is supported by both the Card and the Terminal, its use must not be blocked or impaired by technical or other means, such as software in the Terminal.
4. When supported, the Mastercard or Maestro Payment Application must be shown clearly. If the Merchant has pre-selected a payment application, the fact of pre-selection must be shown clearly on the Terminal, along with the means for the Cardholder to override the pre-selection, until the Cardholder has chosen to either accept or override the pre-selection.

The means to override the pre-selection must always be offered via the Terminal, which must face the Cardholder, and not only verbally by the Merchant. The difference between overriding the pre-selection and cancelling the Transaction must be shown clearly to the Cardholder via the Terminal, for example a “change application” key separate from the “cancel” key.

5. If a Mastercard, Maestro, or Cirrus Payment Application is supported by both the Card and the Terminal, the Cardholder must be given the opportunity to complete the Transaction with such Payment Application, unless the Terminal has no screen and/or PIN pad. In that case, the priority order defined in the Terminal, if any, may be used.
6. The payment application selected by the Cardholder on the Terminal must not be overridden by technical or other means, such as software in the Terminal. The Cardholder's chosen payment application must not be converted to a different payment application from that chosen by the Cardholder.

Electronic Commerce Environment

By way of example but not limitation, the following requirements apply for Transactions completed in an **electronic commerce** environment.

1. The Merchant must clearly display on its website each available acceptance brand individually, so that the Cardholder may select Mastercard or Maestro independently of any other brand that may co-reside with Mastercard or Maestro.
2. If the Merchant has pre-selected an acceptance brand, the means for the Cardholder to override the Merchant's pre-selection must be presented in a clear and non-discriminatory manner.
3. The Cardholder's chosen acceptance brand must be respected and must not be converted to a different acceptance brand from that chosen by the Cardholder.

Digital Environment

By way of example but not limitation, the following requirements apply for Transactions completed in a **digital** environment, such as in-app Transactions and Transactions completed through a digital wallet, including Masterpass™ by Mastercard®:

1. A Merchant, Digital Wallet Operator and Digital Activity Customer must allow the Cardholder to set a default payment application and to choose the payment application to be used for an individual purchase.
2. If a particular payment application is set as the default, the means to change the default must be presented clearly to the Cardholder. A user interface payment application selection method that is not already defined in the Corporation's specifications must be approved by the Corporation in writing before it is implemented.
3. The Cardholder's chosen payment application must be respected and must not be converted to a different payment application from that chosen by the Cardholder.

Discrimination—SEPA Only, Excluding EU Countries and Norway

In SEPA countries and territories that are neither Norway nor part of the EU, the Rule on this subject is modified as follows.

A Customer must not, directly or indirectly, prevent or discriminate against the use of Mastercard, Maestro, or Cirrus as a brand for Intracountry Transactions or Intra-SEPA Transactions. By way of example but not limitation:

1. A single certification must be valid for both intracountry and intra-SEPA use of a Mastercard, Maestro, or Cirrus Payment Application at the Terminal;
2. The prevalence of any particular chip-based payment application at the Terminal or Acquirer host system level must not be mandated or implemented;
3. If a Mastercard, Maestro, or Cirrus Payment Application is supported by both the Card and the Terminal, its use must not be blocked or impaired by technical or other means;
4. If a Mastercard, Maestro, or Cirrus Payment Application is supported by both the Card and the Terminal, the Cardholder must be given the opportunity to complete the Transaction with such Payment Application, in an EMV environment and in all other cases where the Terminal is technically capable of providing that choice to the Cardholder. In an EMV environment, if the Cardholder is not able to choose a payment application, the priority order defined by the Issuer in the chip must be respected.
5. Neither the Cardholder's chosen payment application nor the Issuer's priority order may be disregarded or overridden by technical or other means.

5.11.4 Scrip-dispensing Terminals

In the EEA, the Rule on this subject is modified as follows.

An Acquirer must not submit to the registered switch of its choice, any Transaction that arises from the acceptance of a Card at a scrip-dispensing POI Terminal.

5.11.5 Existing Cardholder Obligations

In the EEA, the Rule on this subject is modified as follows.

A Customer must not submit to the registered switch of its choice any Transaction that:

1. Represents the refinancing or transfer of an existing Mastercard Cardholder obligation that is deemed to be uncollectible; or
2. Arises from the dishonor of a Mastercard Cardholder's personal check.

6.1 Card Issuance—General Requirements

Region and Country Variations

In the Europe Region, the Rule on this subject is modified as follows.

1. All Cards issued within **SEPA** must support both magnetic stripe and EMV chip technology, with the exception that non-reloadable prepaid Cards are not required to support EMV chip technology.
2. All Cards issued in **Albania, Bosnia and Herzegovina, Kosovo, Macedonia, Moldova, Montenegro, or Serbia** must support both magnetic stripe and EMV chip technology. As an exception to the preceding Rule, non-reloadable prepaid Cards are not required to support EMV chip technology.

3. An Issuer in **Italy** must technically support and must not automatically decline Contactless Transactions on new and replacement Mastercard and Maestro Cards and Access Devices issued on or after 1 January 2017 and on all Mastercard and Maestro Cards and Access Devices in circulation on or after 1 January 2022, with the exception of non-reloadable prepaid Cards and Access Devices.
4. An Issuer in **Italy** must personalize the chip on new and replacement Mastercard and Maestro Cards and Access Devices issued on or after 1 January 2017 and on all Mastercard and Maestro Cards and Access Devices in circulation on or after 1 January 2022 (with the exception of non-reloadable prepaid Cards and Access Devices) to enable Contactless Transactions, including mandatory display of the EMVCo contactless indicator on the front of the Chip Card or Access Device.
5. The following requirements apply in **Albania, Austria, Bosnia, Bulgaria, Croatia, Czech Republic, Hungary, Israel, Macedonia, Montenegro, Poland, Romania, Serbia, Slovakia, and Slovenia**:
 - a. An Issuer must technically support ATM Transactions on its Contactless Cards and Access Devices. The Issuer must make individual authorization decisions and must not automatically decline ATM Transactions on its Contactless Cards and Access Devices.
 - b. An Issuer must properly personalize the chip on its Contactless Cards and Access Devices that provide ATM access to enable contactless ATM Transactions.

EU and Norway Variations

In the EU and Norway, the Rule on this subject is modified as follows.

If a Card or Access Device is issued under a BIN or BIN range that has been allocated to the Corporation for Mastercard or Maestro issuance, and is co-badged with another payment scheme, the Mastercard or Maestro features and functionality must not be inferior to those of the other payment scheme.

By way of example but not limitation, such features and functionality include contactless support, activation in a Digital Wallet, and Tokenization. If the PAN on a Card is shared by the Mastercard or Maestro brand and another payment scheme, and that PAN is loaded into a Digital Wallet, then the Mastercard or Maestro Payment Application must in every case be activated in the Digital Wallet.

A Chip Card newly issued under a BIN or BIN range that has been allocated to the Corporation for Mastercard or Maestro issuance must list the Mastercard or Maestro Payment Application associated with that BIN or BIN range with a level of priority not lower than any other chip application co-residing on the Card.

An Issuer is responsible for accurately identifying the category (commercial, credit, debit or prepaid) of each Mastercard and Maestro Card or Payment Application, in accordance with EU Regulation 2015/751.

Transaction Alerts Service

The Transaction Alerts Service requirements set forth in Rule 6.1 of Chapter 6 do not apply to an Issuer in the Europe Region.

6.1.1 Mastercard Card Issuance

In the Europe Region, the Rule on this subject is modified as follows.

An Issuer must use specific and unique bank identification numbers (BINs) for Debit Mastercard Cards. Refer to Rule 3.18 for more information.

6.1.2 Maestro Card Issuance

In the Europe Region, the Rule on this subject is modified as follows.

A Chip Card must support online PIN verification as the CVM for Maestro Contactless Transactions that exceed the applicable Contactless Transaction CVM limit amount if online PIN is on the Card's CVM list for Contact Chip Transactions.

In the EEA, the Issuer is not required to maintain the funds in the Maestro Account, but must maintain the information necessary to process Transactions initiated by the Cardholder.

6.1.2.1 Eligible Accounts—Maestro

In the Europe Region, the Rule on this subject is replaced with the following:

Except in the EEA, a Maestro Card must be linked to a sight deposit account or to a pooled account (linked to a Corporation-approved prepaid Card Program). A Maestro Card may also be linked to a Mastercard credit Account in the context of a Corporation-approved multi-Account Card Program, if the account accessed via the Marks fulfills the requirement in the preceding sentence.

In the EEA, Cards bearing the Marks may be linked to any type of account (for example, credit and debit).

6.1.4 Tokenization of Accounts

In the EU and Norway, the Rule on this subject is modified as follows.

If a Mastercard or Maestro Card or Access Device is co-badged with another payment scheme, and the other payment scheme is Tokenized, then the Mastercard or Maestro Card or Access Device must also be Tokenized.

6.2 Issuer Responsibilities to Cardholders

In the Europe Region, the Rule on this subject is replaced with the following.

An Issuer must provide the following information to each of its Cardholders:

1. Before the Card is used, the Issuer must inform the Cardholder that the Card may be used wherever the Marks are displayed, and:
 - a. The price of the Card;
 - b. Specific charges, if any, to be paid to the Issuer for services provided through the Card or auxiliary charges applicable to the account, including but not limited to any Account access fees, cash advance fees, ATM usage fees, late payment fees, and interest rates to be applied;

-
- c. The basis for calculation of the exchange rate;
 - d. Notice that exchange rates can fluctuate and that they may change between the time when the Transaction is made and the time when it is billed to the Cardholder's Account;
 - e. The Cardholder's liability, including the cost, if the Card is lost or stolen. This information must be stated clearly in the body of the product literature. The Cardholder must also be told what to do if the Card is lost or stolen;
 - f. The standard limit, if any, up to which the Cardholder can use the Card;
 - g. When the Transaction is likely to be billed to the Cardholder's Account; and
 - h. Information required to be provided by Rule 3.13.2 of this chapter.
2. At the time of billing the Transaction, as applicable, the following information must be provided to the Cardholder:
 - a. Transaction type (for example, ATM cash withdrawal, cash advance) and location (if technically feasible);
 - b. Amount in Transaction currency;
 - c. Amount in billing currency;
 - d. Exchange rate applied;
 - e. Total commission applied (if applicable);
 - f. Interest rate applied (if applicable).

6.4 Selective Authorization

In the Europe Region, the Rule on this subject is modified as follows.

An Issuer may geographically restrict Maestro Card usage for a particular Maestro Card Portfolio as a fraud prevention measure, subject to the following requirements:

1. The geographic area in which the Card may be used must be clearly identifiable, for example domestic-only or Europe-only. For Cards issued in SEPA countries, a domestic-only restriction is not permitted.
2. The Issuer must use an Account range for the issuance of geographically restricted Cards that is separate from any Account range used for the issuance of unrestricted Cards, unless otherwise agreed with the Corporation.
3. The geographic restriction must be clearly printed on the Card front, for example "Valid only in Europe".
4. The Card design of geographically restricted Cards must be approved separately by the Corporation.
5. The Issuer must inform the Cardholder clearly in writing of the geographic scope of the Card and of any change in scope.
6. The Issuer must communicate the option of receiving a Card with no geographic restriction to all of its Cardholders and provide such a Card to any Cardholder who requests one.

7. The Issuer must obtain the Corporation's prior written approval of all Cardholder Communications.

6.5 Special Issuer Programs—General Requirements

In the Europe Region, the Rule on this subject is modified as follows.

If a proposed A/CB Program will involve the addition of the Maestro and/or Cirrus Marks to cards carrying the logo of a domestic/local acceptance scheme in which the cards currently participate, the Corporation will approve the Program only if such scheme has already given its approval.

The Corporation reserves the right to require any Customer to submit all contracts with an A/CB Card Program Partner or any other documentation regarding an A/CB Card Program for purposes of determining compliance with the Standards.

6.10 Prepaid Card Programs

6.10.10 Simplified Due Diligence Guidelines

Refer to the *Guidelines for the European Prepaid Simplified Due Diligence Cardholder Identification Program* available on Mastercard Connect™ for additional information on simplified due diligence.

6.11 Maestro Chip-only Card Programs

In the Europe Region, an Issuer may issue "Maestro Chip-only Cards," defined herein as Maestro Chip Cards for which the presence of a magnetic stripe is optional, or if the Card has a magnetic stripe, the magnetic stripe does not have a Maestro Payment Application, subject to the following conditions:

1. The Corporation must approve, in writing and in advance of Program launch, any Maestro Chip-only Card Program.
2. The Corporation must approve separately each Card design to be used in connection with a Maestro Chip-only Card Program.
3. The Account range used for a Maestro Chip-only Card Program must be separate from any Account range used for the issuance of other Maestro Cards, unless otherwise agreed with the Corporation.
4. The PAN on Maestro Chip-only Cards must not be embossed.
5. The optional magnetic stripe must not contain a payment application for any other brand.
6. In a Card-present environment, the Issuer must authorize solely Chip Transactions on a Maestro Chip-only Card.

7. The geographic scope of acceptance of a Maestro Chip-only Card Program must be limited to the Europe Region. The geographic restriction must be clearly printed on the Card front, for example "Valid only in Europe."
8. The Issuer must inform the Cardholder clearly in writing of the limitations on acceptance of the Card.
9. The Issuer must communicate the option of receiving an unrestricted Maestro Card to all Maestro Chip-only Card Program Cardholders and provide such a Card to any Cardholder who requests one.
10. The Issuer must submit and obtain the Corporation's prior written approval of all Cardholder Communications.

7.1 Service Provider Categories

7.1.1 Independent Sales Organization

In the EEA, the Rule on this subject is modified as follows.

The ISO identification number must be provided in authorization and clearing messages in the field and with the value specified by the registered switch of the Customer's choice.

7.1.2 Third Party Processor

In the Europe Region, the Rule on this subject is modified to add the following.

Effective 1 January 2017, a TPP that performs switching services (authorization, clearing, settlement) must meet the minimum quality requirements established by the Corporation, as may be amended from time to time.

7.1.4 Digital Wallet Operator

7.1.4.2 Staged Digital Wallet Operator Requirements

In the Europe Region, the Rule on this subject is modified as follows.

3. If a Staged DWO or a retailer receiving payment by means of a Staged DWO payment account is located in a country for which the Acquirer has central acquiring authorization, the Acquirer is not required to also obtain a License or an extension of its Area of Use covering the same country. If a Staged DWO or a retailer receiving payment by means of a Staged DWO payment account is located in a country that is not one of the Western or Central European countries listed in Rule 1.7.3.4, the central acquiring authorization must specifically mention the Staged DWO and/or retailer receiving payment by means of a Staged DWO payment account.

In the EEA, the Rule on this subject is modified as follows.

1. The Wallet Identification Number must be provided in authorization and clearing messages in the field and with the value specified by the registered switch of the Customer's choice.
6. The Staged DWO name must be provided in the field specified by the registered switch of the Customer's choice.

7.6 Acquiring Programs

7.6.5 Payment Facilitators and Submerchants

7.6.5.1 Responsibility for Payment Facilitator and Submerchant Activity

In the Europe Region, the Rule on this subject is modified as follows.

If a Submerchant is located in a country for which the Acquirer has central acquiring authorization in accordance with Rule 1.7.3, the Acquirer is not required to also obtain a License or an extension of its Area of Use covering the same country. If a Submerchant is located in a country that is not one of the Western or Central European countries listed in Rule 1.7.3.4, the central acquiring authorization must specifically mention the Submerchant.

In the EEA, the Rule on this subject is modified as follows.

An Acquirer must populate the Payment Facilitator ID and Submerchant ID in authorization and clearing messages in the fields specified by the registered switch of the Customer's choice.

8.2 Net Settlement

In the EEA, the Rule on this subject is modified as follows.

A Customer must refer to the documentation of the registered switch of its choice for clearing and settlement information.

8.2.1 Currency Conversion

In the EEA, the Rule on this subject is modified as follows.

A Customer must refer to the documentation of the registered switch of its choice for currency conversion information.

8.2.2 Settlement Messages and Instructions

The Corporation determines the net obligations of Customers under its Standards. Customers' net obligations are calculated by the Corporation's proprietary small value clearing systems and are based upon accepted financial messages submitted by the Customers to the Interchange System. Such financial messages are irrevocable upon completion of the clearing system cutoff. A Customer may submit a subsequent financial message to modify a previously submitted financial message.

The Corporation subsequently creates instructions reflecting each Customer's end-of-day net obligations. Customers are required to effect funds transfers in accordance with these instructions, which result in the assumption or discharge of payment obligations between Customers.

For additional information regarding settlement finality and discharge of settlement obligations following an instruction, see the *Settlement Manual*.

8.2.2.1 Cooperation with Government Authorities

Each Europe Region Customer agrees and acknowledges that, for the purposes of administering the Interchange System, the Corporation may from time to time co-operate (by sharing of information or otherwise) with:

1. The Financial Services Authority;
2. The Bank of England;
3. Any relevant office holder (as defined in the UK SFD Regulations); and
4. Any authority, body or person having responsibility for any matter arising out of, or connected with, the default of a Customer.

8.2.2.2 Provision of Information

For the purposes of the UK SFD Regulations, each Europe Region Customer must (except if such request is frivolous or vexatious) provide to any interested person who requests it, within 14 days of such request and upon payment by such a person of a reasonable charge.

1. Details of the systems which are designated for the purposes of the Settlement Finality Directive in which such Customer participates; and
2. Information about the main rules governing the functioning of such systems.

8.2.2.3 Notification of Winding Up Resolution or Trust Deed

For the purposes of the UK SFD Regulations, each Europe Region Customer must (i) upon the passing of a creditor's voluntary winding up resolution (or analogous procedure in the jurisdiction of incorporation of such Customer) in respect of that Customer; or (ii) upon a trust deed granted by the Customer becoming a protected trust deed, notify the Corporation and the Bank of England that such a resolution (or analogous procedure) has been passed or that such a trust deed has become a protected trust deed, as the case may be.

8.3 Interchange and Service Fees

In the Europe Region, the Rule on this subject is modified as follows.

Detailed information on how interchange fees are applied in the Europe Region is contained in the *Interchange Manual—Europe Region*. An Acquirer must submit Transactions completed at Merchants with the interchange rate designator for the lowest fee tier applicable to them.

8.4 Establishment of Intracountry Interchange and Service Fees

The establishment of intracountry interchange and service fees by agreement of Customers as set forth in Rule 8.4.1 is only currently permitted in Switzerland.

8.4.1 Default Intracountry Fee

In Switzerland, the Rule on this subject is as follows.

Unless prohibited by applicable law, default fees applicable to Intracountry Transactions for a country may be established by the affirmative vote of Customers that hold a License for the country and represent at least 75 percent of the intracountry issuing Volume (excluding on-us Volume) and at least 75 percent of the intracountry acquiring Volume (excluding on-us Volume) in the preceding calendar year. To be effective, and in addition to the foregoing, intracountry fallback fees must be agreed to by at least two Acquirers and at least two Issuers Licensed to engage in Activity in the country.

Intracountry fallback fees remain in effect until revised.

Intracountry default fees established by Customers must be established with the purpose of encouraging the widespread use and acceptance of Cards, must be justifiable, must not jeopardize the integrity of the Interchange System, must not conflict with the Standards, and must be reviewed periodically (typically, every one to three years) and revised as appropriate.

Customers that establish intracountry default fees must promptly provide the Corporation with a copy of such fees and any subsequent change to the fees. Customers must be notified of intracountry default fees and any change thereto well in advance of the effective date, unless exceptional circumstances make this impossible. Exceptional circumstances generally must relate to events beyond the control of Customers; in the event of dispute or uncertainty, the Corporation determines if notice was effective. Intracountry default fees that have not been provided to and acknowledged by the Corporation as effective as of a certain date are not effective.

8.4.3 Bilateral Agreement

Bilaterally agreed interchange fees applicable to Intracountry Transactions in Norway and EU countries and to Intra-EEA Transactions must not exceed the maximums set pursuant to applicable law or regulation.

8.11 Loss Allocation Among Customers

In the Europe Region, the Rule on this subject is modified as follows.

Any losses incurred by the Corporation, or for which the Corporation may otherwise be responsible due to the failure of a Maestro Customer to perform its settlement obligations, will be apportioned among Maestro Customers in the Region.

The apportionment of losses will be based on Customers' guaranteed issuing and acquiring Volumes. The collection of the loss allocation will be undertaken by the Corporation as soon

as practicable under the circumstances of the settlement losses and may be carried out over an extended period if required.

Chapter 13 Latin America and the Caribbean Region

This chapter contains Rules pertaining to Activity conducted in the Latin America and the Caribbean Region.

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Applicability of Rules

The Rules in this Latin America and the Caribbean Region chapter are variances and additions to the “global” Rules that apply in the Latin America and the Caribbean Region or in a particular Region country or countries. Refer to Appendix A for the Latin America and the Caribbean Region geographic listing.

Definitions

Solely within Brazil, the following terms have the meanings set forth below:

Maestro Contactless Magnetic Stripe Transaction

A Maestro POS Transaction initiated by a Cardholder with a Card issued in Brazil at a Merchant located in Brazil, and which contains a value of 91 in Data Element (DE) 22 (Point of Service Entry Mode), subfield 1 (POS Terminal PAN Entry Mode), data field position 1–2 and a value of 3 or 4 in DE 61 (Point of Service [POS] Data), subfield 11 (POS Card Data Terminal Input Capability Indicator).

Maestro Card

A Card Issued in Brazil that provides access to a Maestro Account and displays the Mastercard Brand Mark accompanied by the proprietary “débito” graphic identifier in accordance with the Standards.

3.1 Obligation to Issue Mastercard Cards

In the Latin America and the Caribbean Region, the Rule on this subject is modified to include the following:

A Customer that is Licensed to acquire Transactions in the United States that extends its Area of Use to acquire Transactions in Puerto Rico is not required to issue Mastercard Cards in Puerto Rico if its acquiring Activity in Puerto Rico is limited to only the Transactions of Merchants located in Puerto Rico that are also located and have headquarters in the United States, and with whom the Customer has an existing acquiring relationship in the United States.

4.1 Right to Use the Marks

In Brazil, the Rule on this subject is modified as follows.

A Maestro Customer located in Brazil must:

1. Comply with the Standards relating to the use of the Mastercard Marks, including but not limited to those set forth in Chapter 4;
2. Ensure that all newly issued or reissued Maestro Cards are in compliance with the Mastercard “débito” Standards. All Maestro Cards must be in compliance by 1 February 2016; and
3. Only use the Mastercard Brand Mark accompanied by the proprietary “débito” graphic identifier as a stand-alone domestic-use-only brand, in compliance with the Standards.

4.8 Use of Marks on Maestro and Cirrus Cards

In Brazil, the Rule on this subject as it applies in Brazil is modified as follows.

1. The Marks may be placed on cards in combination with other local/international ATM marks.
2. The Marks may co-reside on a Mastercard Card in the context of a multi-Account Card Program.
3. A Customer must not place local/regional POS debit marks on Maestro Cards bearing the Marks and must be in full compliance with Rule 4.9, as may be amended from time to time.
4. The Marks may not be placed on any debit card that does not qualify as a Maestro Card.

5.10 Merchant Obligations for Acceptance

5.10.5 Discounts or Other Benefits at the Point of Interaction

In the Latin America and the Caribbean Region, a discount or other benefit may be applied at the POI upon presentation of a particular Mastercard Card or Maestro Card for payment. The Merchant may promote such discount or other benefit at the POI location, provided such promotion does not disparage other Card Programs.

6.1 Card Issuance—General Requirements

Transaction Alerts Service

An Issuer in the Latin America and the Caribbean Region must comply with the Transaction alerts service requirements set forth in Rule 6.1 of Chapter 6 by 13 October 2017. The Issuer's offering of a Transaction alerts service is required for commercial Cards issued for use by a small or mid-sized business (as defined by the Corporation).

6.1.2 Maestro Card Issuance

In the Latin America and the Caribbean Region, the Rule on this subject as it applies in Brazil, Chile, and Colombia is modified as follows.

In Brazil, Chile, and Colombia, a Chip Card must support online PIN verification as the CVM for any Contactless Transaction initiated with a Card issued in Brazil, Chile, or Colombia that exceeds the Contactless Transaction CVM limit amount. In Brazil, this Rule applies to both Maestro Contactless Transactions and Maestro Contactless Magnetic Stripe Transactions.

In Brazil, any Solicitation for a Maestro Card must display the Mastercard Brand Mark accompanied by the proprietary “débito” graphic identifier in lieu of the Maestro Brand Mark, in accordance with the Standards.

6.4 Selective Authorization

In Brazil, the Rule on this subject additionally applies to Maestro Card Programs that display the Mastercard Brand Mark accompanied by the “débito” identifier on Cards and which are accepted at Mastercard débito acceptance locations.

8.2 Net Settlement

8.2.1 Currency Conversion

In the Latin America and the Caribbean Region, the Rule on this subject is modified as follows.

With respect to Mastercard POS Transactions occurring within the country in which the Mastercard Account was issued, if that country is within the Region, and if the Transaction currency is the same as the currency of the Issuer and is not U.S. dollars, the Acquirer must accept payment for the Transaction in the local currency, unless the Acquirer and Issuer have agreed otherwise, or unless local law requires otherwise.

Noncompliance by any Customer with this requirement will result in the imposition of a USD 50 assessment for each USD 1,000 of affected settlement volume, payable monthly for the volume in the prior month.

8.4 Establishment of Intracountry Interchange and Service Fees

In the Latin America and the Caribbean Region, the Rule on this subject is modified as follows.

Integrated Service for Intracurrency Settlement (ISIS) certification is a standard feature of the certification process for Mastercard Programs in which a Region Customer participates. All Principals and Associations in the Region and Service Providers providing Program Services to Principals and Associations in the Region must settle Mastercard POS Transactions through ISIS at the applicable intracountry interchange rate and conditions with each Region Customer that chooses to use ISIS as its settlement platform for Intracountry POS Transactions.

8.11 Loss Allocation Among Customers

In the Latin America and the Caribbean Region, the Rule on this subject is modified as follows.

Any losses that the Corporation incurs, or for which the Corporation may otherwise be responsible due to the failure of a Maestro Customer to perform its Customer obligations, will be allocated to the Maestro Principals in the Region. The allocation will be determined by the Corporation or in accordance with expense allocation practices in effect at that time, whether regional, global, operational, or any other.

The Corporation will determine the timing of the collection, which will be as immediate as is practicable, but may be carried out over an extended period if deemed necessary or appropriate.

Chapter 14 Middle East/Africa Region

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Applicability of Rules

The Rules in this Middle East/Africa Region chapter are variances and additions to the “global” Rules that apply in the Middle East/Africa Region or in a particular Region country or countries.

Refer to Appendix A for the Middle East/Africa geographic listings.

Definitions

Solely within South Africa, the following terms have the meanings set forth below:

Debit, Debit Mastercard Card, Debit Card

Any Mastercard Card or Program issued in South Africa, by a Customer licensed in South Africa, that when presented for payment in South Africa, accesses, debits, holds, or settles funds from a consumer’s deposit, current, saving, asset or other type of money account. “Debit” or “Debit Mastercard Card” shall include consumer signature and/or PIN debit Programs, stored value Programs, prepaid Cards, payroll Cards and electronic benefit transfer Cards.

Other Mastercard Card

Any Mastercard Card or Program issued in South Africa that is not defined as “debit” or “Debit Mastercard Card.”

1.7 Area of Use

1.7.1 Extending the Area of Use

In all countries of the Middle East/Africa Region, the Rule on this subject is modified as follows.

A Principal Customer may apply for an extension to its Area of Use to sponsor an entity that is located in a country different from the country in which the Principal Customer is incorporated or is otherwise constituted. The Corporation may at its absolute discretion grant to a Principal Customer such an extension of its Area of Use if such an extension brings sufficient value to the Corporation.

What constitutes sufficient value is to be determined solely by the Corporation. In addition to bringing sufficient value to the Corporation, all of the following conditions must be met at all times:

1. The Principal Customer is:

- a. Licensed in at least one country listed in the Middle East/Africa geographic listing in Appendix A; and
 - b. At all times compliant with PCI Security Standards for Level 1 Service Providers as described in section 10.3.4 or the *Security Rules and Procedures* manual.
2. The entity proposed to be Sponsored:
 - a. Must be incorporated or is otherwise constituted in a country located in one of the countries or territories listed in the Middle East/Africa geographic listing in Appendix A;
 - b. Is a financial institution authorized to engage in Activity under the laws or government regulations of the country in which it is incorporated or is otherwise constituted;
 - c. Engages in Activity within six months of becoming an Affiliate Customer;
 - d. Limits its Activity to the country in which it is incorporated or is otherwise constituted after it becomes an Affiliate Customer; and
 - e. Must not be sponsored by more than one Principal Customer.
3. The Principal Customer and Affiliate Customer each agree that all Transactions conducted pursuant to such an extension must be authorized, cleared and settled through the Interchange System of the Corporation.
4. The total Mastercard gross dollar volume (GDV) of an Affiliate Customer must not exceed 15 percent of the total GDV of the Corporation in that country. An Affiliate Customer will be required to apply to become a Principal Customer if it exceeds this 15 percent threshold.

3.1 Obligation to Issue Mastercard Cards

The Rule on this subject does not apply in South Africa.

3.13 Data Protection

In the Middle East/Africa Region and solely for purposes of Rule 3.13, the following terms have the meanings set forth below.

Applicable Data Protection Law

The applicable laws, rules, regulations, directives and governmental requirements in a country in the Middle East/Africa Region relating in any way to the privacy, protection and security of Personal Data, as amended from time to time.

Data Subject

A Cardholder or Merchant or other natural person whose Personal Data is collected, used or disclosed by the Corporation or a Customer in a country in the Middle East/Africa Region.

Organization

Any individual, company, association or body of persons, corporate or unincorporated, whether or not formed or recognised under the applicable law of a country in the Middle East/Africa Region, or resident, or having an office or a place of business, in a country in the Middle East/Africa Region.

Personal Data

Any information or opinion, whether true or not, about an identified individual or an individual who can be identified or is reasonably identifiable from that information or opinion.

Processing of Personal Data

The carrying out of any operation or set of operations in relation to Personal Data, including recording, holding, organization, adaptation or alteration, retrieval, combination, transmission and erasure or destruction.

Transaction-related Personal Data

Personal Data required for authorizing, recording, settling and clearing a Transaction processed by the Corporation.

3.13.1 Processing of Transaction–Related Personal Data

A Customer who collects, uses or discloses Transaction–related Personal Data in a country in the Middle East/Africa Region must comply with the Applicable Data Protection Law in that country. A Customer is the Organization responsible for complying with the Applicable Data Protection Law in respect of the collection, use and disclosure of Personal Data, including the transfer of Personal Data outside the applicable country in the Middle East/Africa Region (including to the United States of America), for the purposes of authorizing, recording, clearing and settling transactions, and the Corporation acts as an entity that processes Personal Data on behalf of the Customer for these purposes. The Corporation will only undertake Processing of Personal Data in accordance with the Customer's instructions and the Standards and will comply with security obligations equivalent to those imposed on the Customers under the Applicable Data Protection Law, and such other obligations as applicable to the Corporation under the Applicable Data Protection Law.

3.13.2 Data Subject Notice and Consent

A Customer in a country in the Middle East/Africa Region must ensure that Data Subjects are properly informed and, if necessary, have given proper consent in accordance with the Applicable Data Protection Law that Personal Data relating to them may be collected, used or disclosed by the applicable Customer and the Corporation as set forth for the purposes provided for in Rule 3.10.

3.13.3 Data Subject Access to Personal Data

In accordance with the Applicable Data Protection Law, a Customer in a country in the Middle East/Africa Region must develop and implement appropriate procedures for handling requests

by Data Subjects for access to and/or correction of Personal Data maintained by the applicable Customer or the Corporation. The Corporation will cooperate with a Customer in responding to such requests and will provide access to Personal Data maintained by the Corporation where appropriate.

If an access request is made directly to the Corporation, a Customer must cooperate with the Corporation in promptly responding to the request.

3.13.4 Integrity of Personal Data

Each Customer in a country in the Middle East/Africa Region must take reasonable steps to ensure that Personal Data the Customer provides to the Corporation is accurate, complete and current.

5.1 The Merchant and ATM Owner Agreements

5.1.2 Required Merchant Agreement Terms

In South Africa, the Rule on this subject is modified as follows.

With respect to Mastercard Card acceptance in South Africa, a Merchant Agreement must provide the Merchant with the options, and the applicable Merchant discount rate for each option, to elect to accept South Africa-issued Debit Mastercard Cards only, South Africa-issued Other Mastercard Cards only, or both South Africa-issued Debit Mastercard Cards and South Africa-issued Other Mastercard Cards. A Merchant may choose to stop accepting South Africa-issued Debit Mastercard Cards or South Africa-issued Other Mastercard Cards by providing no less than 30 days advance written notice to its Acquirer.

5.10 Merchant Obligations for Acceptance

5.10.1 Honor All Cards

In South Africa, the Rule on this subject, as it applies to the acceptance of Mastercard Cards issued in South Africa, is replaced with the following:

1. **Honor All Debit Mastercard Cards.** Merchants that choose to accept Debit Mastercard Cards must honor all valid Debit Mastercard Cards without discrimination when properly presented for payment. The Merchant must maintain a policy that does not discriminate among customers seeking to make purchases with a Debit Mastercard Card.
2. **Honor All Other Mastercard Cards.** Merchants that choose to accept Other Mastercard Cards must honor all Other Mastercard Cards without discrimination when properly presented for payment. The Merchant must maintain a policy that does not discriminate among customers seeking to make purchases with another Card.

5.10.2 Merchant Acceptance of Mastercard Cards

In South Africa, the following Rule applies to the acceptance of Mastercard Cards issued in South Africa:

A Merchant in South Africa that accepts Mastercard Cards may choose to accept Debit Mastercard Cards only, Other Mastercard Cards only, or both Debit Mastercard Cards and Other Mastercard Cards. The Acquirer must advise the Corporation when a Merchant chooses not to accept either Debit Mastercard Cards or Other Mastercard Cards.

Merchants may request signage for the purpose of indicating their acceptance of Debit Mastercard Cards at www.mastercardweacceptdebit.com. An Acquirer must provide a complete list of the BINs that apply to Debit Mastercard Cards to its Merchants upon any form of reasonable request.

5.10.5 Discounts or Other Benefits at the Point of Interaction

In the Middle East/Africa Region, a discount or other benefit may be applied at the POI upon presentation of a particular Mastercard Card for payment. Promotion of any such discount or other POI benefit is permitted provided such promotion does not result in discrimination against other Card Programs. The determination of whether any promotion discriminates against other Card Programs is at the sole discretion of the Corporation.

6.1 Card Issuance—General Requirements

Transaction Alerts Service

An Issuer in the Middle East/Africa Region must comply with the Transaction alerts service requirements set forth in Rule 6.1 of Chapter 6 by 13 October 2017. The Issuer's offering of a Transaction alerts service is required for commercial Cards issued for use by a small or mid-sized business (as defined by the Corporation).

6.1.1 Mastercard Card Issuance

In South Africa, the Rule on this subject is modified as follows.

An Issuer must use specific and unique bank identification numbers (BINs) for Debit Mastercard Cards. Refer to Rule 3.18 for more information.

6.10 Prepaid Card Programs

6.10.6 Value Loading

In Kenya, the Rule on this subject is modified as follows.

- Value loads of winnings, unspent chips, or other value usable for gambling to a Consumer Card is permitted provided the Activity is not prohibited by applicable law or regulation.
- Value loads of winnings, unspent chips, or other value usable for gambling to a Commercial Card or Maestro Card is not permitted.

- Value loads of winnings, unspent chips, or other value usable for gambling to a Consumer Prepaid Card (excluding anonymous Prepaid Cards) is permitted provided that:
 - Value loads of winnings, unspent chips, or other value usable for gambling to Consumer Prepaid Cards is not prohibited by applicable law or regulation; and
 - The Customer complies with the requirements set forth in Rule 6.10.

In Angola, Botswana, Comoros, Democratic Republic of the Congo, Djibouti, Eritrea, Ethiopia, Ghana, Gambia, Lesotho, Liberia, Madagascar, Malawi, Mauritius, Mozambique, Namibia, Nigeria, Rwanda, Seychelles, Sierra Leone, Somalia, South Sudan, Swaziland, Tanzania, Uganda, Zambia, and Zimbabwe, the Rule on this subject is modified as follows.

- Value loads of winnings, unspent chips, or other value usable for gambling to a Consumer Card is permitted provided the Activity is not prohibited by applicable law or regulation.
- Value loads of winnings, unspent chips, or other value usable for gambling to a Commercial Card, Prepaid Card or Maestro Card is not permitted.

Chapter 15 United States Region

This chapter contains Rules pertaining to Activity conducted in the United States Region.

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Applicability of Rules

The Rules in this United States Region chapter are variances and additions to the “global” Rules that apply in the United States Region. Refer to Appendix A for the United States Region geographic listing.

Definitions

Solely within the U.S. Region, the following terms have the meanings set forth below:

Acquiring Activity Fee

A fee assessed by the Corporation in connection with a “Change of Control,” as such term is defined in Rule 1.11 of Chapter 14, “United States Region,” of an Acquirer or the acquiring business of a Customer.

Debit, Debit Mastercard Card, Debit Card

Any Mastercard Card or Program issued in the U.S. Region by a Region Customer that when presented for payment in the United States, accesses, debits, holds, or settles funds from a consumer’s demand deposit or asset account less than fourteen days after the date of the purchase.

“Debit” includes any consumer signature debit, stored value, prepaid, payroll, electronic benefit transfer, and deferred debit Card or Program. “Debit” does not include any Card or Program that accesses, debits, holds, or settles funds from the user’s demand deposit or asset account fourteen or more days after the date of the purchase.

Debit Payment Network

A network, other than any network owned and operated by or that is a corporate affiliate of the Corporation, that provides access to Maestro Accounts issued in the U.S. Region at POS Terminals located in the U.S. Region through the use of payment cards and uses a common service mark to identify such POS Terminals and payment cards.

Designee

An entity, including but not limited to a Third Party Processor or a Merchant, that has been authorized by the Corporation to connect directly to the Interchange System for purposes of Maestro Transaction processing.

Mastercard Affiliate

A financial institution that is eligible and approved to be a Customer that participates indirectly in Mastercard Activity through the Sponsorship of a Mastercard Principal, an Association, or a Type I TPP utilizing the Mastercard Principal’s, Association’s, or Type I TPP’s assigned ICAs and BINs/IINs, but which must be Sponsored by a Mastercard Principal or

Association to participate in Mastercard Acquirer Activity; and as such, may not Sponsor any other Mastercard Customer.

Other Mastercard Card

Any Mastercard Card or Program issued in the U.S. Region by a Region Customer that is not defined as “debit” or “Debit Mastercard Card.”

Sponsor

The relationship described in the Standards between a Principal, Association, or Type I TPP and an Affiliate that engages in Activity indirectly through the Principal, Association, or Type I TPP. In such event, the Principal, Association, or Type I TPP is the Sponsor of the Affiliate and the Affiliate is Sponsored by the Principal, Association, or Type I TPP.

Sponsorship

The relationship between a Principal, Association, or Type I TPP that Sponsors an Affiliate and that Affiliate.

TPP Acquiring Fee

A fee assessed by the Corporation in connection with a “Change of Control,” as such term is defined in Rule 7.2.2 of this chapter, of a TPP.

1.9 Participation in Activity and Digital Activity

In the U.S. Region, the Rule on this subject is modified as follows.

A Mastercard Affiliate that is Sponsored by a Type I TPP may not also participate in Mastercard Activity as a Mastercard Principal or Association.

1.12 Change of Control of Customer or Portfolio

In the U.S. Region, the Rule on this subject is replaced in its entirety with the following.

1.12.1 Change of Control of Issuer or Issuing Program

In the event that an Issuer will undergo a change of Control, as the term “Control” is defined in the Definitions section of this manual, the Issuer must notify the Corporation in writing of such changes at least 90 days prior to the effective date thereof.

The Issuer must promptly provide the Corporation any information requested by the Corporation relating to such an event or proposed event and the Corporation may:

1. Suspend or impose conditions on any License granted to the Issuer or both.
2. Amend the rights or obligations or both of the Issuer.
3. Terminate the Licenses of any Issuer that:

- a. transfers or attempts to transfer Control of the Issuer to an entity that is not a Customer;
- b. merges into or is consolidated with an entity that is not a Customer,
- c. sells all or substantially all of its assets;
- d. sells all or substantially all of its Issuer Portfolios;
- e. experiences a change in Control or Ownership; or
- f. transfers or assigns, or attempts to transfer or assign, its Participation.

1.12.2 Change of Control of Acquirer or Acquiring Program

In the event that an Acquirer or the acquiring business of a Customer that is both an Issuer and an Acquirer will undergo a “Change of Control,” as such term is defined herein, the Acquirer must notify the Corporation in writing of such changes at least 90 days prior to the effective date thereof.

The Acquirer must promptly provide the Corporation any information requested by the Corporation relating to such an event or proposed event and the Corporation may:

- 1. Suspend or impose conditions on any License granted to the Acquirer or both.
- 2. Amend rights or obligations or both of the Acquirer.
- 3. Terminate the Licenses of the Acquirer.
- 4. Assess an Acquiring Activity Fee. The Acquiring Activity Fee will be determined based on one or more factors which shall include, but not be limited to:
 - a. The Transaction volume acquired annually by the Acquirer; or
 - b. Any other factors that could significantly impact the integrity of the Mastercard system.

For purposes of this Rule, a “Change of Control” shall mean an Acquirer or the acquiring business of a Customer that is both an Issuer and an Acquirer:

- 1. Merges with another entity, where such other entity is the surviving entity;
- 2. Undergoes a transfer involving 10 percent or more of any class of its voting securities (including any options, warrants, or convertible securities that convert into voting securities) or ownership interest;
- 3. Undergoes a change in ownership of 10 percent or more of outstanding shares;
- 4. Transfers 10 percent or more of its assets, in each case in a single transaction, or a series of related transactions;
- 5. Undergoes a change in ownership of a “controlling interest”;
- 6. Undergoes a change which results in a third party having the power to exercise, directly or indirectly, a controlling influence over its management or policies based on the totality of facts and circumstances;
- 7. Sells, transfers or closes down a specified division or line of its business which is related to or is in connection with the Corporation's business;
- 8. Offers all or a portion of the company to the public in an initial public offering; or
- 9. Undergoes a financial restructuring giving effective control to bondholders.

3.1 Obligation to Issue Mastercard Cards

In the U.S. Region, the Rule on this subject is modified as follows.

1. Any Customer that does not issue or have outstanding any cards of a competing card program within the U.S. Region is not obligated to issue Mastercard Cards to customers in the U.S. Region before it may acquire Mastercard POS Transactions from Merchants located in the U.S. Region.
2. A Customer that is Licensed to acquire Mastercard POS Transactions in the United States that extends its Area of Use to acquire Mastercard POS Transactions in Puerto Rico is not required to issue Mastercard Cards in Puerto Rico if its acquiring Activity in Puerto Rico is limited to only the Transactions of Merchants located in Puerto Rico that are also located and have headquarters in the United States, and with whom the Customer has an existing acquiring relationship in the United States.

3.3 Transaction Requirements

In the U.S. Region, the Rule on this subject is modified as follows.

A Type I TPP that Sponsors a Mastercard Affiliate for the purpose of Issuer Activity must ensure that each Mastercard Transaction of such Affiliates that arises in connection with such Issuer Activity is a Processed Transaction.

3.7 Integrity of Brand and Network

In the U.S. Region, the Rule on this subject is modified as follows.

Pursuant to this Rule, with respect to any potentially illegal Internet gambling Transaction attempted on or after 1 June 2010, the Issuer of the Card must either employ a method of systemic Transaction blocking or decline all such Transaction authorization requests on an individual basis.

An Internet gambling Transaction that may be potentially illegal when involving a U.S. region Cardholder is any Transaction that the Acquirer has identified in the authorization request message as both:

1. A gambling Transaction, by the use of MCC 7995 or MCC 9406 in DE 18 (Merchant Type), and
2. An e-commerce Transaction, by the use of a value of 6 (electronic commerce Transaction) in DE 61 (Point of Service [POS] Data), subfield 10 (Cardholder-Activated Terminal Level Indicator).

An Issuer may approve, on an individual basis, any Internet gambling Transaction authorization request arising from a U.S. Region Merchant and identified with MCC 7801 (Internet Gambling) or MCC 7802 (Government Licensed Horse/Dog Racing) that involve a U.S. Region Cardholder. In using MCC 7801, or MCC 7802, the Acquirer asserts that the

Transaction involves gambling activity related to horse racing, dog racing, or non-sports intrastate Internet gambling that is deemed by the Acquirer to be legal in the U.S. region and indemnifies the Corporation in connection with all such gambling activity. Such indemnity applies regardless of the Acquirer's or the Merchant's compliance with the Corporation's *Internet Gambling Policy* or the Standards.

5.1 The Merchant and ATM Owner Agreements

5.1.2 Required Merchant Agreement Terms

In the U.S. Region, the Rule on this subject is modified as follows.

A Merchant Agreement for Mastercard Card acceptance must provide the Merchant with the option, and the applicable Merchant discount rate for each option, to elect to accept Debit Mastercard Cards only, Other Mastercard Cards only, or both Debit Mastercard Cards and Other Mastercard Cards. With respect to any contract existing on or before 1 January 2004, under which a Merchant accepts Mastercard Cards, a Merchant may choose to stop accepting Debit Mastercard Cards or Other Mastercard Cards by providing no less than 30 days' advance written notice to its Acquirer.

A Merchant Agreement newly effective or renewed after 11 June 2014 must include a separate or distinct fee disclosure (a "Fee Disclosure").

The Fee Disclosure must clearly and conspicuously detail the methodology by which each Merchant fee (a "Fee") is calculated. As used herein, a "Fee" means any charge by an Acquirer to a Merchant related to or arising from the Merchant Agreement, including, but not limited to, a Terminal or other equipment sale charge, lease or rental; transaction processing charges; authorization, clearing and/or settlement charges; the pass-through of any Acquirer obligation to a third party; and any Merchant Agreement termination charge.

The method used to calculate each Fee listed in the Fee Disclosure, including any conditions, terms or contingencies that are or could be applicable to the Fee, must be clearly explained in plain terms. By way of example, terms that may appear in a Merchant Agreement and must be explained include, but are not limited to:

- Merchant discount rate;
- Pass-through;
- Interchange plus mark-up;
- Bundled pricing;
- Tiered rate, qualified rate, mid-qualified rate, non-qualified rate;
- Authorization; and
- Settlement or account settlement.

5.3 Acquirer Obligations to Merchants

5.3.3 Provide Information

An Acquirer must provide a Merchant with which the Acquirer has a Merchant Agreement at least 30 days advance notice of any new or increased Fee arising from or related to the Merchant Agreement. Such notice must be provided separately from any regular Fee statement, bill, invoice or the like provided to a Merchant. As used herein, the term Fee has the meaning set forth in Rule 5.1.2 of these United States Region Rules.

5.7 Transaction Message Data

5.7.1 Card Acceptor Business Code (MCC) Information

In the U.S. Region, the Rule on this subject is modified as follows.

A U.S. Region Acquirer may use MCC 7801 (Internet Gambling) or MCC 7802 (Government Licensed Horse/Dog Racing) to identify Transactions arising from a U.S. Region Merchant or Submerchant engaged in legal gambling activity involving non-sports intrastate Internet gambling, horse racing, or dog racing if the Acquirer has first registered the Merchant or Submerchant with the Corporation as described in section 9.4.2 of the *Security Rules and Procedures* manual. MCC 9754 (Gambling—Horse Racing, Dog Racing, Non–Sports Intrastate Internet Gambling) was formerly used to identify such Transactions.

5.10 Merchant Obligations for Card Acceptance

5.10.1 Honor All Cards

In the U.S. Region, the Rule on this subject as it applies to Mastercard Card acceptance is replaced with the following:

1. **Honor All Debit Mastercard Cards.** Merchants that choose to accept Debit Mastercard Cards must honor all valid Debit Mastercard Cards without discrimination when properly presented for payment. The Merchant must maintain a policy that does not discriminate among customers seeking to make purchases with a Debit Mastercard Card.
2. **All Other Mastercard Cards.** Merchants that choose to accept Other Mastercard Cards must honor all Other Mastercard Cards without discrimination when properly presented for payment. The Merchant must maintain a policy that does not discriminate among customers seeking to make purchases with another Card.

5.10.2 Merchant Acceptance

Merchants that accept Mastercard Cards may choose to accept Debit Mastercard Cards only, Other Mastercard Cards only, or both Debit Mastercard Cards and Other Mastercard Cards.

Merchants that request signage for the purpose of indicating their acceptance of Debit Mastercard Cards must display such signage for a minimum of three months. The signage may be requested at www.mastercardweacceptdebit.com.

An Acquirer must provide a complete list of the BINs that apply to Debit Mastercard Cards to its Merchants upon any form of reasonable request.

5.11 Prohibited Practices

5.11.1 Discrimination

Refer to Chapter 16 for an additional provision to this Rule applicable in the U.S. Region.

5.11.5 Existing Mastercard Cardholder Obligations

In the U.S. Region, the Rule on this subject is replaced with the following:

A Merchant must not submit to its Acquirer, and a Customer must not submit to the Interchange System, any Transaction that:

1. Is conducted with a credit Card and represents the refinancing or transfer of an existing Mastercard Cardholder obligation that has been deemed to be uncollectible; or
2. Arises from the dishonor of a Mastercard Cardholder's personal check.

A Transaction that represents the refinancing or transfer of an existing Cardholder obligation that has been deemed uncollectible may be effected with a Debit Mastercard or Maestro Card, including any prepaid Card.

For purposes of this Rule, an obligation deemed uncollectible has been charged-off or sold to another institution for the purpose of full or partial debt recovery and does not represent a payment for goods or services provided by the Merchant. Refer to Rule 5.11.1 in this United States Region chapter regarding Debit Mastercard Card branding requirements applicable in the U.S. Region.

6.1 Card Issuance—General Requirements

In the U.S. Region, the Rule on this subject is modified as follows.

A Chip Card or Access Device that is newly issued or re-issued in the U.S. Region must be configured as online-only or online-preferring for both Contact Chip Transaction and Contactless Transaction processing. "Online-only" means that the Card or Access Device never approves a Transaction by means of offline authorization. "Online-preferring" means that the Card or Access Device always requests an online authorization, but may accept an offline

authorization when an online connection is not available. For more information, refer to *M/Chip Requirements for Contact and Contactless*.

Transaction Alerts Service

An Issuer in the United States Region must comply with the Transaction alerts service requirements set forth in Rule 6.1 of Chapter 6 by:

- 14 October 2016 if the Issuer will offer an equivalent service in connection with any other payment brand by or after that date; and
- 21 April 2017 for all other Issuers.

6.1.1 Mastercard Card Issuance

In the U.S. Region, the Rule on this subject is modified as follows.

1. An Issuer must use specific and unique bank identification numbers (BINs) for Debit Mastercard Cards. Refer to Rule 3.18 for more information.
2. An Issuer must ensure that each contactless-enabled Mastercard Card or Access Device newly issued or re-issued on or after 18 October 2013 is personalized with the appropriate device type value.
3. A Mastercard credit Card that also provides access to a debit account when a transaction occurs at a POS Terminal via PIN functionality must enable that Card to process any debit PIN POS transaction as a Maestro POS Transaction.
4. A Debit Mastercard Card Issuer must post funds due to a Cardholder as a result of a refund Transaction to the Cardholder's account within one business day of Transaction settlement. The Issuer may place a temporary hold on such funds to the extent allowed under applicable law if the Issuer determines that the circumstances or account history warrant the delay.
5. An Issuer must ensure that all of its Debit Mastercard Cards enabled for the processing of single message transactions (PIN-based and/or PIN-less) by a Competing EFT POS Network are also enabled for Transaction processing by means of the Single Message System. When Debit Mastercard Card Transactions are processed on the Single Message System, the Standards applicable to Maestro Cards and Maestro POS Transactions apply.

6.1.2 Maestro Card Issuance

In the U.S. Region, the Rule on this subject modified as follows.

A Mastercard credit Card may be enhanced with the Maestro Payment Application.

A Maestro Chip Card:

1. May support either online PIN verification only or both online PIN and offline PIN verification as the CVM for POS Transactions; and
2. Must support online PIN verification as the CVM for any Maestro Contactless Transaction that exceeds the Contactless Transaction CVM limit amount.

6.1.4 Tokenization of Accounts

In the U.S. Region, the Rule on this subject is modified as follows.

Prior to the allocation of a Mastercard Token corresponding to a debit Account issued using a Corporation-designated BIN, the Issuer must notify the Corporation of each Debit Payment Network enabled on the debit Account as a Merchant routing option.

6.1.4.1 Maestro Accounts

If Maestro is issued on a debit card other than a Debit Mastercard Card, and the other brand enabled on that debit card offers Tokenization services, the Issuer of the Maestro Account must ensure that the other Token Vault can support and respond appropriately to Token mapping and cryptography validation requests sent by the Corporation to the Token Vault with respect to single message transactions routed to the Interchange System.

7.1 Service Provider Categories

7.1.2 Third Party Processor

7.1.2.1 Type I

In the U.S. Region, the Rule on this subject is modified as follows:

1. In addition to engaging in TPP Program Service, a Type I TPP in the U.S. Region may Sponsor an Affiliate to engage in Mastercard and/or Maestro Issuer Activity. A Type I TPP that Sponsors an Affiliate for such purpose must comply with (i) all Standards applicable to a Type I TPP; (ii) subject to Rule 8.7, all Standards applicable to a Principal Issuer; and (iii) such additional or alternative Standards and/or other requirements that the Corporation may determine to be necessary or appropriate from time to time.
2. Notwithstanding Rule 7.1 or Rule 7.3, a TPP registered as a Type I TPP for Mastercard Activity and/or Maestro Activity pursuant to Rule 7.9 may participate in Settlement as agent for a U.S. Region Customer subject to (a) through (f) below. As used in this Rule 7.1.1.1, "Settlement" and "participation in Settlement" have the meanings set forth in Section 1 of the Corporation's *Settlement Manual*, and a "Settled-For Customer" means a U.S. Region Customer for which a Type I TPP participates in Settlement to any extent.
 - a. For so long as the Type I TPP is participating in Settlement, the Type I TPP agrees to comply with all Standards applicable to Settlement and participation in Settlement and such additional or alternative Standards and/or other requirements including, by way of example and not limitation, credit criteria and collateral requirements, as the Corporation may at any time determine to be necessary or appropriate.
 - b. The Corporation has no obligation to pay or reimburse, nor has any liability for any funds owed to, the Type I TPP by any Settled-For Customer with respect to any of the Settled-For Customer's Activities or any other Settled-For Customer obligation.
 - c. Should the Type I TPP advance funds on behalf of a Settled-For Customer to the Corporation, such advance is deemed a loan by the Type I TPP to the Settled-For Customer and the Type I TPP bears all risk of loss without recourse of any nature to the Corporation.

- d. Unless otherwise set forth in the Standards or by a written agreement to which the Corporation is a party:
 - i. The Corporation at any time may draw on Settlement funds held by a Type I TPP to satisfy any obligation arising pursuant to the Standards of any Settled-For Customer and regardless of whether any of such funds are commingled with any other funds;
 - ii. The Type I TPP acknowledges and agrees that 1) the Type I TPP's participation in Settlement is issuing and/or acquiring Activity; 2) the Type I TPP is an "Indemnifying Customer" as such term is defined and used in Rule 2.3, with respect to the Type I TPP's participation in Settlement; and 3) the Type I TPP and each of the Type I TPP's Settled-For Customers are jointly and severally liable for any failure by the Type I TPP or by the Type I TPP's Settled-For Customer to comply with the Standards pertaining to Settlement and such additional or alternative Standards and/or other requirements pertaining to Settlement that the Corporation may determine to be necessary or appropriate from time to time and at any time;
 - iii. In the event the Corporation draws on funds held by a Type I TPP to satisfy an obligation arising pursuant to the Standards of a Settled-For Customer, the Corporation has no obligation to reimburse the Type I TPP or such Settled-For Customer any such funds; and
 - iv. The Corporation has the same rights (including, without limitation, rights of set off, offset, and recoupment) with respect to Settlement funds held by a Type I TPP that the Corporation has with respect to Settlement funds held by a Customer.
- e. During the first week of each calendar quarter and, in addition, within two business days of a request by the Corporation, the Type I TPP must provide to the Corporation in writing a list of all Settled-For Customers. With respect to each Settled-For Customer listed, the Type I TPP must provide 1) the ICA assigned to the Customer by the Corporation for use in Settlement; 2) the bank, account number and beneficiary/owner of the account used for Settlement of the Settled-For Customer's obligations; 3) average daily Settlement volume in USD for the calendar quarter immediately preceding the current calendar quarter; and 4) the amount of any collateral and/or prepayment the Settled-For Customer has provided to the Type I TPP.
- f. The Type I TPP shall promptly, and in any event within two business days, provide the Corporation written notice of 1) any Customer which has now become a Settled-For Customer of the Type I TPP; 2) the termination of the Type I TPP's participation in Settlement for a Settled-For Customer or 3) any change in the bank, account number or beneficiary/owner of the account used for Settlement of a Settled-For Customer's obligations.

7.1.2.3 Type III

The Corporation determines, in its sole discretion, if a TPP, in addition to being a Type I TPP or a Type II TPP, is also a Type III TPP, based upon consideration of the following criteria:

1. Whether a Type I TPP performs acquiring Program Service for an Acquirer in the U.S. Region;

2. Whether the TPP owns an equity stake in the Acquirer's Mastercard Activity;
3. Whether a joint venture, business combination, strategic alliance, or other business formation is in relation to or in connection with Mastercard business. For purposes of this rule, Mastercard business shall be defined as any activity involving the use of any Mastercard programs, services, products, systems, or other functions or of any of the Marks;
4. Whether, in the determination of the Corporation, the TPP is managing the operations of an Acquirer's Merchant acquiring program, which management may include, but not limited to, any one or more of the following activities:
 - a. Receiving fees directly from the Merchant related to Mastercard Activity;
 - b. Defining, or having the ability to define, the criteria employed in screening of potential Merchants or otherwise managing the merchant on-boarding process;
 - c. Specifying the information to be contained in a Merchant application, the Merchant Agreement, or both; or
 - d. Determining Merchant pricing; and
5. Whether the TPP is a signatory to a Merchant Agreement.

7.2 The Program and Performance of Program Service

7.2.2 Notification to the Corporation

In the U.S. Region, the Rule on this subject is modified as follows.

In the event a TPP performing acquiring Program Service for a U.S. Region Customer will undergo a "Change of Control," as such is defined below, the TPP must notify the Corporation in writing of such change by sending an email message to tpp_registration@mastercard.com at least 90 days prior to the effective date thereof. The TPP must promptly provide the Corporation any information requested by the Corporation relating to such an event or proposed event. The Corporation will, in writing, either:

1. Reaffirm the TPP's registration status; or
2. Reaffirm the TPP's registration status and establish additional conditions to the registration, including the assessment of a TPP Acquiring Activity Fee.

The TPP Acquiring Activity Fee will be determined based on one or more of the following factors, which shall include, but not be limited to:

1. Transaction volume processed annually by the TPP;
2. The number of Customers for which the TPP performs Program Service; or
3. Any other factors relating to the TPP's performance of Program Service that could significantly impact the integrity of the Mastercard system.

Alternatively, the Corporation may, in its sole discretion, terminate or suspend the TPP's registration.

For purposes of this Rule, a Change of Control shall mean the TPP:

1. Merges with another entity, where such other entity is the surviving entity;
2. Undergoes a transfer involving 10 percent or more of any class of its voting securities (including any options, warrants, or convertible securities that convert into voting securities) or ownership interest;
3. Undergoes a change in ownership of 10 percent or more of outstanding shares;
4. Transfers 10 percent or more of its assets, in each case in a single transaction, or a series of related transactions;
5. Undergoes a change in ownership of a “controlling interest”;
6. Undergoes a change which results in a third party having the power to exercise, directly or indirectly, a controlling influence over the management or policies of the TPP based on the totality of facts and circumstances;
7. Sells, transfers, or closes down a specified division or line of its business which is related to or is in connection with the Corporation’s business;
8. Offers all or a portion of the company to the public in an initial public offering; or
9. Undergoes a financial restructuring giving effective control to bondholders.

In the event that the TPP fails to provide the written notice set forth above, the Corporation may promptly take either or both of the following actions:

1. Suspend the TPP’s registration; or
2. Terminate the TPP’s registration upon written notice from the Corporation. Such termination is effective upon delivery, or inability to deliver after a reasonable attempt to do so, of written or actual notice by the Corporation to the TPP.

7.6 Acquiring Programs

7.6.5 Payment Facilitators and Submerchants

In the U.S. Region, the Rule on this subject is modified as follows.

An Acquirer may permit a Payment Facilitator to manage the following additional obligations on behalf of the Acquirer, and remains fully responsible for the fulfillment of each to the extent that the Payment Facilitator fails to do so.

- Include a separate or distinct Fee disclosure in the agreement with the Submerchant, as set forth in (and as the term “Fee” is defined in) Rule 5.1.2 these United States Region Rules.
- Provide a Submerchant with which the Payment Facilitator has a Submerchant Agreement at least 30 days advance notice of any new or increased Fee arising from or related to the Submerchant Agreement. Such notice must be provided separately from any regular Fee statement, bill, invoice or the like provided to a Submerchant.

7.6.6 High-Risk Payment Facilitators

In the U.S. Region, the Rule on this subject is modified as follows.

A Payment Facilitator that proposes to sponsor as Submerchants one or more entities conducting business described in any of the following MCCs is deemed to be a “High-Risk Payment Facilitator”:

- Gambling merchants conducting horse racing, dog racing, or non-sports intrastate Internet gambling—MCC 7801 or MCC 7802
- Skill games merchants—MCC 7994
- State lottery merchants—MCC 7800

7.8 Payment Facilitator Obligations

7.8.1 Submerchant Agreement

7.8.1.1 Required Submerchant Agreement Terms

In the U.S. Region, the Rule on this subject is modified as follows.

Each Submerchant Agreement that is newly effective or renewed after 11 June 2014 must include a separate or distinct fee disclosure (a “Fee Disclosure”).

The Fee Disclosure must clearly and conspicuously detail the methodology by which each Submerchant fee (a “Fee”) is calculated. As used herein, a “Fee” means any charge by a Payment Facilitator to a Submerchant related to or arising from the Submerchant agreement, including, but not limited to, a Terminal or other equipment sale charge, lease or rental; transaction processing charges; authorization, clearing and/or settlement charges; the pass-through of any Acquirer obligation to a third party; and any Submerchant agreement termination charge.

The method used to calculate each Fee listed in the Fee Disclosure, including any conditions, terms or contingencies that are or could be applicable to the Fee, must be clearly explained in plain terms. By way of example, terms that may appear in a Submerchant agreement and must be explained include, but are not limited to:

- Merchant discount rate;
- Pass-through;
- Interchange plus mark-up;
- Bundled pricing;
- Tiered rate, qualified rate, mid-qualified rate, non-qualified rate;
- Authorization; and
- Settlement or account settlement.

7.8.2 Obligations as Sponsor of Submerchants

In the U.S. Region, the Rule on this subject is modified as follows.

A Payment Facilitator must provide each of its Submerchants with at least 30 days advance notice of any new or increased Fee arising from or related to the Submerchant agreement. Such notice must be provided separately from any regular Fee statement, bill, invoice or the like provided to a Submerchant. As used herein, the term Fee has the meaning set forth in Rule 7.8.1.1 of these United States Region Rules.

7.9 Registration Requirements for Type I TPPs

In the U.S. Region, the Rule on this subject is modified as follows.

In addition to TPPs that the Corporation designates to be prospective Type I TPPs, a TPP or other entity in the U.S. Region may become a Type I TPP if such TPP or other entity:

1. Is registered by the Corporation as a Type I TPP; and
2. Agrees to comply with all Standards applicable to Type I TPPs and to Principals and any additional requirements that the Corporation may deem necessary or appropriate from time to time; and
3. Provides evidence satisfactory to the Corporation that it is in compliance with the Mastercard Anti-Money Laundering Program (the "AML Program"); and
4. Pays applicable fees.

7.10 Registration Requirements for Type III TPPs

Any Type I TPP or Type II TPP that meets one or more of the criteria set forth in Rule 7.1.1.3 of this chapter must apply to be registered by the Corporation as a Type III TPP, and the Corporation will determine, in its discretion, if the TPP is a Type III TPP.

After registration by the Corporation of a Type III TPP, and on an annual basis, the applicable fee is charged by the Corporation directly to the Type III TPP. The renewal or continuation of a Type III TPP's registration as a TPP is at the sole discretion of the Corporation.

8.6 Settlement Liability for Debit Licensees

A debit Licensee is granted a License limited to the issuance of Debit Mastercard Cards. A principal debit Licensee is not responsible for the Debit Mastercard Card Program obligations

of any affiliate debit Licensee that it Sponsors if such an affiliate debit Licensee becomes unable or unwilling to discharge its settlement obligations.

8.7 Settlement Liability for Type I TPPs that Sponsor Affiliates

Unless otherwise provided in the Standards, a Type I TPP is not responsible for the Issuer Activity settlement obligations of an Affiliate that the Type I TPP Sponsors should such an Affiliate be unable or unwilling to discharge its Issuer Activity settlement obligations. The Corporation assumes no liability for any settlement failure dispute that arises between a Type I TPP and an Affiliate Sponsored by such Type I TPP.

8.10 Risk of Loss

In the U.S. Region, the Rule on this subject applies with respect to affiliate debit Licensees in the same manner as it applies to Customers.

Chapter 16 Additional U.S. Region and U.S. Territory Rules

This chapter contains Rules pertaining to Activity conducted in the U.S. Region or a U.S. Territory.

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Applicability of Rules

The Rules in this section are variances and additions to the “global” Rules that apply in the United States (U.S.) Region and in American Samoa, Guam, Northern Mariana Islands, Puerto Rico, and the U.S. Virgin Islands (herein, “the U.S. Territories”).

These Rules apply in addition to those set forth in the Asia/Pacific Region chapter, with respect to Customers located in American Samoa, Guam, and Northern Mariana Islands; the Latin America and the Caribbean Region chapter, with respect to Customers located in Puerto Rico and the U.S. Virgin Islands; and the United States Region chapter, with respect to U.S. Region Customers.

2.2 Conduct of Activity and Digital Activity

2.2.5 Mastercard Acquirers

An Acquirer of Mastercard POS Transactions must not prohibit a Merchant from requesting or encouraging a consumer to use a payment card with an acceptance brand other than Mastercard or other form of payment or a Mastercard Card of a different product type (for example, traditional cards, premium cards, or rewards cards) than the Mastercard Card the consumer initially presents, or otherwise prohibit its Merchant from engaging in actions consistent with Rule 5.11.1 of this chapter.

3.3 Transaction Requirements

For the avoidance of doubt, the Rule on this subject does not inhibit a Merchant’s ability to direct the routing of a transaction conducted in the U.S. Region or a U.S. Territory with a debit Card that is issued in the U.S. Region or a U.S. Territory to any debit payment network enabled on the Card.

4.1 Right to Use the Marks

4.1.1 Protection and Registration of the Marks

The Rule on this subject, as it pertains to debit Cards issued in the U.S. Region or a U.S. Territory, is modified as follows.

No use of a Mark may be made on or in connection with any card, device or other application associated with a payment service that the Corporation deems to be competitive with any Activity except as set forth in this chapter.

4.8 Use of Marks on Maestro and Cirrus Cards

In the U.S. Region and U.S. Territories, the Rule on this subject is modified as follows.

The Maestro Brand Mark may be placed on a debit card in combination with other local/regional/international POS debit marks and/or local/international ATM marks. In the event that a debit card has an international POS debit mark on the card front, and the card has a Maestro Payment Application:

1. If any other POS debit mark appears on the card back, the Maestro Brand Mark must be displayed on the card back; or
2. If no other POS debit mark appears on the card back, the Maestro Brand Mark is not required to appear on the card back.

A card must not include any visible indication communicating that acceptance or use of the Maestro Brand Mark or the Maestro Payment Application is limited, geographically or otherwise.

The provision of the Rule on this subject that prohibits a Customer from placing any other Competing EFT POS Network debit marks on its participating Cards does not apply to Cards issued in the U.S. Region or a U.S. Territory.

4.9 Use of Marks on Mastercard Cards

In the U.S. Region and U.S. Territories, the Rule on this subject is modified as follows.

A competing or other debit point-of-sale marks may appear on a debit Card as set forth in the Card design Standards or as otherwise agreed to by the Corporation.

5.11 Prohibited Practices

5.11.1 Discrimination

In the U.S. Region and U.S. Territories, the Rule on this subject is replaced with the following:

A Merchant may request or encourage a customer to use a payment card with an acceptance brand other than Mastercard or other form of payment or a Mastercard Card of a different type (for example, traditional cards, premium cards, or rewards cards) than the Mastercard Card the consumer initially presents. Except where prohibited by law, it may do so by methods that include, but are not limited to:

1. Offering the customer an immediate discount from the Merchant's list, stated, or standard price, a rebate, a free or discounted product or service, or any other incentive or benefit if the customer uses a particular payment card with an acceptance brand other than Mastercard or other particular form of payment;

2. Offering the customer an immediate discount from the Merchant's list, stated, or standard price, a rebate, a free or discounted product or service, or any other incentive or benefit if the customer, who initially presents a Card, uses instead another payment card or another form of payment;
3. Expressing a preference for the use of a particular payment card or form of payment;
4. Promoting the use of a particular general purpose payment card with an acceptance brand other than Mastercard or the use of a particular form or forms of payment through posted information, through the size, prominence, or sequencing of payment choices, or through other communications to customers (provided that the Merchant otherwise will abide by the Standards relating to the display of the Marks including, but not limited to, the Mastercard Acceptance Mark); or
5. Communicating to customers the reasonably estimated or actual costs incurred by the Merchant when a customer uses particular payment cards or forms of payment or the relative costs of using different general purpose payment cards or forms of payment.

Notwithstanding the foregoing, a Merchant located in the U.S. Region may not offer a discount or other benefit to a Cardholder if the Cardholder uses a particular Issuer's Card at the Point of Interaction (POI), unless the discount or other benefit is available for all other Cards of the same product type or is accessed 1) after the Transaction has been completed (for example, a credit on the billing statement or a rebate); or 2) at the time of or after the Transaction and is effected by a separate instrument and not by the Card (for example, a coupon or a voucher). A Merchant must not promote at the POI a discount or other benefit for use of a particular Issuer's Card.

5.11.2 Charges to Cardholders

In the U.S. Region and U.S. Territories, the Rule on this subject is modified as follows, with respect to Mastercard Credit Card Transactions, as the term Mastercard Credit Card Transaction is defined herein. For all other Transactions, the global Rule applies.

Definitions

Solely for the purposes of Rule 5.11.2 in this "Additional U.S. Region and U.S. Territory Rules" chapter, the following terms have the meanings set forth below:

1. "Cardholder" means the authorized user of a Mastercard Credit Card.
2. "Competitive Credit Card Brand" includes any brand of Credit Card or electronic credit payment form of a nationally accepted payment network other than Mastercard, specifically including without limitation Visa, American Express, Discover, and PayPal.
3. "Competitive Credit Card Brand Cost of Acceptance" is a Merchant's average Merchant Discount Rate applicable to transactions on a Competitive Credit Card Brand at the Merchant for the preceding one or twelve months, at the Merchant's option.
4. "Credit Card" means a card or other device that may be used to defer payment of debt or incur debt and defer its payment.
5. "Independent Consideration" means material value a Merchant receives specifically in exchange for the Merchant's agreement to waive or otherwise restrict its right to Surcharge transactions on a Competitive Credit Card Brand.

6. "Mastercard Credit Card" means a Credit Card bearing the Mastercard brand.
7. "Mastercard Credit Card Transaction" means a Transaction in which a Mastercard Credit Card is presented for payment and that is performed in accordance with the Standards.
8. The "Maximum Surcharge Cap" shall be no less than the product of 1.8 times the sum of the system-wide average effective U.S. domestic Mastercard Credit Card interchange rate plus average network fees (defined to include network set fees to Acquirers or Merchants associated with the processing of a Transaction or with the acceptance of the network's brand) as published from time to time.
9. "Merchant Discount Rate" is the fee, expressed as a percentage of the total transaction amount that a Merchant pays to its Acquirer or Service Provider for transacting on a Credit Card brand. For purposes of Brand-level and Product-level Surcharging, irrespective of whether the identified fees and costs are paid via the merchant discount or by check, withholding, offset, or otherwise, the Merchant Discount Rate shall include:
 - a. The interchange rate,
 - b. Network set fees associated with the processing of a transaction;
 - c. Network set fees associated with the acceptance of the network's brand;
 - d. The Acquirer set processing fees associated with the processing of a transaction; and
 - e. Any other services for which the Acquirer is paid via the mechanism of the per transaction merchant discount fee.

Other than the fees listed in (a) through (d) above, the Merchant Discount Rate excludes any fees (such as the cost of rental of point-of-sale terminal equipment) that are invoiced separately or not paid via the mechanism of the per-transaction merchant discount fee.
10. "Surcharge" means any fee charged by the Merchant for use of a Card. As set forth in this Rule 5.11.2 in this "Additional U.S. Region and U.S. Territory Rules," a Merchant located in the U.S. Region or a U.S. Territory may only require a Mastercard Credit Card Cardholder to pay a Surcharge by choosing to apply either of the following Surcharge methods:
 1. Brand-level Surcharge—The application of the same Surcharge to all Mastercard Credit Card Transactions regardless of the Issuer.
 2. Product-level Surcharge—The application of the same Surcharge to all Mastercard Credit Card Transactions of the same product type regardless of the Issuer.

5.11.2.1 Brand-level Surcharging

Definitions

Solely for purposes of this Rule 5.11.2.1, "Brand-level Surcharging," the following terms have the meanings set forth below:

1. "After accounting for any discounts or rebates offered by the Merchant at the Point of Interaction (POI)" means that the amount of the Surcharge for a Mastercard Credit Card or a Competitive Credit Card Brand is to include the amount of any discount or rebate that is applied to that card or brand at the POI but which is not equally applied to all Mastercard Credit Card Transactions.

2. "Mastercard Credit Card Cost of Acceptance" is:
 - a. A percentage of the Mastercard Credit Card Transaction amount calculated based upon the average effective interchange rate plus the average of all fees imposed by the network upon Acquirers or Merchants as applicable to Mastercard Credit Card Transactions at the Merchant for the preceding one or twelve months, at the Merchant's option, or
 - b. If a Merchant cannot determine its Mastercard Credit Card Cost of Acceptance, then the Merchant may use the Mastercard Credit Card Cost of Acceptance for the Merchant's merchant category as published from time to time on the Mastercard public website.
3. "Mastercard Surcharge Cap" is the average Merchant Discount Rate applicable to Mastercard Credit Card Transactions at the Merchant for the preceding one or twelve months, at the Merchant's option.

The following requirements apply to a Merchant that chooses to impose a Surcharge at the brand level:

1. The same Surcharge must apply to all Mastercard Credit Card Transactions after accounting for any discounts or rebates offered by the Merchant on Mastercard Credit Card Transactions at the POI. A Merchant may choose to Surcharge all face-to-face and/or non-face-to-face Mastercard Credit Card Transactions.
2. The Surcharge assessed on a Mastercard Credit Card Transaction may not exceed the lesser of:
 - a. The Merchant's Mastercard Surcharge Cap, or
 - b. The Maximum Surcharge Cap, as published by Mastercard from time to time
3. The Merchant must comply with the Surcharge disclosure requirements set forth in Rule 5.11.2.3 below.
4. If a Merchant's ability to Surcharge a Competitive Credit Card Brand that the Merchant accepts, in either a face-to-face or non-face-to-face environment, is limited by that Competitive Credit Card Brand in any manner other than by prohibiting a Surcharge greater than the Competitive Credit Card Brand's Cost of Acceptance, then the Merchant may Surcharge Mastercard Credit Card Transactions in accordance with (1) through (3) above pursuant to either:
 - a. The same terms under which the Competitive Credit Card Brand permits a Merchant to Surcharge transactions of the Competitive Credit Card Brand in a face-to-face or non-face-to-face environment, or
 - b. The same terms under which the Merchant actually Surcharges transactions of the Competitive Credit Card Brand, in a face-to-face or non-face-to-face environment, after accounting for any discounts or rebates offered by the Merchant at the POI to the Competitive Credit Card Brand Cards.
5. The requirements outlined in (4) above are not applicable if:
 - a. The Competitive Credit Card Brand does not prohibit or effectively prohibit surcharging Credit Cards and the Competitive Credit Card Brand Cost of Acceptance to the Merchant is less than the Mastercard Credit Card Cost of Acceptance; or

- b. The Competitive Credit Card Brand prohibits or effectively prohibits the surcharging of Credit Cards and the Merchant Surcharges the Competitive Credit Card Brand in an amount at least equal to the lesser of:
 - i. The Competitive Credit Card Brand Cost of Acceptance; or
 - ii. The amount of the Surcharge imposed on the Mastercard Credit Card Transaction to be Surcharged; or
- c. The Merchant has entered into an agreement with the Competitive Credit Card Brand which waives or limits the Merchant's right to Surcharge transactions on that Competitive Credit Card Brand and the agreement:
 - i. Is not indefinite but is for a fixed duration;
 - ii. Is unique to the Merchant, not a standard agreement generally offered by the Competitive Credit Card Brand to multiple Merchants;
 - iii. Is not a condition to the Merchant's acceptance of the Competitive Credit Card Brand, thus the Merchant must have the ability to accept the Competitive Credit Card Brand for payment if the agreement were not in place;
 - iv. Is in exchange for Independent Consideration; and
 - v. Contains a price under which the Merchant may accept Competitive Credit Card Brand transactions and surcharge those transactions up to the Merchant's Merchant Discount Rate for the Competitive Credit Card Brand after accounting for applicable discounts or rebates offered by the Merchant at the POI.

5.11.2.2 Product-level Surcharging

Definitions

Solely for purposes of this Rule 5.11.2.2, the following terms have the meanings set forth below:

1. "After accounting for any discounts or rebates offered by the Merchant at the POI" means that the amount of the Surcharge for Mastercard Credit Cards of the same product type or a Competitive Credit Card Product is to include the amount of any discount or rebate that is applied to that card or product at the POI but which is not equally applied to all Mastercard Credit Card Transactions of the same product type.
2. "Competitive Credit Card Product" includes any product within a brand of Credit Card or electronic credit payment form of a nationally accepted payment network other than Mastercard, specifically including without limitation Visa, American Express, Discover, and PayPal.
3. "Competitive Credit Card Product Cost of Acceptance" means the Merchant's average effective Merchant Discount Rate applicable to transactions on the Competitive Credit Card Product at the Merchant for the preceding one or twelve months, at the Merchant's option.
4. "Debit Card Cost of Acceptance" means the amount of the cap for debit transactions established by the Board of Governors of the Federal Reserve System pursuant to 15 U.S.C. § 1690-2 and its implementing regulations or, if the Board of Governors discontinues establishing a cap for debit transactions, the merchant's average effective Merchant Discount Rate for all PIN-based debit transactions for the preceding twelve months.

5. “Mastercard Credit Card Product Cost of Acceptance” means:
 - a. The average effective interchange rate plus the average of all fees imposed by the network upon Acquirers or Merchants, expressed as a percentage of the Transaction amount, applicable to Mastercard Credit Card Transactions of a product type at the Merchant for the preceding one or twelve months, at the merchant's option; or
 - b. If a Merchant cannot determine its Mastercard Credit Card Product Cost of Acceptance, then the Merchant may use the Mastercard Credit Card Product Cost of Acceptance for its Merchant category as published by Mastercard on the Mastercard public website.
6. The “Mastercard Credit Surcharge Cap” for a product type is the average effective Merchant Discount Rate applicable to Mastercard Credit Card Transactions of that product type at the Merchant for the preceding twelve months. At any given point in time, the actual Merchant Discount Rate paid in the time period covered by the Merchant's most recent statement relating to Mastercard Credit Card Transactions may be deemed a proxy for this amount.

The following requirements apply to a Merchant that chooses to impose a Surcharge at the product level:

1. The same Surcharge must apply to all Mastercard Credit Card Transactions of the same product type (for example, Standard Mastercard, World Mastercard, World Elite Mastercard) after accounting for any discounts or rebates offered by the Merchant at the POI. A Merchant may choose to Surcharge all face-to-face and/or non-face-to-face Mastercard Credit Card Transactions of the same product type.
2. The Surcharge assessed on a Mastercard Credit Card Transaction may not exceed the lesser of:
 - a. The Merchant's Mastercard Credit Surcharge Cap for that product type minus the Debit Card Cost of Acceptance, or
 - b. The Maximum Surcharge Cap, as published by Mastercard from time to time.
3. The Merchant must comply with the surcharge disclosure requirements set forth in Rule 5.11.2.3 below.
4. If a Merchant's ability to Surcharge a Competitive Credit Card Brand that the Merchant accepts, in either a face-to-face or non-face-to-face environment, is limited by that Competitive Credit Card Brand in any manner other than by prohibiting a surcharge greater than the Competitive Credit Card Brand's Cost of Acceptance, then the Merchant may Surcharge Mastercard Credit Card Transactions in accordance with (1) through (3) above pursuant to either:
 - a. The same terms under which the Competitive Credit Card Brand permits a Merchant to surcharge transactions of the Competitive Credit Card Brand in a face-to-face or non-face-to-face environment, or
 - b. The same terms under which the Merchant actually surcharges transactions of the Competitive Credit Card Brand, in a face-to-face or non-face-to-face environment, after accounting for any discounts or rebates offered by the Merchant at the POI on the Competitive Credit Card Brand.
5. The requirements outlined in (4) above are not applicable if:

- a. The Competitive Credit Card Brand does not prohibit or effectively prohibit surcharging Credit Cards and the Competitive Credit Card Product Cost of Acceptance to the Merchant is less than the Mastercard Credit Card Product Cost of Acceptance, or
- b. The Competitive Credit Card Brand prohibits or effectively prohibits the surcharging of Credit Cards and the Merchant surcharges the Competitive Credit Card Brand in an amount at least equal to the lesser of:
 - i. The Competitive Credit Card Brand Cost of Acceptance, or
 - ii. The amount of the Surcharge imposed on the Mastercard Credit Card Transaction to be Surcharged, or
- c. The Merchant has entered into an agreement with a Competitive Credit Card Brand which waives or limits the Merchant's right to surcharge transactions on that Competitive Credit Card Brand and the agreement:
 - i. Is not indefinite but is for a fixed duration;
 - ii. Is unique to the Merchant, not a standard agreement generally offered by the Competitive Credit Card Brand to multiple Merchants;
 - iii. Is not a condition to the Merchant's acceptance of the Competitive Credit Card Brand, the Merchant must have the ability to accept the Competitive Credit Card Brand for payment if the agreement were not in place;
 - iv. Is in exchange for Independent Consideration; and
 - v. Contains a price under which the Merchant may accept Competitive Credit Card Brand transactions and surcharge those transactions up to the Merchant's Merchant Discount Rate for the Competitive Credit Card Brand after accounting for applicable discounts or rebates offered by the Merchant at the POI.

5.11.2.3 Requirements for Merchant Disclosure of a Surcharge at the POI

- 1. A Merchant that chooses to Surcharge, either at the brand level or the product level, must prominently display a clear disclosure of the Merchant's Surcharge policy at the point of store entry or when conducting an e-commerce Transaction, on the first page that references Credit Card brands. The disclosure must include a statement that the Surcharge that the Merchant imposes is not greater than the Merchant's Merchant Discount Rate for Mastercard Credit Card Transactions.
- 2. The Merchant must provide a disclosure of the Merchant's Surcharging practices at the POI or point of sale and that disclosure must not disparage the brand, network, Issuer, or payment card product being used. A statement that the Merchant prefers or requests that a cardholder use a form of payment with lower acceptance costs does not constitute disparagement under this Rule. This disclosure must include:
 - a. The Surcharge percentage that is applied to Mastercard Credit Card Transactions;
 - b. A statement that the Surcharge is being imposed by the Merchant; and
 - c. A statement that the Surcharge is not greater than the applicable Merchant Discount Rate for Mastercard Credit Card Transactions at the Merchant.
- 3. A Merchant that chooses to Surcharge must provide clear disclosure of the Surcharge amount on the Transaction receipt.

5.11.2.4 Merchant Notification and Acquirer Registration

A Merchant that chooses to impose a Surcharge must provide Mastercard and its Acquirer with no less than 30 days' advance written notice that the Merchant intends to impose a Surcharge on Mastercard Credit Card Transactions at either the brand level or product level.

For information about how to notify Mastercard, see www.mastercardmerchant.com. The Acquirer must register the identity of the Merchant with Mastercard within 10 days of receipt of the Merchant's notification.

5.11.2.5 Transaction Requirements

The Acquirer of a Merchant that chooses to apply either a Brand-level Surcharge or a Product-level Surcharge to Mastercard Credit Card Transactions must offer to the Merchant the ability to electronically submit to the Acquirer any such Surcharge amount separately (in the defined surcharge field) from the Transaction amount in the authorization and clearing message.

The Transaction amount will include the purchase amount plus the surcharge amount. If the Merchant separately submits the Surcharge amount applied to a Transaction electronically, the Acquirer must transmit the Surcharge amount in DE 28 (Amount, Transaction Fee) of the authorization request message and in DE 54 (Amounts, Additional), subfield 5 (Additional Amount, Amount) of the clearing message. DE 54 also must contain a value of 42 (Amount, Surcharge) in subfield 2 (Additional Amount, Amount Type).

For the avoidance of doubt, a Merchant is not prohibited from applying a Brand-level or Product-level Surcharge if the Acquirer has not enabled the Merchant to electronically submit the Surcharge amount separately from the Transaction amount as set forth in this Rule 5.11.2.5. A Merchant that applies a Brand-level or Product-level Surcharge must disclose the Surcharge amount on the TID as set forth set forth in Rule 5.11.2.3.

In the event that a Merchant provides a full or partial refund of a purchase Transaction that included a Brand-Level or Product-Level Surcharge, the refund Transaction must include the full or prorated Brand-Level or Product-Level Surcharge amount.

5.11.3 Minimum/Maximum Transaction Amount Prohibited

In the U.S. Region and U.S. Territories, the Rule on this subject is modified as follows.

A Merchant may set a **minimum Transaction amount** to accept a Mastercard Card that provides access to a credit account, under the following conditions:

1. The minimum Transaction amount does not differentiate between Issuers; and
2. The minimum Transaction amount does not differentiate between Mastercard and another acceptance brand; and
3. The minimum Transaction amount does not exceed USD 10 (or any higher amount established by the Federal Reserve by regulation).

A Merchant may set a **maximum Transaction amount** to accept a Mastercard Card that provides access to a credit account, under the following conditions:

1. The Merchant is:
 - a. A department, agency or instrumentality of the U.S. Government;

- b. A corporation owned or controlled by the U.S. Government; or
- c. A Merchant whose primary business is reflected by one of the following MCCs:
 - MCC 8220—Colleges, Universities, Professional Schools, Junior Colleges; or
 - MCC 8244—Schools, Business and Secretarial; or
 - MCC 8249—Schools, Trade and Vocational; and
- 2. The maximum Transaction amount does not differentiate between Issuers; and
- 3. The maximum Transaction amount does not differentiate between Mastercard and another acceptance brand.

5.11.8 Disparagement

A Merchant must not disparage the Corporation or any of the Corporation's products, programs, services, networks, or systems.

Chapter 17 Mastercard Electronic Rules

This chapter contains Rules applicable to the Mastercard Electronic™ brand, which supports electronically-authorized POS Transactions.

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Mastercard Electronic Rules

The Standards for Mastercard Electronic consist of:

1. These Mastercard Electronic Rules; and
2. Applicable parts of the Standards for Mastercard and Maestro Activity, including without limitation those set forth in this manual, the *Transaction Processing Rules* manual, *Chargeback Guide*, the *GCMS Reference Manual*, the *Authorization Manual*, the *Customer Interface Specification* manual, the *Quick Reference Booklet*, the *Security Rules and Procedures* manual, and the *Settlement Manual*, all as amended from time to time.

Definitions

The terms appearing in the Definitions section of this manual apply to Mastercard Electronic and are defined and used herein with respect to Mastercard Electronic accounts ("Accounts"), cards ("Cards"), cardholders ("Cardholders"), issuers ("Issuers"), acquirers ("Acquirers"), merchants ("Merchants") and transactions ("Transactions"). Any term applicable to non-authenticated non-face-to-face transactions (such as "Remote Transaction") or contactless payment functionality (such as "Contactless Transaction") does not apply to Mastercard Electronic. In addition, solely for the purposes of these Mastercard Electronic Rules, the following terms have the meanings set forth below:

Mastercard Electronic Customer

A Mastercard Customer Licensed to participate in Mastercard Electronic Activity.

Mastercard Electronic Transaction

A Transaction effected with a Mastercard Card or Account.

Participation in Mastercard Electronic

A Mastercard Customer in good standing and located in the Asia/Pacific Region, Europe Region, Latin America and the Caribbean Region, or Middle East/Africa Region is eligible to participate in Mastercard Electronic™ Activity. Except as set forth in these Mastercard Electronic Rules, each Mastercard Electronic Customer has the same rights and obligations with respect to participation in Mastercard Electronic Activity as such Customer has with respect to its participation in Mastercard Activity.

Electronically Authorized Transactions

Mastercard Electronic endeavors to provide Mastercard Electronic Customers with electronically authorized Transactions. For purposes of these Mastercard Electronic Rules, references to "electronic authorization," "electronically authorized," "proper authorization," "properly authorized," "authorization," "authorized," and variations thereof refer to authorizations of Transactions having all of the following characteristics.

1. The authorization request was initiated with the Card, Cardholder, and Merchant agent present at the Point-of-Interaction (POI), or with a Card used at an automated fuel

dispenser Merchant (MCC 5542) with PIN as the Cardholder verification method. This requirement does not apply to Mastercard® MoneySend™ Payment Transactions.

2. The Merchant requested the Issuer's authorization, regardless of the amount of the Transaction.
3. Except with respect to Mastercard® MoneySend™ Payment Transactions, the Merchant obtained the Card data for the authorization request by means of a magnetic stripe-reading or chip-reading POS Terminal.
4. The Issuer responded to the Acquirer with an electronic approval in the form of a six-digit authorization code or Transaction certificate in the Authorization Request Response/0110 message.

Full Universal Cardholder Authentication Field Transactions

Mastercard Electronic endeavors to provide Mastercard Electronic Customers with electronic commerce Transactions performed with full Universal Cardholder Authentication Field (UCAF) authentication, and each Mastercard Electronic Merchant must be UCAF-enabled. For purposes of these Mastercard Electronic Rules, references to "full UCAF authentication" or "full UCAF Transaction" and variations thereof refer to the authorization of Transactions that have all of the following characteristics:

1. The Issuer and Acquirer both participate in the Mastercard® SecureCode™ program;
2. The Merchant is UCAF-enabled;
3. The Issuer provided the UCAF data for that Transaction.
4. All other e-commerce Authorization Request/0100 message requirements were satisfied; and
5. The Authorization Request Response/0110 message reflected the Issuer's approval of the Transaction.

Issuer approval of full UCAF Transactions will result in the Issuer loss of fraud-related chargeback rights under message reason codes 4837, 4849, and 4863 pursuant to the Mastercard SecureCode global liability shift program, as described in the *Chargeback Guide*. Issuer approval of electronic commerce Transactions that are not full UCAF will result in the loss of all fraud-related chargeback rights for that Transaction.

Encoding of Cards and Card Design

The Issuer must encode Mastercard Electronic Cards with a value of 2 (positive online authorization required) in position 2 of the service code to enable those POS Terminals that act upon service codes to always seek an electronic authorization for Mastercard Electronic Cards. Mastercard Electronic Cards must comply with the Standards set forth in Chapter 1, "Getting Started"; Chapter 2, "Mastercard"; and Chapter 6, "Mastercard Electronic" of the *Card Design Standards* manual.

A Mastercard Electronic Account must be issued with an accompanying Card and must not be issued on a Contactless Payment Device.

Chargebacks

When initiating a chargeback of a Mastercard Electronic Transaction, an Issuer must include the message "MCE TRAN" in the Data Record (DE 72). The Issuer must include this message in addition to any text that applies to the particular chargeback message reason code.

Inadvertent Transactions

In the event a Mastercard Merchant that is not also a Mastercard Electronic Merchant inadvertently accepts a Mastercard Electronic Card for payment in good faith and the resulting transaction (herein, an "inadvertent transaction") is submitted to the Interchange System, the following will apply:

1. The Issuer must pay to such Merchant's Acquirer the amount it would have been obligated to pay, had the inadvertent transaction been a Mastercard Transaction;
2. The Issuer will be liable to the Corporation for any Mastercard Electronic fees and assessments that would have been due had the inadvertent transaction been a Mastercard Electronic Transaction;
3. In the event that an inadvertent transaction is identified in DE 48, subelement 76 of the Authorization Request/0100 message as a "C" (Mastercard-only participant), and a dispute arises pertaining to the inadvertent transaction, the following will apply:
 - a. If the transaction is above the applicable Mastercard floor limit and a request for authorization is approved by the Issuer, the Issuer will not have chargeback rights.
 - b. If the transaction is above the applicable Mastercard floor limit and a request for authorization is made but denied by the Issuer, the Mastercard chargeback and compliance rights will apply.
 - c. If the transaction is above the applicable Mastercard floor limit and a request for authorization is not made, the Mastercard chargeback and compliance rights will apply.
 - d. If the transaction is below the applicable Mastercard floor limit and a request for authorization is approved by the Issuer, the Issuer will not have chargeback rights.
 - e. If the transaction is below the Mastercard applicable floor limit and the request for authorization is made but denied by the Issuer, the Mastercard chargeback and compliance rights will apply.
 - f. If the transaction is below the Mastercard applicable floor limit, and a request for authorization is not made, the Issuer will not have chargeback rights. If a dispute arises pertaining to that transaction, the Acquirer may substantiate that it has opted not to participate in Mastercard Electronic.
4. In the event that an inadvertent transaction is identified in DE 48, subelement 76 of the Authorization Request/0100 message as a "U" (Unidentified acquirer), and a dispute arises pertaining to the inadvertent transaction, the Issuer will have Mastercard chargeback and compliance rights.

ATM Terminal Access

An Issuer holding a Cirrus License may optionally support the use of Mastercard Electronic Cards at ATM Terminals displaying the Cirrus Acceptance Mark. In such an event, the Cirrus

Brand Mark must appear on the Card back in accordance with section 2.4.4 of the *Card Design Standards* manual.

The Mastercard Electronic Acceptance Mark must not be displayed on an ATM Terminal.

Applicability of Mastercard Standards

The Mastercard Standards generally apply to Mastercard Electronic, with the following exceptions and limitations:

1. Only those portions of the Standards applicable to electronically authorized Card-present Transactions or full UCAF electronic commerce Transactions apply to Mastercard Electronic Transactions.
2. A Merchant accepting Mastercard Electronic in a non-face-to-face Card-not-present Transaction environment must be UCAF-enabled and must attempt to obtain Mastercard SecureCode authentication of the Cardholder for each Transaction. Therefore, Standards relating to a Merchant conducting Transactions that arise from an Internet Website or other electronic Point-of-Interaction (POI) and the acquiring of such Transactions apply only with respect to UCAF-enabled Merchants and POI locations.
3. The only type of unattended POS Terminal (also called a Cardholder-Activated Terminal [CAT]) at which Mastercard Electronic Card acceptance is permitted is at automated fuel dispensers (MCC 5542) identified as CAT 1, which require the use of PIN as the Cardholder verification method.
4. "Split tickets" are not permitted for Mastercard Electronic Transactions. The Merchant must always include all products and services purchased in a single Transaction in one total amount on a single Transaction Information Document (TID).
5. A Mastercard Electronic Card Program cannot be issued as a Remote Transaction Mastercard Account type of Special Issuer Program.
6. A Mastercard Electronic Customer is not obligated to issue Mastercard Electronic Cards.
7. Rules applicable to Contactless Transactions do not apply to Mastercard Electronic.
8. A Mastercard Electronic Account may be used in a Mastercard® MoneySend™ Payment Transaction, but not in any other type of Payment Transaction.
9. Mastercard Electronic is not available in the United States Region. Therefore, Chapter 15, "United States Region" of this manual does not apply to Mastercard Electronic.

Chapter 18 Mastercard Mobile Rules

This chapter contains Rules applicable to the Mastercard® Mobile brand, which supports participation in Mastercard Mobile Remote Payment (MMRP) and other Mastercard Mobile products.

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Mastercard Mobile Rules

The Standards for Mastercard Mobile consist of:

1. These Mastercard Mobile Rules;
2. Applicable parts of the Standards for Mastercard and Maestro Activity set forth in this manual, including without limitation those set forth in this manual, the *Transaction Processing Rules* manual, *Chargeback Guide*, the *GCMS Reference Manual*, the *Authorization Manual*, the *Customer Interface Specification* manual, the *Single Message System Specifications* manual and related documentation, and *Security Rules and Procedures* manual, all as amended from time to time; and
3. The *Mastercard Mobile Remote Payment Program Guide*, *MMSM Service Manager—Service Guide*, and *MMSM Gateway—Service Guide*, all as amended from time to time.

Definitions

The terms appearing in the Definitions section of this manual are defined and used herein with respect to Mastercard Mobile cardholders ("Cardholders"), issuers ("Issuers"), acquirers ("Acquirers"), merchants ("Merchants") and transactions ("Transactions"). As used in these Mastercard Mobile Rules, the following terms replace those appearing in the Definitions section:

Maestro Account

Any type of eligible account, as defined in Rule 6.1.3.2, or a Mastercard Mobile account held by the Issuer on behalf of the Mobile Network Operator (MNO), that is maintained by or on behalf of a Cardholder with an Issuer to fund Transactions. A Maestro Account is identified with a BIN/IIN associated with a Portfolio designated by the Corporation as a Maestro Portfolio in its routing tables.

Mastercard Account

Any type of account (for example, credit, debit, and prepaid), including a Mastercard Mobile account held by the Issuer on behalf of the Mobile Network Operator (MNO), that is maintained by or on behalf of a Cardholder with an Issuer for the processing of Transactions, and which is identified with a primary account number (PAN) that begins with a BIN in the range of 510000 to 559999.

In addition, solely for the purposes of these Mastercard Mobile Rules, the following terms have the meanings set forth below:

Mastercard Mobile Acceptance Mark

The Mastercard Mobile Acceptance Mark is a combined mark, which includes the Mastercard Brand Mark (with the ® symbol) in a precise lockup with the Mobile word mark, the country designator (where applicable), and the custom mobile device graphic. These elements are placed on a modified gradient interpretation of the Mastercard Dark Blue Acceptance

Rectangle. The Acceptance Mark is used on merchant acceptance decals, and in other acceptance-related communications.

Mastercard Mobile Customer

A Mastercard Customer or Maestro Customer Licensed to participate in Mastercard Mobile Activity.

Mastercard Mobile Identifier

The Mastercard Mobile Identifier is a combined mark, which includes the Mastercard Brand Mark (with the ® symbol) in a precise lockup with the Mobile word mark, the country designator (where applicable), and the custom mobile device graphic. The Identifier is used for all non-acceptance-related marketing communications.

Mastercard Mobile License, Licensed

The contract between the Corporation and a Customer granting the Customer the right to use the Mastercard Mobile Marks in accordance with the Standards. To be “Licensed” means to have such a right pursuant to a Mastercard Mobile License.

Mastercard Mobile Licensee

A Customer or other person authorized in writing by the Corporation to use the Mastercard Mobile Marks.

Mastercard Mobile Merchant Agreement

An agreement between a Merchant and a Customer that sets forth the terms pursuant to which the Merchant is authorized to accept payments initiated by means of MMRP Transactions.

Mastercard Mobile Remote Payment

A payment functionality initiated by an enrolled Cardholder from a Cardholder-controlled mobile device that is registered with the Issuer or its MMRP Service Manager and used for entry of the Cardholder’s PIN or mobile-specific credentials (m-PIN).

Mastercard Mobile Remote Payment (MMRP) Service Manager

An entity that is registered by an Issuer or Acquirer as a Service Provider to effect Issuer Domain MMRP Transactions or Acquirer Domain MMRP Transactions, and which may perform services including but not limited to consumer registration, Cardholder validation, identity mapping to Account numbers, and Cardholder notification. MMRP Service Manager must be PCI-compliant and accredited by the Corporation.

Mastercard Mobile Remote Payment (MMRP) Transaction

A POS Transaction is a financial Transaction that is initiated and authenticated by an enrolled Cardholder using the Mastercard Mobile Remote Payment functionality on the Cardholder's Mobile Device for purposes of effecting payment to a Mastercard Mobile Merchant.

The Mastercard transaction processing requirements, as set forth in the *Transaction Processing Rules* manual, *Authorization Manual*, *Customer Interface Specifications*, *IPM Clearing Formats*, the *MMRP Program Guide*, and other Standards, apply to an MMRP Transaction effected through the use of a Mastercard Account.

The Maestro transaction processing requirements, as set forth in the *Transaction Processing Rules* manual, *Single Message System Specifications*, the *MMRP Program Guide*, and other Standards, apply to an MMRP Transaction effected through the use of a Maestro Account.

Mobile Device

A Cardholder-controlled mobile device used:

1. For the effecting of Issuer Domain MMRP Transactions authenticated with the Card PIN (c-PIN) or mobile-specific credentials (m-PIN); or
2. For the effecting of Acquirer Domain MMRP Transaction authenticated with mobile-specific credentials (m-PIN). Within the Acquirer Domain, the Card PIN (c-PIN) is not allowed to be used.

Participation in Mastercard Mobile

A Mastercard Customer or Maestro Customer located in a country where Mastercard Mobile Remote Payment is supported is eligible to participate in Mastercard Mobile Activity. Except as set forth in these Mastercard Mobile Rules, each Mastercard Mobile Customer has the same rights and obligation with respect to participation in Mastercard Mobile Activity as such Customer has with respect to its participation in Mastercard Activity or Maestro Activity, as applicable.

Mastercard Mobile Remote Payment

The Rules in this chapter and the requirements in the following manuals apply to participation in Mastercard Mobile Remote Payment.

- *Mastercard Mobile Remote Payment Program Guide*
- *MMSM Service Manager—Service Guide*
- *MMSM Gateway—Service Guide*

Refer to regional and/or country-specific bulletins for announcements relating to support for MMRP Transactions in a particular region or country.

Use of an MMRP Service Manager

Before a Mastercard Mobile Customer may use an MMRP Service Manager to perform Mastercard Mobile Remote Payment Program Service, the Mastercard Mobile Customer must

register the MMRP Service Manager as its Service Provider as set forth in Rule 7.8 of this manual.

The Mastercard Mobile Customer must ensure that each of its MMRP Service Managers complies with all applicable Standards, including the branding requirements and the security requirements and guidelines for Mastercard Mobile Remote Payment.

Issuer Domain Mastercard Mobile Remote Payment

An “Issuer Domain MMRP Transaction” is conducted pursuant to a program in which the Issuer usually provides the offering and controls the registration of Cardholders who wish to participate. At the time of the MMRP Transaction, the Issuer or its Service Manager verifies the Cardholder’s registration and the Cardholder is authenticated by means of credentials delivered at the time of registration and transaction initiation, verifiable by the Issuer or the Service Manager.

Each Mastercard Mobile Customer proposing to support Issuer Domain MMRP Transactions must comply with the requirements set forth in this section.

Issuer Domain MMRP—Issuer Responsibilities

An Issuer that offers Issuer Domain MMRP Transactions must:

1. Provide a Cardholder that wishes to participate in Issuer Domain MMRP Transactions, and that is approved by the Issuer to participate, with a PAN. For a Maestro Account, the PAN must be 13 to 19 digits in length. A Mastercard Account PAN must start with a BIN, and may be one that is currently used by the Issuer. The Issuer may optionally use a “pseudo” PAN (meaning a PAN that is different from the PAN displayed on the Cardholder’s physical Card, if any). If a pseudo PAN is used, it must be static;
2. Complete the expiration date field. This four-digit field may be used for the actual expiration date of the Card, which must not exceed five years. The format of the field is as follows:
 - a. The first two digits must be a value between 01 and 12; and
 - b. Value of the next two digits must not be equivalent to more than five years after the Transaction year;
3. Comply with Mastercard Mobile Remote Payment branding requirements;
4. Ensure that its authorization system provides a valid response code as identified in the authorization message. “Call Me” is not a permitted response. MMRP Transactions may be approved or declined only; and
5. Implement security techniques between the Cardholder’s Mobile Device and the Issuer server to guard against unauthorized MMRP Transactions.

In addition, the Issuer must provide implementation, registration, and instructions for Cardholders or delegate a specific implementation and registration function to a Service Provider.

An Issuer may choose to implement mobile-specific credentials and a method of generating an Accountholder Authentication Value (AAV), as an alternative to using card PIN as the CVM for Issuer Domain Mobile Remote Payment Transactions. If an Issuer chooses to implement this method, it must provide clear communication to the Cardholder regarding the process to

conduct an Issuer Domain Mobile Remote Payment Transaction without the use of card PIN as the CVM. Refer to the *Mastercard Mobile Remote Payment Program Guide* for additional information.

An MMRP Transaction must not be effected using contactless payment functionality.

Issuer Domain MMRP—Acquirer Responsibilities

An Acquirer that is a Mastercard Mobile Customer in Mastercard Mobile Remote Payment for Issuer Domain MMRP Transactions must:

1. Support the passing of UCAF data with the AAV to the Interchange System;
2. Support Account Status Inquiry Service authorization request messages; and
3. Properly identify each MMRP Transaction.

Acquirer Domain Mastercard Mobile Remote Payment

An “Acquirer Domain MMRP Transaction” is conducted pursuant to a program in which the Acquirer provides the offering and controls the registration of Cardholders who wish to participate. At the time of the MMRP Transaction, the Acquirer or its Service Manager verifies the Cardholder’s registration and the Cardholder is authenticated by means of credentials delivered at the time of registration and transaction initiation, verifiable by the Service Manager. Authentication is performed using m-PIN only credentials.

Each Mastercard Mobile Customer proposing to support Acquirer Domain MMRP Transactions must comply with the requirements set forth in this section.

Acquirer Domain MMRP—Issuer Responsibilities

The Issuer must be able to recognize properly identified Acquirer Domain MMRP Transactions. If an Acquirer Domain MMRP Transaction is reported as a fraudulent Transaction, and the Remote Payments Program Type value of 2 (Acquirer Domain) was present in Data Element 48, subelement 48, subfield 1 (Mobile Program Indicators), the Issuer will have a chargeback right.

Acquirer Domain MMRP—Acquirer Responsibilities

An Acquirer that is a Mastercard Mobile Customer in Mastercard Mobile Remote Payment for Acquirer Domain MMRP Transactions must:

1. Provide implementation and registration for Merchants and Cardholders or delegate a specific implementation and registration function to the MMRP Service Manager. Such implementation must include the use of mobile-specific credentials (m-PIN) as the Cardholder verification method (CVM), and clear communication to Cardholders regarding the process for conducting an Acquirer Domain MMRP Transaction; and
2. Properly identify each MMRP Transaction.

Service Manager Requirements

The Customer must ensure that the MMRP Service Manager acting on its behalf.

1. Provides clear instructions on how to obtain a mailing address and a contact telephone number or email address for Cardholder queries resulting from MMRP Transactions. This information may be provided in the confirmation message, but must be readily accessible

to a Cardholder for at least 90 days after the last day on which a Transaction was performed;

2. Has the capability to accept PANs between 13 and 19 digits in length;
3. Provides a means for a Cardholder to confirm a MMRP Transaction via the Mobile Device. This confirmation means must be provided to the Cardholder before the Transaction has been completed and any charge levied;
4. Provides a confirmation of payment message after the Cardholder confirms the MMRP Transaction. The confirmation message must include Transaction date, Transaction amount, Merchant reference, unique Transaction reference, and contact details for Cardholder inquiries; and
5. Ensures that information provided on any electronic acknowledgement of the Cardholder's order is in compliance with all other requirements for a MMRP Transaction receipt.

ATM Terminal Access

The Mastercard Mobile Acceptance Mark must not be displayed on an ATM Terminal.

Applicability of Mastercard and Maestro Standards

The Mastercard and Maestro Standards apply to Mastercard Mobile, with the following exceptions and limitations:

1. A Customer must receive from the Corporation written consent to extend or otherwise modify the Area of Use of a Mastercard Mobile License. An application for such consent must be made in the form and include all information then required. If the application is approved, the Corporation will amend the Mastercard Mobile License to reflect the change in the Area of Use.
2. A Mastercard Mobile Customer is not obligated to issue Mastercard Mobile Cards.
3. Each Acquirer must acquire all MMRP Transactions properly presented to it from a registered MMRP Service Manager or Mastercard Mobile Service Manager (MMSM) for the purpose of performing Mastercard Mobile Remote Payment Program Service.
4. The Standards applicable to presentation of a Card to a Merchant in a face-to-face environment do not apply to MMRP Transactions. While conducted with the Cardholder and Merchant representative present, MMRP Transactions do not involve the presentation of a Card to a Merchant nor the transfer to Account data to a Merchant.
5. Rules applicable to Contactless Transactions, Payment Transactions, Mastercard® MoneySend™ Payment Transactions, or Transactions conducted in a non-face-to-face environment do not apply to Mastercard Mobile.

Appendix A Geographic Regions

This appendix provides listings of geographic regions.

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Asia/Pacific Region

The Asia/Pacific Region includes the following countries or territories.

American Samoa	Myanmar
Australia	Nauru
Bangladesh	Nepal
Bhutan	New Caledonia
Brunei Darussalam	New Zealand
Cambodia	Niue
China	Norfolk Island
Christmas Island	Northern Mariana Islands
Cocos (Keeling) Islands	Palau
Cook Islands	Papua New Guinea
Fiji	Philippines
French Polynesia	Pitcairn
Guam	Samoa
Heard and McDonald Islands	Singapore
Hong Kong	Solomon Islands
India	Sri Lanka
Indonesia	Taiwan
Japan	Thailand
Kiribati	Timor-Leste
Korea, Republic of	Tokelau
Lao People's Democratic Republic	Tonga
Macao	Tuvalu
Malaysia	U.S. Minor Outlying Islands
Maldives	Vanuatu
Marshall Islands	Viet Nam
Micronesia, Federated States of	Wallis and Futuna

Mongolia

Canada Region

The Canada Region is composed of Canada.

Europe Region

The Europe Region includes the following countries or territories.

Albania	Greece	Norway ¹
Andorra	Greenland	Poland
Antarctica	Hungary	Portugal ²
Armenia	Iceland	Romania
Austria	Ireland	Russian Federation
Azerbaijan	Isle of Man	San Marino
Belarus	Israel	Serbia
Belgium	Italy	Slovakia
Bosnia and Herzegovina	Kazakhstan	Slovenia
Bulgaria	Kosovo	Spain ³
Channel Islands ⁴	Kyrgyzstan	St. Helena, Ascension and Tristan Da Cunha
Croatia	Latvia	Sweden
Cyprus	Liechtenstein	Switzerland
Czech Republic	Lithuania	Tajikistan
Denmark ⁵	Luxembourg	Turkey
Estonia	Macedonia	Turkmenistan

¹ Includes Svalbard and Jan Mayen.

² Includes Azores and Madeira.

³ Includes Canary Islands, Ceuta and Melilla.

⁴ Includes Guernsey and Jersey.

⁵ Includes Faroe Islands.

Finland ⁶	Malta	Ukraine
France ⁷	Moldova	United Kingdom ⁸
Georgia	Monaco	Uzbekistan
Germany	Montenegro	Vatican City
Gibraltar	Netherlands	

Changes in allegiance or national affiliation of a part of any of the countries listed in this appendix shall not affect the geographic coverage of the definition.

Single European Payments Area (SEPA)

The Single European Payments Area includes the following countries or territories.

Andorra	Gibraltar	Netherlands
Antarctica	Greece	Norway ⁹
Austria	Greenland	Poland
Belgium	Hungary	Portugal
Bulgaria	Iceland	Romania
Channel Islands ¹⁰	Ireland	Saint Helena, Ascension and Tristan da Cunha
Croatia	Isle of Man	San Marino
Cyprus	Italy	Slovakia
Czech Republic	Latvia	Slovenia
Denmark ¹¹	Liechtenstein	Spain
Estonia	Lithuania	Sweden
Finland ¹²	Luxembourg	Switzerland
France ¹³	Malta	United Kingdom ¹⁴

⁶ Includes Aland Islands.

⁷ Includes Mayotte, Guadeloupe, Martinique, French Guiana, St. Martin (French Part), Réunion, and St. Barthélemy.

⁸ Includes Falkland Islands, South Georgia and South Sandwich Islands.

⁹ Includes Svalbard and Jan Mayen.

¹⁰ Includes Guernsey and Jersey.

¹¹ Includes Faroe Islands.

¹² Includes Aland Islands.

¹³ Includes Mayotte, Guadeloupe, Martinique, French Guiana, St. Martin (French Part), Réunion, and St. Barthélemy.

¹⁴ Includes Falkland Islands, South Georgia and South Sandwich Islands.

Germany	Monaco	Vatican City

Non-Single European Payments Area (Non-SEPA)

The Non-Single European Payments Area includes the following countries or territories.

Albania	Macedonia
Armenia	Moldova
Azerbaijan	Montenegro
Belarus	Russian Federation
Bosnia and Herzegovina	Serbia
Georgia	Tajikistan
Israel	Turkey
Kazakhstan	Turkmenistan
Kosovo	Ukraine
Kyrgyzstan	Uzbekistan

Latin America and the Caribbean Region

The Latin America and the Caribbean Region includes the following countries or territories.

Anguilla	Cuba	Panama
Antigua and Barbuda	Curacao	Paraguay
Argentina	Dominica	Peru
Aruba	Dominican Republic	Puerto Rico
Bahamas	Ecuador	St. Kitts-Nevis
Barbados	El Salvador	St. Lucia
Belize	Grenada	St. Maarten
Bermuda	Guatemala	St. Vincent and the Grenadines
BES Islands ¹⁵	Guyana	Suriname

¹⁵ Bonaire, St. Eustatius and Saba.

Bolivia	Haiti	Trinidad and Tobago
Brazil	Honduras	Turks and Caicos Islands
Cayman Islands	Jamaica	Uruguay
Chile	Mexico	Venezuela
Colombia	Montserrat	Virgin Islands, British
Costa Rica	Nicaragua	Virgin Islands, U.S.

Middle East/Africa Region

The Middle East/Africa Region includes the following countries or territories.

Afghanistan	Gabon	Pakistan
Algeria	Gambia	Palestine
Angola	Ghana	Qatar
Bahrain	Guinea	Reunion
Benin	Guinea-Bissau	Rwanda
Botswana	Iraq	Sao Tome and Principe
Bouvet Island	Jordan	Saudi Arabia
British Indian Ocean Territory	Kenya	Senegal
Burkina Faso	Kuwait	Seychelles
Burundi	Lebanon	Sierra Leone
Cameroon	Lesotho	Somalia
Cape Verde	Liberia	South Africa
Central African Republic	Libyan Arab Jamahiriya	Swaziland
Chad	Madagascar	Syrian Arab Republic
Comoros	Malawi	Tanzania
Congo	Mali	Togo
Côte D'Ivoire	Mauritania	Tunisia
Democratic Republic of the Congo	Mauritius	Uganda

Djibouti	Morocco	United Arab Emirates
Egypt	Mozambique	Western Sahara
Equatorial Guinea	Namibia	Yemen
Eritrea	Niger	Zambia
Ethiopia	Nigeria	Zimbabwe
French Southern Territories	Oman	

United States Region

The United States Region is composed of the United States.

Appendix B Compliance Zones

The following table identifies the noncompliance category that the Corporation has assigned to the Standards described within this manual.

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Compliance Zones

These noncompliance categories are assigned for the purposes of noncompliance assessments under the compliance framework in Rule 2.1.4.

Rule Number	Rule Title	Category
1.1	Eligibility to be a Customer	A
1.2	Mastercard Anti-Money Laundering Program	A
1.3	Satisfaction of Minimum Financial Requirements	A
1.4	Special Conditions of Participation, License or Activity	A
1.5	Interim Participation	A
1.6	The License	A
1.6.1	SEPA Licensing Program	A
1.7	Area of Use of the License	A
1.8	The Digital Activity Agreement	A
1.9	Participation in Activity and Digital Activity	A
1.10	Participation in Competing Networks	A
1.11	Portfolio Sale, Transfer, or Withdrawal	A
1.12	Change of Control of Customer or Portfolio	A
1.13	Termination	A
2.1.5	Certification	C
2.1.8	Rules Applicable to Intracountry Transactions	C
2.1.9	Communication of Intracountry Fallback Rules	C
2.2	Conduct of Activity and Digital Activity	A
2.5	Examination and Audit	A
3.1	Obligation to Issue Mastercard Cards	A
3.2	Responsibility for Transactions	A
3.3	Transaction Requirements	A
3.4	Authorization Service	A
3.5	Non-discrimination—POS Transactions	A

Rule Number	Rule Title	Category
3.6	Non-discrimination—ATM and PIN-based In-Branch Terminal Transactions	A
3.7	Integrity of Brand and Network	A
3.8	Fees, Assessments, and Other Payment Obligations	A
3.9	Obligation of Customer to Provide Information	C
3.10	Confidential Information of Customers	A
3.12	Confidential Information of Mastercard	A
3.13	Data Protection	A
3.14	Quarterly Mastercard Report (QMR)	C
3.15	Cooperation	B
3.16	Responsibility for Digital Activity—Wallet Token Requestors	A
3.17	Issuer Reporting Requirement—EU Only	C
3.18	BINs	A
4.1	Right to Use the Marks	A
4.1.1	Protection and Registration of the Marks	B
4.1.1.1	Registration of a Card Design	B
4.1.2	Misuse of a Mark	B
4.2	Requirements for Use of a Mark	B
4.4	Signage System	B
4.5	Use of the Interlocking Circles Device	B
4.6	Use of Multiple Marks	B
4.7	Particular Uses of a Mark	B
4.8	Use of Marks on Maestro and Cirrus Cards	A
4.9	Use of Marks on Mastercard Cards	B
4.10	Use of a Card Design in Merchant Advertising and Signage	B
4.11	Use of a Card Design in Issuer Advertising and Marketing Material	B
4.12	Use of the Mastercard Card Design in Cardholder Statement Enclosures	B
4.13	Use of the Brand Marks on Other Cards	B
5.1	The Merchant Agreement and ATM Owner Agreements	A

Rule Number	Rule Title	Category
5.1.1	Verify Bona Fide Business Operation	A
5.1.2	Required Merchant Agreement Terms	A
5.1.2.1	Gambling Merchants	A
5.1.3	Required ATM Owner Agreement Terms	A
5.1.4	Maintaining Information	C
5.2	Merchant and Submerchant Compliance with the Standards	A
5.3	Acquirer Obligations to Merchants	B
5.4	Merchant Location	A
5.5	Submerchant Location	A
5.6	Responsibility for Transactions	B
5.7	Transaction Message Data	A
5.8	Transaction Currency Information	A
5.9	Use of the Marks	B
5.10	Merchant Obligations for Acceptance	A
5.10.1	Honor All Cards	A
5.10.2	Merchant Acceptance of Mastercard Cards	A
5.10.3	Obtain an Authorization	A
5.10.4	Additional Cardholder Identification	B
5.10.5	Discounts or Other Benefits at the Point of Interaction	B
5.11	Prohibited Practices	A
5.11.1	Discrimination	A
5.11.2	Charges to Cardholders	B
5.11.3	Minimum/Maximum Transaction Amount Prohibited	B
5.11.4	Scrip-dispensing Terminals	A
5.11.5	Existing Mastercard Cardholder Obligations	A
5.11.6	Cardholder Right of Dispute	B
5.11.7	Illegal or Brand-damaging Transactions	A
5.11.8	Disparagement	A
5.11.9	Mastercard Tokens	A

Rule Number	Rule Title	Category
5.12	Valid Transactions	A
5.13	Sale or Exchange of Information	A
5.14	Payment Account Reference (PAR) Data	A
6.1	Card Issuance—General Requirements	A
6.1.1	Mastercard Card Issuance	A
6.1.2	Maestro Card Issuance	A
6.1.3	Cirrus Card Issuance	A
6.1.4	Tokenization of Accounts	A
6.1.5	Cardholder Communications	B
6.2	Issuer Responsibilities to Cardholders	B
6.3	Limitation of Liability of Cardholders for Unauthorized Use	B
6.4	Selective Authorization	B
6.5	Affinity and Co-Brand Card Programs	A
6.5.1	Ownership and Control of the Program	A
6.5.2	Use of the Acceptance Marks	B
6.6	Brand Value Transactions and Proprietary Accounts	A
6.6.1	Proprietary Account Access	A
6.6.2	Use of BVT and Proprietary Accounts on a Mastercard Card	A
6.6.3	Fees and Reporting Requirements	C
6.7	Remote Transaction Mastercard Accounts	A
6.7.1	Proprietary Account Access	A
6.7.2	Use of BVT and Proprietary Accounts on a Mastercard Card	A
6.7.3	Fees and Reporting Requirements	C
6.8	Secured Card Programs	B
6.9	Youth Card Programs	A
6.10	Prepaid Card Programs	A
6.11	Maestro Chip-only Card Programs—Europe Region Only	A
7.1	Service Provider Categories	A
7.2	The Program and Performance of Program Service	A

Rule Number	Rule Title	Category
7.2.1	Customer Responsibility and Control	A
7.2.2	Notification to the Corporation	A
7.2.3	Program Service Agreement	A
7.2.4	Disclosure of Standards	C
7.2.5	Customer Point of Contact	B
7.2.6	Use of the Marks	B
7.2.7	Service Provider Identification on a Card	B
7.2.8	Program Materials	B
7.2.9	Fees	B
7.2.10	Settlement Failure Obligation	A
7.2.11	Data Security	A
7.3	Access to Merchant Account	A
7.4	Transfer of Rights Prohibited	A
7.5	Use of the Corporation's Systems and Confidential Information	A
7.6.1	Merchant Agreement	A
7.6.2	Collection of Funds from a Merchant	A
7.6.3	Access to Documentation	C
7.6.4	Authority to Terminate Merchant Agreement or ATM Owner Agreement	A
7.6.5	Payment Facilitators and Submerchants	A
7.6.6	High-Risk Payment Facilitators	A
7.7.1	Card Application Approval	A
7.7.2	Cardholder Agreement	B
7.7.3	Program Payments	A
7.7.4	Program Receivables	A
7.8	Payment Facilitator Obligations	A
7.19	Termination of Program Service Agreement or De-registration	A
7.21	Audits	C
8.2	Net Settlement	A

Rule Number	Rule Title	Category
8.3	Interchange and Service Fees	A
8.4	Establishment of Intracountry Interchange and Service Fees	A
8.5	Failure of a Principal or Association to Discharge a Settlement Obligation	A
8.6	Settlement Liability for Debit Licensees	A
8.7	Settlement Liability for Type I TPPs that Sponsor Affiliates	A
8.8	System Liquidity	A
8.9	Liability for Owned or Controlled Entities	A
8.10	Risk of Loss	A
8.11	Loss Allocation Among Customers	A
ME	Participation in Mastercard Electronic	A
ME	Encoding of Cards and Card Design	B
ME	Chargebacks	B
ME	Inadvertent Transactions	B
ME	ATM Terminal Access	B
MM	Participation in Mastercard Mobile	A
MM	Use of an MMRP Service Manager	A
MM	Issuer Domain MMRP—Issuer Responsibilities	B
MM	Issuer Domain MMRP—Acquirer Responsibilities	B
MM	Acquirer Domain MMRP—Issuer Responsibilities	B
MM	Acquirer Domain MMRP—Acquirer Responsibilities	B
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Appendix C Definitions

The following terms as used in this manual have the meanings set forth below.

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Additional and/or revised terms may also be used for purposes of the Rules in a particular chapter or section of this manual.

Acceptance Mark

Any one of the Corporation's Marks displayed at a POI to indicate brand acceptance. See Cirrus Acceptance Mark, Maestro Acceptance Mark, Mastercard Acceptance Mark.

Access Device

A device other than a Card that has successfully completed all applicable Mastercard certification and testing requirements, if any, and:

- Uses at least one Payment Application provisioned to the device by or with the approval of a Customer to provide access to an Account;
- Supports the transmission or exchange of magnetic stripe or chip data containing a dynamic cryptogram to or with a Terminal, as applicable, by implementing the EMV Contactless Specifications (Book D) to effect Transactions at the Terminal without requiring direct contact of the device to the Terminal; and
- May also support the transmission of magnetic stripe data containing a dynamic cryptogram to a Terminal to effect Transactions identified by the Acquirer in Transaction messages as magnetic stripe Transactions.

A Cirrus Access Device, Maestro Access Device, and Mastercard Access Device is each an Access Device. *Also see* Mobile Payment Device.

Account

An account maintained by or on behalf of a Cardholder by an Issuer for the processing of Transactions, and which is identified with a bank identification number (BIN) or Issuer identification number (IIN) designated by the Corporation in its routing tables for routing to the Interchange System. *Also see* Cirrus Account, Maestro Account, Mastercard Account.

Account Enablement System

Performs Account enablement services for Mastercard Cloud-Based Payments, which may include Account and Access Device eligibility checks, Identification & Verification (ID&V), Digitization, and subsequent lifecycle management.

Account PAN

The primary account number (PAN) allocated to an Account by an Issuer.

Account PAN Range

The range of Account PANs designated by an Issuer for Digitization.

Acquirer

A Customer in its capacity as an acquirer of a Transaction.

Activity(ies)

The undertaking of any act that can be lawfully undertaken only pursuant to a License granted by the Corporation. *Also see Digital Activity(ies).*

Affiliate Customer, Affiliate

A Customer that participates indirectly in Activity through the Sponsorship of a Principal or, solely with respect to Mastercard Activity, through the Sponsorship of an Association. An Affiliate may not Sponsor any other Customer.

Area of Use

The country or countries in which a Customer is Licensed to use the Marks and conduct Activity, and, as a rule, set forth in the License or in an exhibit to the License.

Association Customer, Association

A Mastercard Customer that participates directly in Mastercard Activity using its assigned BINs and which may Sponsor one or more Mastercard Affiliates but may not directly issue Mastercard Cards or acquire Mastercard Transactions without the express prior written consent of the Corporation.

ATM Access Fee

A fee charged by an Acquirer in connection with a cash withdrawal or Shared Deposit Transaction initiated at the Acquirer's ATM Terminal with a Card, and added to the total Transaction amount transmitted to the Issuer.

ATM Owner Agreement

An agreement between an ATM owner and a Customer that sets forth the terms pursuant to which the ATM accepts Cards.

Automated Teller Machine (ATM)

An unattended self-service device that performs basic banking functions such as accepting deposits, cash withdrawals, ordering transfers among accounts, loan payments and account balance inquiries.

ATM Terminal

An ATM that enables a Cardholder to effect a Transaction with a Card in accordance with the Standards.

ATM Transaction

A cash withdrawal effected at an ATM Terminal with a Card and processed through the Mastercard ATM Network. An ATM Transaction is identified with MCC 6011 (Automated Cash Disbursements—Customer Financial Institution).

BIN

A bank identification number (BIN, sometimes referred to as an issuer identification number, or IIN) is a unique number assigned by Mastercard for use by a Customer in accordance with the Standards.

Brand Fee

A fee charged for certain Transactions not routed to the Interchange System.

Brand Mark

A Word Mark as a custom lettering legend placed within the Corporation's interlocking circles device. The Mastercard Brand Mark, Maestro Brand Mark, and Cirrus Brand Mark is each a Brand Mark.

Card

A card issued by a Customer pursuant to License and in accordance with the Standards and that provides access to an Account. Unless otherwise stated herein, Standards applicable to the use and acceptance of a Card are also applicable to an Access Device and, in a Card-not-present environment, an Account. A Cirrus Card, Maestro Card, and Mastercard Card is each a Card.

Cardholder

The authorized user of a Card or Access Device issued by a Customer.

Cardholder Communication

Any communication by or on behalf of an Issuer to a Cardholder or prospective Cardholder. A Solicitation is one kind of Cardholder Communication.

Cardholder Verification Method (CVM)

A process used to confirm that the person presenting the Card is an authorized Cardholder. The Corporation deems the following to be valid CVMs when used in accordance with the Standards:

- The comparison, by the Merchant or Acquirer accepting the Card, of the signature on the Card's signature panel with the signature provided on the Transaction receipt by the person presenting the Card;
- The comparison, by the Card Issuer or the EMV chip on the Card, of the value entered on a Terminal's PIN pad with the personal identification number (PIN) given to or selected by the Cardholder upon Card issuance; and
- The use of a Consumer Device CVM (CDCVM) that Mastercard approved as a valid CVM for Transactions upon the successful completion of the certification and testing procedures set forth in section 3.9 of the *Security Rules and Procedures*.

In certain Card-present environments, a Merchant may complete the Transaction without a CVM ("no CVM" as the CVM), such as in Quick Payment Service (QPS) Transactions,

Contactless Transactions less than or equal to the CVM limit, and Transactions at an unattended POS Terminal identified as Cardholder-activated Terminal (CAT) Level 2 or Level 3.

Consumer Device Cardholder Verification Method, Consumer Device CVM, CDCVM

A CVM that occurs when personal credentials established by the Cardholder to access an Account by means of a particular Access Device are entered on the Access Device and verified, either within the Access Device or by the Issuer during online authorization. A CDCVM is valid if the Issuer has approved the use of the CVM for the authentication of the Cardholder.

Chip Card (Smart Card, Integrated Circuit Card, IC Card, or ICC)

A Card with an embedded EMV-compliant chip containing memory and interactive capabilities used to identify and store additional data about a Cardholder, an Account, or both.

Chip-only MPOS Terminal

An MPOS Terminal that has a contact chip reader and no magnetic stripe-reading capability and that must:

1. Operate as an online-only POS Terminal for authorization purposes;
2. Support either signature or No CVM Required as a Cardholder verification method, and may also support PIN verification if conducted by means of a PIN entry device (PED) that is in compliance with the Payment Card Industry (PCI) POS PED Security Requirements and Evaluation Program; and
3. Otherwise comply with the Corporation's requirements for Hybrid POS Terminals.

Chip Transaction

A Contact Chip Transaction or a Contactless Transaction.

Cirrus Acceptance Mark

A Mark consisting of the Cirrus Brand Mark placed on the dark blue acceptance rectangle, available at brand.mastercard.com.

Cirrus Access Device

An Access Device that uses at least one Cirrus Payment Application to provide access to a Cirrus Account when used at an ATM Terminal or PIN-based In-Branch Terminal.

Cirrus Account

An account eligible to be a Cirrus Account, as set forth in Rule 6.1.3.2 of the *Mastercard Rules* manual, and identified with a BIN/IIN associated with a Portfolio designated by the Corporation as a Cirrus Portfolio in its routing tables.

Cirrus Brand Mark

A Mark consisting of the Cirrus Word Mark as a custom lettering legend placed within the Corporation's interlocking circles device. The Corporation is the exclusive owner of the Cirrus Brand Mark.

Cirrus Card

A Card that provides access to a Cirrus Account.

Cirrus Customer

A Customer that has been granted a Cirrus License in accordance with the Standards.

Cirrus Payment Application

A Payment Application that stores Cirrus Account data.

Cirrus Word Mark

A Mark consisting of the word "Cirrus" followed by a registered trademark ® or ™ symbol (depending on its trademark status in a particular country) or the local law equivalent. "Cirrus" must appear in English and be spelled correctly, with the letter "C" capitalized. "Cirrus" must not be abbreviated, hyphenated, used in the plural or possessive, or translated from English into another language. The Corporation is the exclusive owner of the Cirrus Word Mark.

Competing ATM Network

A Competing International ATM Network or a Competing North American ATM Network, as the case may be.

Competing International ATM Network

A network of ATMs and payment cards, other than the Corporation, identified by a common brand mark that is used exclusively or primarily for ATM interchange that:

1. Operates in at least three countries;
2. Uses a common service mark or marks to identify the ATMs and payment cards which provide account access through it; and
3. Provides account access to at least 40,000,000 debit cards and by means of at least 25,000 ATMs.

Competing EFT POS Network

A network, other than any network owned and operated by the Corporation, which provides access to Maestro Accounts at POS Terminals by use of payment cards and has the following characteristics:

1. It provides a common service mark or marks to identify the POS Terminal and payment cards, which provide Maestro Account access;
2. It is not an affiliate of the Corporation; and
3. It operates in at least one country in which the Corporation has granted a License or Licenses.

The following networks are designated without limitation to be Competing EFT POS Networks: Interlink; Electron; and V-Pay.

Competing North American ATM Network

A network of ATMs and access cards, other than the Corporation, identified by a common brand mark that is used exclusively or primarily for ATM interchange and that possesses each of the following characteristics:

1. It operates in at least 40 of the states or provinces of the states and provinces of the United States and Canada;
2. It uses a common service mark or common service marks to identify the terminals and cards which provide account access through it;
3. There are at least 40,000,000 debit cards that provide account access through it; and
4. There are at least 12,000 ATMs that provide account access through it.

Contact Chip Transaction

A Transaction in which data is exchanged between the Chip Card and the Terminal through the reading of the chip using the contact interface, in conformance with EMV specifications.

Contactless Payment Device

A means other than a Card by which a Cardholder may access an Account at a Terminal in accordance with the Standards. A Contactless Payment Device is a type of Access Device that exchanges data with the Terminal by means of radio frequency communications. *Also see* Mobile Payment Device.

Contactless Transaction

A Transaction in which data is exchanged between the Chip Card or Access Device and the Terminal through the reading of the chip using the contactless interface, by means of radio frequency communications. *Also see* EMV Mode Contactless Transaction, Magnetic Stripe Mode Contactless Transaction.

Control, Controlled

As used herein, Control has such meaning as the Corporation deems appropriate in its sole discretion given the context of the usage of the term and all facts and circumstances the Corporation deems appropriate to consider. As a general guideline, Control often means to have, alone or together with another entity or entities, direct, indirect, legal, or beneficial possession (by contract or otherwise) of the power to direct the management and policies of another entity.

Corporation

Mastercard International Incorporated, Maestro International Inc., and their subsidiaries and affiliates. As used herein, Corporation also means the President and Chief Executive Officer of Mastercard International Incorporated, or his or her designee, or such officers or other employees responsible for the administration and/or management of a program, service, product, system or other function. Unless otherwise set forth in the Standards, and subject to any restriction imposed by law or regulation, or by the Board of Directors of Mastercard International Incorporated, or by the Mastercard International Incorporated Certificate of Incorporation or the Mastercard Incorporated Certificate of Incorporation (as each such Certificate of Incorporation may be amended from time to time), each such person is authorized to act on behalf of the Corporation and to so act in his or her sole discretion.

Credentials Management System

Facilitates credential preparation and/or remote mobile Payment Application management for Mastercard Cloud-Based Payments.

Cross-border Transaction

A Transaction that occurs at a Card acceptance location in a different country from the country in which the Card was issued.

Customer

A financial institution or other entity that has been approved for Participation. A Customer may be a Principal, Association, Affiliate, or Digital Activity Customer. *Also see* Cirrus Customer, Maestro Customer, Mastercard Customer, Member.

Customer Report

Any report a Customer is required to provide the Corporation, whether on a one-time or repeated basis, pertaining to its License, Activities, Digital Activity Agreement, Digital Activities, use of any Mark, or any such matters. By way of example and not limitation, the Quarterly Mastercard Report (QMR) is a Customer Report.

Data Storage Entity (DSE)

A Service Provider that performs any one or more of the services described in Rule 7.1 of the *Mastercard Rules* manual as DSE Program Service.

Device Binding

The process by which a Wallet Token Requestor binds a Mastercard Token corresponding to a Cardholder's Account to that Cardholder's Mobile Payment Device, which may consist of:

- The provisioning of the Token and its associated encryption keys into the secure element within the Mobile Payment Device;
- The loading of an application for a remotely-managed secure server into the Mobile Payment Device and the successful communication of the device with the application; or
- Other methodology acceptable to the Corporation.

Digital Activity(ies)

The undertaking of any act that can be lawfully undertaken only pursuant to approval by the Corporation as set forth in a Digital Activity Agreement or other written documentation. Participation in the Mastercard Digital Enablement Service as a Wallet Token Requestor is a Digital Activity.

Digital Activity Agreement

The contract between the Corporation and a Digital Activity Customer granting the Digital Activity Customer the right to participate in Digital Activity and a limited License to use one or more of the Marks in connection with such Digital Activity, in accordance with the Standards.

Digital Activity Customer

A Customer that participates in Digital Activity pursuant to a Digital Activity Agreement and which may not issue Cards, acquire Transactions, or Sponsor any other Customer into the Corporation.

Digital Activity Service Provider (DASP)

A Service Provider that performs any one or more of the services described in Rule 7.1 of the *Mastercard Rules* as DASP Program Service.

Digital Goods

Any goods that are stored, delivered, and used in electronic format, such as, by way of example but not limitation, books, newspapers, magazines, music, games, game pieces, and software (excludes gift cards). The delivery of a purchase of digital goods may occur on a one-time or subscription basis.

Digital Wallet

A Pass-through Digital Wallet or a Staged Digital Wallet.

Digital Wallet Operator (DWO)

A Service Provider that performs any one or more of the services described in Rule 7.1 of the *Mastercard Rules* manual as DWO Program Service. Also see Staged Digital Wallet Operator and Pass-through Digital Wallet Operator.

Digital Wallet Operator Mark, DWO Mark

A mark identifying a particular Pass-through Digital Wallet and/or Staged Digital Wallet, and which may be displayed at the POI to denote that a retailer, or any other person, firm, or corporation, accepts payments effected by means of that Pass-through Digital Wallet and/or Staged Digital Wallet. A “Staged DWO Mark” and a “Pass-through DWO Mark” are both types of DWO Marks.

Digitization, Digitize

Data preparation performed by, or on behalf of, an Issuer prior to the provisioning of Account credentials, in the form of a Mastercard Token, onto a Mobile Payment Device or into a server. Digitization includes Tokenization.

Domestic Transaction

See Intracountry Transaction.

Dual Interface

The description of a Terminal that is capable of processing Contactless Transactions by means of its contactless interface and Contact Chip Transactions by means of its contact interface.

Electronic Money

Electronically (including magnetically) accessed monetary value as represented by a claim on the Electronic Money Issuer which:

1. Is issued on receipt of funds for the purpose of making transactions with payment cards; and
2. Is accepted by the Electronic Money Issuer or a person other than the Electronic Money Issuer.

Electronic Money Issuer

An Electronic Money Institution with respect only to its issuing activities.

Electronic Money Institution

An entity authorized by applicable regulatory authority or other government entity as an “electronic money institution”, “e-money institution”, “small electronic money institution”, or any other applicable qualification under which an entity is authorized to issue or acquire Electronic Money transactions under applicable law or regulation.

EMV Mode Contactless Transaction

A Contactless Transaction in which the Terminal and the chip exchange data, enabling the chip to approve the Transaction offline on the Issuer’s behalf or to request online authorization from the Issuer, in compliance with the Standards.

Gateway Customer

A Customer that uses the Gateway Processing service.

Gateway Processing

A service that enables a Customer to forward a Gateway Transaction to and/or receive a Gateway Transaction from the Mastercard ATM Network®.

Gateway Transaction

An ATM transaction effected with a payment card or other access device not bearing a Mark that is processed through or using the Mastercard ATM Network®.

Global Collection Only (GCO) Data Collection Program

A program of the Corporation pursuant to which a Customer must provide collection-only reporting of non-Processed Transactions effected with a Card, Access Device, or Account issued under a Mastercard-assigned BIN via the Corporation’s Global Clearing Management System (GCMS), in accordance with the requirements set forth in the *Mastercard Global Collection Only* manual.

Host Card Emulation (HCE)

The presentation on a Mobile Payment Device of a virtual and exact representation of a Chip Card using only software on the Mobile Payment Device and occurring by means of its communication with a secure remote server.

Hybrid Terminal

A Terminal, including any POS or MPOS Terminal ("Hybrid POS Terminal", "Hybrid MPOS Terminal"), ATM Terminal ("Hybrid ATM Terminal"), or PIN-based In-Branch Terminal ("Hybrid PIN-based In-Branch Terminal"), that:

1. Is capable of processing both Contact Chip Transactions and magnetic stripe Transactions;
2. Has the equivalent hardware, software, and configuration as a Terminal with full EMV Level 1 and Level 2 type approval status with regard to the chip technical specifications; and
3. Has satisfactorily completed the Corporation's Terminal Integration Process (TIP) in the appropriate environment of use.

Identification & Verification (ID&V)

The identification and verification of a person as the Cardholder to whom the Issuer allocated the Account PAN to be Tokenized.

Independent Sales Organization (ISO)

A Service Provider that performs any one or more of the services described in Rule 7.1 of the *Mastercard Rules* manual as ISO Program Service.

Interchange System

The computer hardware and software operated by and on behalf of the Corporation for the routing, processing, and settlement of Transactions including, without limitation, the Mastercard Network, the Mastercard ATM Network, the Dual Message System, the Single Message System, the Global Clearing Management System (GCMS), and the Settlement Account Management (SAM) system.

Inter-European Transaction

A Transaction completed using a Card issued in a country or territory listed in Single European Payments Area (SEPA) at a Terminal located in a country or territory listed in Non-Single European Payments Area (Non-SEPA) or Transaction completed using a Card issued in a country or territory listed in Non-Single European Payments Area (Non-SEPA) at a Terminal located in a country or territory listed in Single European Payments Area (SEPA).

Interregional Transaction

A Transaction that occurs at a Card acceptance location in a different Region from the Region in which the Card was issued. In the Europe Region, the term “Interregional Transaction” includes any “Inter-European Transaction,” as such term is defined in the “Europe Region” chapter of the *Mastercard Rules*.

Intracountry Transaction

A Transaction that occurs at a Card acceptance location in the same country as the country in which the Card was issued. A Transaction conducted with a Card bearing one or more of the Brand Marks, either alone or in combination with the marks of another payment scheme, and processed as a Transaction, as shown by the Card type identification in the Transaction record, via either the Interchange System or a different network, qualifies as an Intracountry Transaction. “Domestic Transaction” is an alternative term for Intracountry Transaction.

Intra-European Transaction

An Intra-Non-SEPA Transaction or an Intra-SEPA Transaction, but not an Inter-European Transaction.

Intra-Non-SEPA Transaction

A Transaction completed using a Card issued in a country or territory listed in Non-Single European Payments Area (Non-SEPA) at a Terminal located in a country or territory listed in Non-Single European Payments Area (Non-SEPA).

Intraregional Transaction

A Transaction that occurs at a Card acceptance location in a different country from the country in which the Card was issued, within the same Region. In the Europe Region, this

term is replaced by “Intra-European Transaction,” as such term is defined in the “Europe Region” chapter of the *Mastercard Rules*.

Issuer

A Customer in its capacity as an issuer of a Card or Account.

License, Licensed

The contract between the Corporation and a Customer granting the Customer the right to use one or more of the Marks in accordance with the Standards. To be “Licensed” means to have such a right pursuant to a License.

Licensee

A Customer or other person authorized in writing by the Corporation to use one or more of the Marks.

Maestro

Maestro International Incorporated, a Delaware U.S.A. corporation or any successor thereto.

Maestro Acceptance Mark

A Mark consisting of the Maestro Brand Mark placed on the dark blue acceptance rectangle, as available at brand.mastercard.com.

Maestro Access Device

An Access Device that uses at least one Maestro Payment Application to provide access to a Maestro Account when used at a Terminal.

Maestro Account

An account eligible to be a Maestro Account, as set forth in Rule 6.1.2.1 of the *Mastercard Rules* manual, and identified with a BIN/IIN associated with a Portfolio designated by the Corporation as a Maestro Portfolio in its routing tables.

Maestro Brand Mark

A Mark consisting of the Maestro Word Mark as a custom lettering legend placed within the Corporation's interlocking circles device. The Corporation is the exclusive owner of the Maestro Brand Mark.

Maestro Card

A Card that provides access to a Maestro Account.

Maestro Customer

A Customer that has been granted a Maestro License in accordance with the Standards.

Maestro Payment Application

A Payment Application that stores Maestro Account data.

Maestro Word Mark

A Mark consisting of the word "Maestro" followed by a registered trademark ® or ™ symbol (depending on its trademark status in a particular country) or the local law equivalent. "Maestro" must appear in English and be spelled correctly, with the letter "M" capitalized. "Maestro" must not be abbreviated, hyphenated, used in the plural or possessive, or translated from English into another language. Maestro is the exclusive owner of the Maestro Word Mark.

Magnetic Stripe Mode Contactless Transaction

A Contactless Transaction in which the Terminal receives static and dynamic data from the chip and constructs messages that can be transported in a standard magnetic stripe message format, in compliance with the Standards.

Manual Cash Disbursement Transaction

A disbursement of cash performed upon the acceptance of a Mastercard Card or, at a PIN-based In-Branch Terminal, a Maestro or Cirrus Card by a Customer financial institution teller. A Manual Cash Disbursement Transaction is identified with MCC 6010 (Manual Cash Disbursements—Customer Financial Institution).

Marks

The names, logos, trade names, logotypes, trademarks, service marks, trade designations, and other designations, symbols, and marks that the Corporation owns, manages, licenses, or otherwise Controls and makes available for use by Customers and other authorized entities in accordance with a License. A “Mark” means any one of the Marks.

Mastercard

Mastercard International Incorporated, a Delaware U.S.A. corporation.

Mastercard Acceptance Mark

A Mark consisting of the Mastercard Brand Mark placed on the dark blue acceptance rectangle, as available at brand.mastercard.com.

Mastercard Access Device

An Access Device that uses at least one Mastercard Payment Application to provide access to a Mastercard Account when used at a Terminal.

Mastercard Account

Any type of account (credit, debit, prepaid, commercial, etc.) identified as a Mastercard Account with a primary account number (PAN) that begins with a BIN in the range of 222100 to 272099 or 510000 to 559999.

Mastercard-branded Application Identifier (AID)

Any of the Corporation’s EMV chip application identifiers for Mastercard, Maestro, and Cirrus Payment Applications as defined in the *M/Chip Requirements* manual.

Mastercard Brand Mark

A Mark consisting of the Mastercard Word Mark as a custom lettering legend placed within the Mastercard Interlocking Circles Device. The Corporation is the exclusive owner of the Mastercard Brand Mark.

Mastercard Card

A Card that provides access to a Mastercard Account.

Mastercard Cloud-Based Payments

A specification that facilitates the provisioning of Digitized Account data into a Host Card Emulation (HCE) server and the use of the remotely stored Digitized Account data, along with single-use payment credentials, in Transactions effected by a Cardholder using a Mobile Payment Device. The Mastercard Digital Enablement Service offers Mastercard Cloud-Based Payments as an on-behalf service.

Mastercard Customer

A Customer that has been granted a Mastercard License in accordance with the Standards.
Also see Member.

Mastercard Digital Enablement Service

Any of the services offered by the Corporation exclusively to Customers for the digital enablement of Account data, including but not limited to ID&V Service, Tokenization Service, Digitization Service, Token Mapping Service, Mastercard Cloud-Based Payments, Digital Card Image Database, CVC 3 pre-validation and other on-behalf cryptographic validation services, and Service Requests.

Mastercard Europe

Mastercard Europe SA, a Belgian private limited liability (company).

Mastercard Incorporated

Mastercard Incorporated, a Delaware U.S.A. corporation.

Mastercard Payment Application

A Payment Application that stores Mastercard Account data.

Mastercard Safety Net

A service offered by the Corporation that performs fraud monitoring at the network level for all Transactions processed on the Mastercard Network. The service invokes targeted measures to provide protective controls on behalf of a participating Issuer to assist in minimizing losses in the event of a catastrophic fraud attack.

Mastercard Token

A Token allocated from a Mastercard Token Account Range that the Corporation has designated to an Issuer and that corresponds to an Account PAN. The Corporation exclusively owns all right, title and interest in any Mastercard Token.

Mastercard Token Account Range

A Bank Identification Number (BIN) or portion of a BIN ("BIN range") designated by the Corporation to an Issuer for the allocation of Mastercard Tokens in a particular Token implementation. A Mastercard Token Account Range must be designated from a BIN reserved for the Corporation by the ISO Registration Authority and for which the Corporation is therefore the "BIN Controller," as such term is defined in the EMV Payment Tokenization Specification Technical Framework (also see the term "Token BIN Range" in that document). A Mastercard Token Account Range is identified in the Corporation's routing tables as having the same attributes as the corresponding Account PAN Range.

Mastercard Token Vault

The Token Vault owned and operated by Mastercard and enabled by means of the Mastercard Digital Enablement Service.

Mastercard Word Mark

A Mark consisting of the word "Mastercard" followed by a registered trademark ® symbol or the local law equivalent. "Mastercard" must appear in English and be spelled correctly, with the letters "M" and "C" capitalized. "Mastercard" must not be abbreviated, hyphenated, used in the plural or possessive, or translated from English into another language. The Corporation is the exclusive owner of the Mastercard Word Mark.

Member, Membership

A financial institution or other entity that is approved to be a Mastercard Customer in accordance with the Standards and which, as a Mastercard Customer, has been granted membership (“Membership”) in and has become a member (“Member”) of the Corporation. “Membership” also means “Participation”.

Merchandise Transaction

The purchase by a Cardholder of merchandise or a service, but not currency, in an approved category at an ATM Terminal and dispensed or otherwise provided by such ATM Terminal. A Merchandise Transaction is identified with MCC 6012 (Merchandise and Services—Customer Financial Institution), unless otherwise specified.

Merchant

A retailer, or any other person, firm or corporation that, pursuant to a Merchant Agreement, agrees to accept Cards when properly presented.

Merchant Agreement

An agreement between a Merchant and a Customer that sets forth the terms pursuant to which the Merchant is authorized to accept Cards.

Mobile Payment Device

A Cardholder-controlled mobile device containing a Payment Application compliant with the Standards, and which uses an integrated keyboard and screen to access an Account. A Mobile Payment Device may also be a Contactless Payment Device.

Mobile POS (MPOS) Terminal

An MPOS Terminal enables a mobile device to be used as a POS Terminal. Card “reading” and software functionality that meets the Corporation’s requirements may reside within the mobile device, on a server accessed by the mobile device, or in a separate accessory connected (such as via Bluetooth or a USB port) to the mobile device. The mobile device may be any multi-purpose mobile computing platform, including, by way of example and not limitation, a feature phone, smart phone, tablet, or personal digital assistant (PDA).

Multi-Account Chip Card

A Chip Card with more than one Account encoded in the chip.

On-Device Cardholder Verification

The use of a CDCVM as the CVM for a Transaction.

Ownership, Owned

As used herein, ownership has such meaning as the Corporation deems appropriate in its sole discretion given the context of the usage of the term in all facts and circumstances the Corporation deems appropriate to consider. As a general guideline, ownership often means to own indirectly, legally, or beneficially more than fifty percent (50 percent) of an entity.

Participation

The right to participate in Activity, Digital Activity, or both granted to a Customer by the Corporation. For a Mastercard Customer, Participation is an alternative term for Membership.

Pass-through Digital Wallet

Functionality by which the Pass-through Digital Wallet Operator stores Mastercard or Maestro Account data provided by the Cardholder to the DWO for purposes of effecting a payment initiated by the Cardholder to a Merchant or Submerchant, and upon the performance of a Transaction, transfers the Account data to the Merchant or Submerchant or to its Acquirer or the Acquirer's Service Provider.

Pass-through Digital Wallet Operator (DWO)

The operator of a Pass-through Digital Wallet.

Payment Account Reference (PAR)

A unique non-financial alphanumeric value assigned to an Account PAN that is used to link the Account PAN to all of its corresponding Tokens.

Payment Application

A package of code and data stored in a Card, an Access Device, a server, or a combination of Access Device and server, that when exercised outputs a set of data that may be used to effect a Transaction, in accordance with the Standards. A Mastercard Payment Application, Maestro Payment Application, and Cirrus Payment Application is each a Payment Application.

Payment Facilitator

A Service Provider registered by an Acquirer to facilitate the acquiring of Transactions by the Acquirer from Submerchants, and which in doing so, performs any one or more of the services described in Rule 7.1 of the *Mastercard Rules* manual as PF Program Service.

PIN-based In-Branch Terminal

An attended device, located on the premises of a Customer or other financial institution designated as its authorized agent by the Corporation, that facilitates a cash withdrawal Transaction by a Cardholder.

Point of Interaction (POI)

The location at which a Transaction occurs, as determined by the Corporation.

Point-of-Sale (POS) Terminal

An attended or unattended device located in or at a Merchant's premises that enables a Cardholder to effect a Transaction for the purchase of products or services sold by such Merchant with a Card and/or Access Device, in accordance with the POS Terminal security and other applicable Standards.

Point-of-Sale (POS) Transaction

The sale of products or services by a Merchant to a Cardholder pursuant to acceptance of a Card by the Merchant. A POS Transaction may be a Card-present Transaction taking place in a face-to-face environment or at an unattended POS Terminal, or a Card-not-present Transaction taking place in a non-face-to-face environment (for example, an e-commerce, mail order, phone order, or recurring payment Transaction).

Portfolio

All Cards issued bearing the same major industry identifier, BIN/IIN, and any additional digits that uniquely identify Cards for routing purposes.

Principal Customer, Principal

A Customer that participates directly in Activity using its assigned BINs/IINs and which may Sponsor one or more Affiliates.

Processed Transaction

A Transaction which is:

1. Authorized by the Issuer via the Interchange System, unless a properly processed offline Chip Transaction approval is obtained or no authorization is required, in accordance with the Standards; and
2. Cleared, meaning the Acquirer transferred the Transaction data within the applicable presentment time frame to the Corporation via the Interchange System, for the purpose of a transfer of funds via the Interchange System, and such Transaction data is subsequently transferred by the Corporation to the Issuer for such purpose.

Program

A Customer's Card issuing program, Merchant acquiring program, ATM Terminal acquiring program, Digital Activity program, or all.

Program Service

Any service described in Rule 7.1 of the *Mastercard Rules* manual or elsewhere in the Standards that directly or indirectly supports a Program and regardless of whether the entity providing the service is registered as a Service Provider of one or more Customers. The Corporation has the sole right to determine whether a service is a Program Service.

Region

A geographic region as defined by the Corporation from time to time. See Appendix A of the *Mastercard Rules* manual.

Remote Transaction

A non–face-to-face POS Transaction performed partially or wholly by means of electronic communication, such as via phone order, the Internet, text messaging, facsimile, or the like.

Rules

The Standards set forth in this manual.

Service Provider

A person that performs Program Service. The Corporation has the sole right to determine whether a person is or may be a Service Provider and if so, the category of Service Provider. A Service Provider is an agent of the Customer that receives or otherwise benefits from Program Service, whether directly or indirectly, performed by such Service Provider.

Service Provider Registration Facilitator

A Service Provider that performs Service Provider identification and registration services.

Settlement Obligation

A financial obligation of a Principal or Association Customer to another Principal or Association Customer arising from a Transaction.

Shared Deposit Transaction

A deposit to a savings Account or checking Account conducted at an ATM Terminal located in the U.S. Region, initiated with a Card issued by a U.S. Region Customer other than the Acquirer, and processed through the Mastercard ATM Network.

Solicitation, Solicit

An application, advertisement, promotion, marketing communication, or the like intended to solicit the enrollment of a person as a Cardholder or as a Merchant. To “Solicit” means to use a Solicitation.

Special Issuer Program

Issuer Activity the Corporation deems may be undertaken only with the express prior consent of the Corporation. As of the date of the publication of these Rules, Special Issuer Programs include Affinity Card Programs, Co-Brand Card Programs, and Prepaid Card Program, and with respect to Mastercard Activity only, Brand Value Transaction and proprietary account, Remote Transaction Mastercard Account, and secured Mastercard Card Programs.

Sponsor, Sponsorship

The relationship described in the Standards between a Principal or Association and an Affiliate that engages in Activity indirectly through the Principal or Association. In such event, the Principal or Association is the Sponsor of the Affiliate and the Affiliate is Sponsored by the Principal or Association. "Sponsorship" means the Sponsoring of a Customer.

Staged Digital Wallet

Functionality by which the Staged Digital Wallet Operator effects a two-stage payment to a retailer to complete a purchase initiated by a consumer, as follows:

- **Payment stage**—In the payment stage, the Staged DWO pays the retailer by means of:
 - A transaction conducted using Mastercard or Maestro Account or other account data assigned to the consumer by the DWO or by an issuer, acting for or on behalf of the DWO (herein, a "consumer-assigned payment account"); or
 - A funds transfer to an account held by the Staged DWO for or on behalf of the retailer.
- **Funding stage**—In the funding stage, the Staged DWO uses Mastercard or Maestro Account or other account data provided to the Staged DWO by the consumer (herein, the "funding account") to perform a transaction that funds or reimburses the Staged Digital Wallet.

Neither the retailer nor, if the retailer is a Merchant, its Acquirer or the Acquirer's Service Provider receives Mastercard or Maestro Account data and other information identifying the network brand and payment card issuer for the funding account.

Staged Digital Wallet Operator (DWO)

The operator of a Staged Digital Wallet.

Standards

The organizational documents, operating rules, regulations, policies, and procedures of the Corporation, including but not limited to any manuals, guides or bulletins, as may be amended from time to time.

Stand-In Parameters

A set of authorization requirements established by the Corporation or the Issuer that are accessed by the Interchange System using the Stand-In Processing Service to determine the appropriate responses to authorization requests.

Stand-In Processing Service

A service offered by the Corporation in which the Interchange System authorizes or declines Transactions on behalf of and uses Stand-In Parameters provided by the Issuer (or in some cases, by the Corporation). The Stand-In Processing Service responds only when the Issuer is unavailable, the Transaction cannot be delivered to the Issuer, or the Issuer exceeds the response time parameters set by the Corporation.

Sub-licensee

A person authorized in writing to use a Mark either by a Licensee in accordance with the Standards or by the Corporation.

Submerchant

A merchant that, pursuant to an agreement with a Payment Facilitator, is authorized to accept Cards when properly presented.

Submerchant Agreement

An agreement between a Submerchant and a Payment Facilitator that sets forth the terms pursuant to which the Submerchant is authorized to accept Cards.

Terminal

Any attended or unattended device that meets the Corporation requirements for the electronic capture and exchange of Card data and that permits a Cardholder to effect a Transaction in accordance with the Standards. An ATM Terminal, PIN-based In-Branch Terminal, and POS Terminal is each a type of Terminal.

Third Party Processor (TPP)

A Service Provider that performs any one or more of the services described in Rule 7.1 of the *Mastercard Rules* manual as TPP Program Service.

Token

A numeric value that (i) is a surrogate for the primary account number (PAN) used by a payment card issuer to identify a payment card account; (ii) is issued in compliance with the EMV Payment Tokenization Specification Technical Framework; and (iii) passes the basic validation rules for a PAN, including the Luhn Formula for Computing Modulus 10 Check Digit. Also see Mastercard Token.

Token Vault

A repository of tokens that are implemented by a tokenization system, which may also perform primary account number (PAN) mapping and cryptography validation.

Tokenization, Tokenize

The process by which a Mastercard Token replaces an Account PAN.

Token Requestor

An entity that requests the replacement of Account PANs with Mastercard Tokens. See Wallet Token Requestor.

Transaction

A financial transaction arising from the proper acceptance of a Card or Account bearing or identified with one or more of the Brand Marks, either alone or in combination with the

marks of another payment scheme, at a Card acceptance location and identified in messages with a Card Program identifier.

Transaction Management System

Performs Transaction management services for Mastercard Cloud-Based Payments, which may include credential authentication, application cryptogram mapping and validation, ensuring synchronization with the Credentials Management System, and forwarding of Transactions to the Issuer for authorization.

Trusted Service Manager

Provisions an Access Device with the Payment Application, personalization data, or post-issuance application management commands by means of an over-the-air (OTA) communication channel.

Volume

The aggregate financial value of a group of Transactions. “Volume” does not mean the number of Transactions.

Wallet Provider

See Wallet Token Requestor.

Wallet Token Requestor

An entity that, upon the request of a Cardholder for Digitization, including Tokenization, of an Account PAN, invokes Identification & Verification (ID&V) and Device Binding; also called a “Wallet Provider”. A Wallet Token Requestor is a type of Token Requestor.

Word Mark

A Mark consisting of the name of one of the Corporation’s brands followed by a registered trademark ® or ™ symbol (depending on its trademark status in a particular country) or the local law equivalent. See Cirrus Word Mark, Maestro Word Mark, Mastercard Word Mark.

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2009 SUMMARY OF COSTS FOR PROSPECTIVE U.S. REGION MEMBERS

This document contains the major fees that the licensed members of MasterCard Worldwide engaged in MasterCard activity in the U.S. Region are expected to pay. Based on their utilization of other services, members may be subject to additional fees not contained in this document.

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Licensing Fees

Initiation Fee

1. At the time of grant of membership, each new principal or association card member and any affiliated card member that owns and/or controls an issuing program will pay an initiation fee based on the number of accounts projected at the end of the third full year of operation, measured from the date of program activation (initial card issuance). MasterCard introduced the following pricing effective April 1st, 2006. Fees that MasterCard will assess to members include, but are not limited to:

Principal Members	Fee	Affiliate Members	Fee
0 - 10,000 accounts	USD 10,000	0 - 10,000 accounts	USD 5,000
10,001 - 20,000 accounts	USD 10,000	10,001 - 20,000 accounts	USD 10,000
Over 20,000	US \$1 per Account	Over 20,000	US \$1 per Account

Association members also will be subject to the mandatory minimum fee of USD 10,000.

2. If any card member's planned (or actual) third operating year's acquiring volume exceeds the issuing volume for such operating year, a fee of US\$ 100 per US\$ 1 million on the third year acquiring volume in excess of the issuing volume will be assessed. The minimum fee is US\$ 5,000.
3. At the time of grant of membership, each affiliated card member that is an agent of a principal or association card member (i.e., the principal or association card member owns the cardholder/merchant contracts, receivables, etc.) will pay an initiation fee of US\$ 500.
4. Any non-U.S. card member newly licensed to engage in MasterCard activity in the U.S. must pay the appropriate initiation fee as would be paid by a U.S. card member proposing to engage in such activity.

Member Support Service Fees

MasterCard introduced the following member support service fees effective April 1st 2006:

Administrative Support	Fee
Name Changes	USD 1,000
Member ID (ICA Number)/BIN Changes and Transfers	USD 1,000
Sponsorship Changes	USD 1,000
Portfolio Sales, Mergers, and Acquisitions	USD 2,000

Transfer Fee

1. Any principal card member who becomes an affiliated card member, and any affiliated card member, who becomes a principal card member, shall pay an administration fee of US\$ 500.
2. Any affiliated card member licensed after November 15, 1990 that subsequently upgrades membership status to principal or affiliated card member that newly owns and/or controls a program will, at the time of the upgrade, pay the fees applicable to a new principal or affiliated card membership (US\$ 10,000 minimum fee), less amount of initiation fee.

Merger Fee

Any principal card member which merges, with another principal card member, shall pay a merger licensing fee of US \$2,000.

Change of Sponsorship Fee

Any affiliated card member who transfers sponsorship from one principal or association card member to another will pay an administrative fee of US\$1,000.

Member Service Sponsorship Fee

1. A card member who registers a third party organization as a Member Service Provider (MSP) to provide services for the benefit of the member's issuing and/or acquiring programs will pay an initial registration fee of US\$ 5,000.
2. A card member which registers a third party organization as an MSP will pay, beginning the year subsequent to the initial registration, an aggregate annual registration maintenance fee of US\$ 1,500.

I. Card Issuance Requirement

Each principal and association card member must itself, taken together with its affiliated card members as if they were a single card member, issue and have outstanding, a reasonable number of MasterCard cards.

The required number of MasterCard cards that must be issued and outstanding is determined by MasterCard based on the capabilities of the prospective member, its business plan, the area in which it intends to operate, and the date it became a member.

Unless otherwise exempted (in accordance with Section 7.04 of the MasterCard Rules) from this requirement, any principal or association card member that does not issue or have outstanding the required number of cards is assessed an additional 20% of its assessment paid on its merchant (acquiring) volume for each year for which the card issuing shortfall exists. Assessment fees are specified in Section III of this document.

II. Assessment

The following assessment is paid by all principal and association card members licensed to engage in MasterCard activity in the U.S. Region.

Issuer Assessment

The issuer assessment is due and payable on a quarterly basis, based on the member's reported cardholder volume for the prior quarter. The assessment rates and the quarterly volumes used in calculating a member's assessment are defined below.

Retail Assessment

Retail assessment is based on a system of progressive tiered rates determined by quarterly cardholder retail volume. The structure of tiered rates is as follows:

<i>Quarterly Volume</i>	<i>Rate per \$1,000</i>	<i>Tier</i>
First \$500 million	US\$ 0.65	1
Next \$500 million	US\$ 0.55	2
Next \$500 million	US\$ 0.45	3
Next \$1,500 million	US\$ 0.35	4
Over \$3,000 million	US\$ 0.25	5

Assessable retail volume is defined as non-interchange retail volume plus incoming interchange retail volume including intra-processor, domestic and international activity, excluding balance transfer activity.

Cash Assessment

Cash volume is assessed at a rate of US\$0.20 per \$1000 of volume.

Assessable cash volume is defined as non-interchange cash volume plus incoming interchange cash volume including intra-processor, domestic and international activity, excluding balance transfer activity.

Issuer assessments will be collected in January, April, July and October. Collection of the quarterly assessment payments will be performed through the MasterCard Consolidated Billing System (MCBS) by drafting each member's designated bank account.

Brand Volume Fee

The brand volume fee, which is payable by the acquirer, is based on all outgoing domestic and international interchange retail sales and cash disbursements as well as on all non-interchange retail sales. The rate is \$0.95 per \$1,000 of volume.

MasterCard will use data collected via GCMS, Collection Only and Intra-processor to bill this fee on the last day of each month. Collection will take place on the first Tuesday of the following month, but no sooner than five days after the end of the month.

Minimum Annual Assessment

The minimum assessment is US\$ 750 per quarter.

New Member Assessment

For the first five years, new issuer retail and cash volume will be charged at a rate of the 150% of the Tier 1 rate listed in the Retail Assessment section above (i.e., US\$ 0.975/US\$ 1,000). The Brand Volume Fee of US\$ 0.95/US\$ 1,000 will apply to acquiring volume.

III. Transaction and Network Interface Fees

IPM Interchange Processing

Domestic

Principal or associated association card members in the U.S. region that receive settlement and clearing records via GCMS from another member in the U.S. region will pay a domestic settlement fee. The fee is based on a system of progressive tiered rates determined by the weekly number of messages received through GCMS. All IPM records are included in the tier roll up. The structure of tiered rates is as follows:

<i>IPM Messages Per Week</i>	<i>Rate per IPM Messages</i>
First 350,000 records	US\$0.020
Next 650,000 records	US\$0.018
Next 1 million records	US\$0.016
Next 2 million records	US\$0.014
Next 3 million records	US\$0.012
Additional records (more than 7 million)	US\$0.010

The GCMS processing activity is recapped on the weekly MasterCard Consolidated Billing System (MCBS) Billing Summary Report.

International

Principal or associate association members in the U.S. region that receive settlement and clearing messages via GCMS from a member outside the U.S. region will pay an intercountry settlement fee of USD 0.125 per IPM message.

MasterCard International Authorization System

Association or principal card members will pay fees for the use of the MasterCard International Authorization System. These fees are charged on a per transaction basis and are collected weekly through ACH. Members will be advised a week in advance via the MasterCard Consolidated Billing System (MCBS) Billing Summary Report, of the amount that will be collected.

i. On-line Authorization

i. Domestic

The issuer will pay an authorization-processing fee for each authorization request received from an acquirer in the U.S. region that is processed through Banknet.

This fee is based on a progressive tiered rate structure determined by the weekly number of authorization transactions. It applies to all U.S. region authorization transactions, including Stand-In and Limit-1 transactions. The structure of tiered rates is as follows:

<i>Authorization Transactions per Week</i>	<i>Rate per Authorization Transaction</i>
First 200,000 transactions	US\$0.0110
Next 500,000 transactions	US\$0.0080
Next 700,000 transactions	US\$0.0075
Next 1.4 million transactions	US\$0.0070
Additional transactions (more than 2.8 million)	US\$0.0065

ii. International

The following fees are paid by the issuer and are applied to authorization requests received from an acquirer outside the U.S. region. These fees apply to all international authorization transactions including Stand-In.

- a. The issuer will pay US\$ 0.30 for each authorization request received from an acquirer in the Asia/Pacific, Europe, Latin America or Middle East Africa region that is processed through Banknet. Effective April 1, 2009 acquirers in Canada will also pay US\$ 0.30.

ii. Stand-In Authorization

Stand-In provides an authorization response on the issuer's behalf when the issuer is unavailable due to unexpected technical difficulty or expected planned maintenance outages. The issuer pays the following fees associated to Stand-In services.

- i. Stand-In authorizations will be charged at the issuer's standard domestic or international authorization transaction rate (listed under On-Line Authorizations above), plus US\$ 0.095 per transaction.
- ii. b. Negative account file listings that the issuer would like MasterCard to decline when cards are in a lost, stolen or in bad credit standing are US\$0.05 per week for residency on file.
- iii. c. Premium Listings that the issuer would like MasterCard to approve at high or unlimited spend limits for preferred customers are US\$5 annually, billed weekly at US\$0.095.
- iv. d. MasterCard has expanded card validation code (CVC) processing to include offline and online card programs. This optional service includes a set-up fee of US\$2,000 per CVC key and a bank identification number (BIN) set-up fee of US\$500 per BIN.
- v. e. Maintenance for accounts on file is US\$ 0.05 per account for online and US\$ 0.03 for batch account additions, updates or deletes to the Stand-In account file.

Access Fee

i. Issuer Access Fee

The issuer will pay an access fee of US\$ 0.005 for each bankcard authorization request processed by Banknet on international transactions (applicable for a transaction involving a U.S. region issuer and an acquirer from a region other than the U.S. region.)

Each issuer in the U.S. region will pay an access fee of US\$ 0.02 for each authorization request received from an acquirer in any region other than the U.S. region when such a request has been truncated at the acquirer's MasterCard Interface Processor (MIP).

ii. Operations/Development Fee

MasterCard charges issuing members a fee of US\$ 0.15 per US\$ 1,000 of issuer volume to offset continuing development costs. The fee is calculated on a daily basis by the GCMS System and billed through MCBS. The fee will be applied to the non-interchange portion of volume on a quarterly basis.

Volume is defined as interchange and non-interchange retail sales plus cash advances excluding MasterCard debit-card (changed from MasterMoney) card volume.

Network Access and Brand Usage Fee

MasterCard will charge a flat fee of US\$0.0185 and will be assessed to both issuers and acquirers (Acquirer fee will commence April 2009) regardless of whether transactions are processed by GCMS across the Banknet® telecommunications network.

Any transactions not cleared and settled by MasterCard must be identified as Collection Only transactions and submitted to GCMS on a daily basis.

Members not in compliance with the requirements for submitting Collection Only transactions will be charged at twice the rate. Information concerning the requirements for Collection Only transactions is provided in MasterCard bulletins and is available upon request.

Connectivity Fee

MIP equipment provides a communication interface to access Banknet for authorization, settlement and a variety of other financial EFT services.

- i. MasterCard will charge \$2,000/Month for dedicated MIPs and a file transmission fee of \$.0000034 per byte of transmitted uncompressed clearing, collection only, and electronic warning bulletin data.
- ii. MasterCard charges a member connectivity fee of US\$ 500 per month per member

for access to MasterCard's authorization and/or settlement services. This fee will be paid by all principal members that do not have MIPs.

- iii. MasterCard reserves the right to designate a member's interface and primary equipment as appropriate to be "shared." In the event a member shares the interface and primary equipment, the charge to each sharing principal and association card member is U.S. \$2,500 per month.
- iv. Should a member decline to share the interface and primary equipment designated by MasterCard as appropriate to be "shared", MasterCard will charge the member full cost (including depreciation costs, installation expenses, and other ongoing operating expenses) for the interface and primary equipment.
- v. Should a member request an additional MIP, or an upgrade to an existing MIP that MasterCard does not deem necessary, MasterCard will charge the member the full cost (including depreciation costs, installation expenses, and other ongoing operating expenses) for the interface and primary equipment.

Warning Bulletin Fee

The Warning Bulletin lists those card accounts submitted by card issuers who are considered lost, stolen, poor credit risks, fraudulent or counterfeit. Globally, there is an Electronic Warning Bulletin (EWB) service. Outside the U.S., there is also a printed version of the EWB, referred to as the Warning Notice. The printed Warning Notice bulletins are distributed to small, offline merchants as requested by those member institutions accepting sales slips from the merchants. Electronic Warning Bulletin fees are charged for listing accounts in the Electronic Warning Bulletin and the printed Warning Notice, and for distributing paper bulletins to merchants.

i. Electronic Warning Bulletin (for listings within the U.S.)

The Electronic Warning Bulletin contains a list of canceled cards for decline. This file is updated several times per day. The issuer pays MasterCard listing fees of US\$0.50 per account per week.

ii. Electronic Warning Bulletin Listing Fees for listings outside the U.S.

For listings outside the U.S. which bear higher risk, issuers pay MasterCard listing fees of US\$30.00 per account, per week, per region.

iii. Paper Warning Notice Distribution Fees

Acquirer will pay a distribution fee for each printed bulletin sent to merchants via first class mail of US\$ 10 per copy.

Acquirer Program Support Fee

Effective January 1st, 2008, MasterCard will implement a change to the Acquirer Program Support Fee that is assessed to acquirers of MasterCard transactions (including Cirrus) MasterCard will charge a flat fee of 45 basis points (0.45 percent) on all U.S. region acquired transactions for cards issued outside the U.S. region.

Effective October 3rd, 2008, MasterCard will implement a change to the Global Acquirer Program Support Fee to include Maestro PIN transactions. MasterCard will charge a flat fee of 45 BPS (0.45 percent) on all U.S. region acquired PIN transactions at the point of sale (POS) on cards issued outside the U.S. region.

MasterCard will bill and collect this fee on a daily basis via the MasterCard Consolidated Billing System (MCBS).

Merchant Investment Fee

Effective 17 April 2009, MasterCard will eliminate the Supermarket and Warehouse Investment fees and will consolidate them under the Merchant and Debit Investment fee programs (MIF and DIF).

The investment fee structure for MIF will now be assessed at 4.0 basis points (bps) versus 1.5 bps. MIF will be applied to:

- U.S. issued and U.S. acquired Consumer and Commercial credit card volume.

The Merchant Investment fee will be billed and collected on a daily basis.

Debit Investment Fee

Effective 17 April 2009, MasterCard will eliminate the Supermarket and Warehouse Investment fees and will consolidate them under the Merchant and Debit Investment fee programs (MIF and DIF).

The investment fee structure for DIF will be assessed at 4.0 basis points, applied

- All U.S. issued and U.S. acquired Debit Signature volume at a rate of 4.0 bps.

The Debit Investment fee will be billed and collected on a daily basis.

International Merchant Investment Fee

Effective April 1, 2005 MasterCard will begin to assess issuers in the U.S. region a 2 basis point International Merchant Investment Fee (IMIF) on all international/cross border transactions occurring on U.S. issued MasterCard cards. The International Merchant Investment fee will be billed and collected on a daily basis.

Rewards Investment Fee

Effective April 13, 2007 except on the Enhanced Value Platform, for which the fee becomes effective June 15, 2007. MasterCard will assess a Rewards Investment Fee of 1bp on all U.S Issued Card/U.S Acquired MasterCard purchase volume, including On-Us transaction volume for the Enhanced Value Platform, World MasterCard, World MasterCard for Business, World Elite MasterCard, and World Elite MasterCard for Business. This purchase volume excludes cash advances, convenience checks, and balance transfers. The Rewards Investment fee will be billed and collected on a daily basis. EVP residency fees of \$0.02 per week apply to accounts submitted to the Account Management System (AMS) for EVP participation. Standard maintenance fees apply for additions, deletions and updates to the account files.

Cross-border Transaction Assessment/Currency Conversion Fee

Effective April 7, 2006 MasterCard will implement cross-border transaction pricing as described below. As used here, "Cross-border Transaction" refers to any transaction on a MasterCard branded credit or debit card processed through GCMS or MDS in which the cardholder country code differs from the country code of the merchant.

This Cross-border transaction assessment will be billed weekly through our MasterCard Consolidated Billing System. Currency Conversion Assessment will be calculated and collected in the same manner as it is being currently billed.

This fee will be charged to Issuers and Acquirers as follows:

Acquirer Cross-Border Transaction Assessment

Effective January 1st, 2008, MasterCard will implement a change to the Acquirer Cross-border Transaction Assessment. U.S. region acquirers will pay MasterCard an acquirer cross-border assessment of 40 basis points on all cross-border transactions for non-U.S. region issued MasterCard, Cirrus, or Maestro credit or debit cards acquired from U.S. region merchants and submitted to MasterCard in a transaction currency other than U.S. dollars. When the transaction is submitted to MasterCard in U.S. dollars, the Acquirer Cross-border Transaction Assessment will be 40 basis points, but the acquirer will receive a credit of 10 basis points.

MasterCard will bill the Acquirer Cross-border Transaction Assessment weekly through MCBS using the following billing event codes.

<u>Members</u>	<u>Assessment</u>	<u>Nature of Assessment</u>
Issuers	80 bp	Assessment is applicable to Cross-border Transactions on U.S. Issued MasterCard branded credit and debit cards
Issuers	20 bp	This fee is for services provided by MasterCard for performing currency conversion. The fee is applicable to Cross-border Transactions on U.S.-issued credit or debit cards submitted to MasterCard in the currency of the country of the merchant. MasterCard will convert the transaction to the cardholder billing currency using its currency conversion procedures.
Acquirers	40 bp	Assessment is applicable to Cross-border Transactions on non-U.S. Issued MasterCard, Cirrus or Maestro branded credit or debit cards acquired from U.S. merchants and submitted to MasterCard in transaction currency other than the U.S. dollar.
Acquirers	-10bp	If U.S. merchants submit transaction currency in U.S. dollars to MasterCard, then the acquirer will receive a 10bp credit on the 40bp charge for this assessment.

Non-Diminimus Fee

MasterCard will charge a 0.20 basis point assessment fee on ATM and PIN-POS transaction volume occurring on Debit MasterCard cards that is not processed by the MasterCard Global Clearing Management System (GCMS), nor is otherwise reported to MasterCard. Issuers and Acquirers must report these volumes on their Debit MasterCard Quarterly Member Report and Acquiring Quarterly Member Report forms, respectively.

BIN and ICA Fees

The following BIN and ICA fees will be charged in the U.S. region.

<i>Fee Type</i>	<i>Fee amount for ICAs</i>	<i>Fee amount for BINs</i>
Additional Assignment	US\$5,000	US\$250 per BIN

All members may obtain, as necessary, one consumer credit ICA and BIN, one corporate credit ICA and BIN, and one debit ICA and BIN at no charge. All RPPS ICAs and associated BINs are also assigned at no charge.

Members may request ICAs and/or BINs in addition to the ICAs and BINs identified above. Each of these additional ICAs and BINs is subject to the additional assignment fee. The additional assignment fee is a one-time fee charged to members upon assignment.

QMR Late Fee

A daily fee of US\$100 will be charged for each Quarterly Member Report (QMR) filed after the deadline, after the 15th day of the previous quarters' month until all parts of the QMR have been properly filed.

Affiliate Fee

MasterCard charges principal members an annual fee of \$100 for each affiliate member.

RAMP Review Fees

In accordance with the requirements laid out in RAMP, after the principle member has requested a MasterCard license, they are required to undergo a risk assessment review. New affiliate members may also be required to undergo a RAMP review. The purpose of a Level 1 review is to evaluate the organizational fraud and risk management systems, services, resources, procedures and capabilities of new principle members and to make recommendations in any areas requiring improvement. There is a \$5,000 (US) fee associated with this process.

GCMS Reversal Processing Fee

MasterCard charges acquirers a fee of \$0.50 per reversal for each Financial Detail record reversal that they process. MasterCard will retain \$0.25 of this fee to implement programs to reduce reversal activity and provide the other \$0.25 to the issuer that receives the reversal.

Represents	Payable by acquirer	(US\$30) per item
Represents	Payable by issuer	US\$30 per item

Connectivity Fees		
VPN Fees		
Monthly Issuer and Acquirer Transaction Volume		
1 – 900,000		US\$1,000
900,001 – 4,000,000		US\$1,500
4,000,001 – 10,000,000		US\$3,000
10,000,001 – 30,000,000		US\$8,000
30,000,001 +		Based upon requirements of configuration
Dial back-up charges		Pass through
Monthly Dual Data Center charge		US\$1,500
Monthly MDS Access		US\$250 per processor ID
Installation		US\$4,000
Monthly MIP Processor		US\$50
File and Report Delivery Fees		
Monthly Issuer and Acquirer Transaction Volume		US\$0.0005 per transaction
Re-transmissions		US\$100 per file
Optional Services		
Database Updates		US\$25 per form
Emergency Updates		US\$200 per form
Test time		US\$300 per hour
Emergency test time		US\$500 per hour
Simulator installation		US\$9,000
Simulator monthly administration		US\$150
Simulator support		US\$300 per hour
Card record update		US\$0.04 per card record
Exception Item Processing		
Adjustments		
Within 1 – 10 calendar days of	Payable by acquirer	US\$3 per item

transaction		
Within 10-45 calendar days of transaction	Payable by acquirer	US\$10 per item
Chargebacks	Payable by acquirer	US\$30 per item

MasterCard ATM/Maestro/Cirrus Network Transactions Fees

i. Switch Fees

- a. ATM Switch Fees are based on a sliding scale, according to the number of monthly billable transactions.

<i>Monthly Billable Transaction Volume</i>	<i>IssuerFeePerTransaction</i>
1 -250,000	US\$ 0.06
250,001 – 500,000	US\$ 0.05
500,001 – 1,000,000	US\$ 0.045
1,000,001 – 2,000,000	US\$ 0.04
2,000,001 – 3,000,000	US\$ 0.035
Over 3,000,0001	US\$ 0.03

- b. POS Switch Fees are based on a scale according to the number of billable transactions for Issuer transaction volume and a fixed rate for Acquirer transaction volume.

<i>Monthly Billable Transaction Volume</i>	<i>Issuer Fee Per Transaction</i>
1 – 500,000	US\$0.025
500,001 – 1,000,000	US\$0.0225
1,000,001 +	US\$0.02

Acquirer Transaction fee is US\$0.025 per transaction.

Credit Card PIN Verification Fees

PIN Verification from the magnetic stripe on the card: US\$ 0.05 per verification

PIN Verification from a file maintained by the MasterCard Debit Switch:

US\$ 0.10 per verification and PIN file residency is US\$ 0.05 per card record per month

3. MasterCard Maestro/Cirrus Other Transaction Fee Monthly Support Schedule

4. Gateway Fees

- a. MasterCard Debit Gateway Fees. These fees are charged to MasterCard Issuers for authorization and clearing of Debit MasterCard transactions through the MasterCard Debit Switch (MDS).

MasterCard Debit Gateway Fees	
Issuer MasterCard Debit Volume	US\$0.03 per authorization
	US\$0.05 per clearing

- b. Plus/Visa Gateway Fees are charged to acquirers for routing Plus and Visa transactions via the MDS

ATM Gateway Fees	
Acquirer Visa/Plus Transaction Volume	US\$0.05 per transaction

MasterCard ATM Network Card Fees

These fees are charged to issuers to support the MasterCard ATM Network. For credit cards, the fee bills annually per account based on the number of accounts reported in the member's fourth quarter Quarterly Member Report questionnaire. For debit cards, the fee bills annually per card based on the number of cards reported in the member's fourth quarter Quarterly Member Report questionnaire.

ATM Network Account Fees US \$ 0.015 per Credit Account

ATM Network Card Fees US \$0.025 per Debit Card

ATM Program Support Fee

ATM Program Support Fee will be applied on international and domestic acquired ATM cash disbursement transactions switched by MasterCard's Debit Switch (MDS). The fee will be US\$0.25 on international cash disbursements (i.e., US-Issued cards withdrawing cash at other than U.S. or Canadian ATMs) and US\$0.05 on domestic cash disbursement transactions (i.e., U.S. or Canadian-issued cards withdrawing cash at U.S. or Canadian ATMs).

Cirrus Card Access Fee

All Cirrus cards issued which are not MasterCard branded are charged an annual access fee. Members are billed US \$0.025 a year for each debit card issued and US \$0.01 a year

for each credit card issued. These fees are billed once a year.

Full CIRRUS and Maestro Membership Fees

Below is the schedule of entrance and monthly membership fees for full CIRRUS and/or Maestro members:

Membership type	Entrance Fee	Monthly Fee
<i>Principal (Issuer and Acquirer)</i> Includes issuer and acquirer participation for 1 institution (or one state for a multistate single institution) Can sponsor correspondents as issuer & acquirer or acquirer only Can direct connect to the switch	US \$5,000	US \$200
<i>Corresponding Member (Issuer and Acquirer)</i> Charged per institution with 10 cap per Holding company and 250 cap per principal Must be sponsored by principal Principals also charged \$10 per month for sponsoring a correspondent's credit cards where that correspondent's ATMs and ATM cards are sponsored by another principal	US \$500	US\$50
<i>International Principal Member-MC Issuer Only</i>	US\$0	US\$100

CIRRUS and/or Maestro Terminal-Only Member Fees

Below is the schedule of entrance and monthly membership fees for terminal-only CIRRUS and /or Maestro members:

Membership type	Entrance Fee	Monthly Fee
<i>Sponsoring Principal (Terminal Only)</i> Includes acquirer participation for 1 institution(or one state for a multistate single institution) Can direct connect to the switch Can sponsor correspondents as acquirers only	US \$5,000	US \$200
<i>Single Principal (Terminal-Only)</i> Includes acquirer participation for 1 institution (or one state for a multistate single institution)	US \$5,000	US \$200

Charged per state for multistate single institution up to a maximum of 10 and no cap per principal Can sponsor institutions it owns as terminal-only Corresponding members		
<i>Corresponding Member (Terminal-Only)</i> Must be sponsored by principal Charged per institution with 5 cap per state per holding company, 10 cap per multistate Holding company and no cap per principal Charged per state for multistate single institution up to a maximum of 10 and no cap per principal	US \$500	US\$50

Automated Locator Service Fee

U.S. Principal Members are assessed a proportionate share of the overall cost to operate the automated locator service as follows:

Fee	Description
Location Services Program Pricing	MasterCard will assess principal members a USD \$500 monthly program fee
Toll-free Pricing	MasterCard will assess principal issuers a USD \$1.25 service fee per call. MasterCard will assess principal acquirers a USD \$0.25 marketing fee for each owned ATM announced to the cardholder during a session.
MasterCard.com Web Pricing	MasterCard will assess principal acquirers a USD \$0.10 marketing fee for each "ATM Detail Page" requested by the cardholder. This fee is NOT applicable if ATM's appear on a search results page (one in a list of many). It is only applicable if the cardholder selects an ATM from a list of ATM's to find out additional detail

Global Service Center Fees

MasterCard Global Services enables traveling cardholders to access via a toll-free number, core emergency and special services, anytime, anywhere, in any language.

i. Emergency Card Replacement (ECR)

This service enables cardholders to receive a temporary replacement card for use until a permanent card arrives from the issuer. The issuer pays a fee of US\$ 105 plus

telecommunications for US issued/US delivered cards and a fee of US\$ 148 plus telecommunications for US issued/internationally delivered cards.

Lost or Stolen Card Reporting (LSR)

This service enables cardholders to report lost or stolen cards to the Global Service Center. A fee of US\$ 35 per call plus telecommunications is charged.

Emergency Cash Advance (ECA)

This service enables cardholders to receive cash in the event of a lost or stolen card. The fee is US\$95 for cash delivered both in the US and internationally.

Cash Advance Cancel (ECAC)

This service enables cardholders to cancel an ECA request. The fee is US\$50 for cancellations both in the US and internationally.

Enhancement Services Call Fee

MasterAssist is a package of services provided to MasterCard Business Card, Gold MasterCard, and MasterCard Corporate Purchasing cardholders. It provides cardholders a wide range of emergency assistance and insurance benefits when they travel.

A fee of US\$ 5.00 plus telecommunications per call applies to all insurance and non-insurance related calls handled by MasterAssist. (E.g. Gold MasterCard Purchase Assurance, MasterRental (CDW), Extended Warranty).

Call Referral Fees

A call referral is a telephone call made from an acquirer to an issuer as a result of a response to a request for an authorization.

i. Call Referral

For Stand-In, Code X, and Limit-1 call referrals, issuers are charged at a rate of \$2.50 per domestic and international transactions. This fee is in addition to the standard authorization charges for these transaction types.

GARS Call Referral

MasterCard has developed the Global Automated Referral Service (GARS) to provide members with global coverage for referral processing and to reduce response times at the point of interaction. A new response fee of \$6.50 will be charged to the issuer for each call referral processed via GARS.

MasterCom Pricing

The MasterCom Electronic Imaging System service streamlines the presentation of cardholder disputes by using imaging technology to automate the retrieval process and facilitate other document exchange applications. The following fees apply to this service:

i. Hardware/Software Monthly Fee

This includes a base workstation fee of US\$1,700. Monthly equipment usage fees including Image Storage Interface (US\$300), PC-Fax Interface (US\$300), 24-Hr Communication availability (US\$300) will also be charged.

Retrieval Request and Image Mail Transaction Fee

Both the sending member and the receiving member will be assessed a US\$0.75 per file charge for retrieval request fulfillment and image mail transactions.

Rejected Image Review Fee

Both the sending member and the receiving member will be assessed a processing fee of US\$10 for each item rejected to the MasterCard Central Site for an Image Review decision.

Chargeback Support Documentation Transaction Fee

These fees are charged to members for chargeback support documentation (CSD) transactions. A fixed rate fee of US\$0.10 is applied per transaction. Additionally, a percentage of the CSD transaction dollar volume, based on the following tier structure will be charged:

<i>No. of CSD transactions per month</i>	<i>% based on CSD transaction dollar volume</i>	<i>Tier</i>
0-500	0.75% of transaction dollar amount	1
501-1,000	0.70% of transaction dollar amount	2
1,001-5,000	0.65% of transaction dollar amount	3
5,001-10,000	0.60% of transaction dollar amount	4
10,001 or more	0.55% of transaction dollar amount	5

Hubsite Fee

MasterCard will assess each member that uses a hub-site processing center a per-transaction handling fee of US\$5.00. Additionally, a monthly participation fee, tiered according to the number of transactions handled each month, based on the following tier

structure will be charged:

<i>No. of transactions per month</i>	<i>Monthly Participation Fee</i>	<i>Tier</i>
1-25	US\$ 25.00	1
26-100	US\$ 50.00	2
101-200	US\$ 100.00	3
201-300	US\$ 200.00	4
>300	US\$ 300.00	5

In addition to the handling and participation fees, MasterCard will assess each member that uses a hub-site processing center the applicable transaction fees for retrieval request fulfillment, image mail, and CSD transaction fees listed above.

MasterCard Alerts

The MasterCard Alerts is a mandated product designed to provide a unique end-to-end communications and data platform for fraud prevention and investigation that supports members, law enforcement agencies, and MasterCard. MasterCard Alerts enables secure and timely delivery of MasterCard compromised accounts identified in potential merchant security breaches or law enforcement arrests. The product is designed to enhance member security efforts and promote knowledge transfer of security related trends and information.

Pricing: \$250 USD quarterly per Principal ICA for unlimited users.

Retrieval Request Fulfillment Fee

Fee paid by the issuer to the acquirer for requesting merchant sales draft copies, priced as follows:

<i>Days</i>	<i>Sales Drafts</i>	<i>Substitute Drafts</i>
1-5 days	US\$8.00	US\$6.00
6-10 days	US\$5.00	US\$3.00
11-15 days	US\$3.00	US\$2.00
16-21 days	US\$2.00	US\$1.00
More than 21 days	US\$0.00	US\$0.00

V. Interchange Fees – (Paid to Other Members)

Interchange Fees

MasterCard applies interchange fees as part of the clearing and settlement process.

Details concerning the qualification criteria associated with interchange rate programs are outlined in member bulletins and in the Interchange Programs and Rates Manual and are available upon request.

U.S. Region POS/ATM/Manual Cash Interchange Rates

U.S. Region Interchange rate programs apply to transactions acquired in the U.S. Region that are initiated with a U.S. issued MasterCard card. The PDF files below contain the 2008-2009 US Region Interchange Rate Tables.



2008-2009 US
Region IC Rate Table

Interregional POS/ATM/Manual Cash Interchange Rates

Interregional interchange rate programs apply to transactions acquired outside the U.S. Region that are initiated with a U.S. issued MasterCard card. The PDF file below contains the 2008-2009 Interregional Interchange Rate Tables.



2008-2009
Interregional IC Rate

2016 SUMMARY OF COSTS FOR PROSPECTIVE U.S. REGION CUSTOMERS

This document contains the major fees that the licensed customers of MasterCard Worldwide engaged in MasterCard activity in the U.S. Region are expected to pay.

Please note that, based on their utilization of other services; customers may be subject to additional fees that are not contained in this document.

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2016 Summary of Costs

I. **LICENSING FEES** **4**

Initiation Fee 4

Annual Acquirer License Fee 4

Annual Type III Third Party Processors (TPP) Registration Fee 5

New Annual Merchant Location Fee 7

Customer Support Service Fees 8

Transfer Fee 8

Merger Fee 8

Change of Sponsorship Fee 8

Customer Service Sponsorship Fee 8

II. **ASSESSMENT** **9**

Issuer Assessment 9

Acquirer Brand Volume Fee (ABVF) 10

New Staged Digital Wallet Operator Network Access Fee 10

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I. Licensing Fees

Initiation Fee

1. At the time of grant of membership, each new principal or association card customer and any affiliated card customer that owns and/or controls an issuing program will pay an initiation fee based on the number of accounts projected at the end of the third full year of operation, measured from the date of program activation (initial card issuance). Fees that MasterCard will assess to customers include, but are not limited to:

Principal Customers	Fee	Affiliate Customers	Fee
0 - 10,000 Accounts	US\$ 10,000	0 - 10,000 Accounts	US\$ 5,000
10,001 - 20,000 Accounts	US\$ 10,000	10,001 - 20,000 Accounts	US\$ 10,000
Over 20,000 Accounts	US\$ 1 per Account	Over 20,000 Accounts	US\$ 1 per Account

Association customers also will be subject to the mandatory minimum fee of US\$ 10,000.

2. If any card customers planned (or actual) third operating year's acquiring volume exceeds the issuing volume for such operating year, a fee of US\$ 100 per US\$ 1 million on the third year acquiring volume in excess of the issuing volume will be assessed. The minimum fee is US\$ 5,000.
3. At the time of grant of membership, each affiliated card customer that is an agent of a principal or association card customer (i.e., the principal or association card customer owns the cardholder/merchant contracts, receivables, etc.) will pay an initiation fee of US\$ 500.
4. Any non-U.S. card customer newly licensed to engage in MasterCard activity in the U.S. must pay the appropriate initiation fee as would be paid by a U.S. card customer proposing to engage in such activity.

Annual Acquirer License Fee

To better reflect the value that the MasterCard brand and network afford to acquirers, MasterCard implemented the annual Acquirer License Fee in 2012 as a modification to the MasterCard license program. The annual Acquirer License Fee will be assessed to most U.S. region financial institutions that participate in MasterCard acquiring activities. The fee is an annual fee that is based on a financial institution's prior calendar year acquiring volume.

Not all acquirer volume is included when considering the amount of volume counted toward the tier. All acquired MasterCard credit and signature debit volume is included. PIN debit volume (both PIN debit purchases and ATM) is excluded. Acquirers with volume less than US\$ 1.0 billion are exempt from this new fee.

To better reflect the value that the MasterCard brand and network afford to acquirers, MasterCard revised the pricing, effective 4 April 2016. Please refer to the table that follows. The first billing under the revised fee structure occurs on Monday, 4 April 2016, on which date MasterCard bills and collects the 2016 annual fee based on full-year 2015 acquirer volume through the MasterCard Consolidated Billing System (MCBS).

Tier	Prior Calendar Year Acquirer Volume	Revised Annual Acquirer License Fee
Tier 1	More than US\$ 100 billion	US\$ 7.5 million
Tier 2	US\$ 30–100 billion	US\$ 3.0 million
Tier 3	US\$ 15–30 billion	US\$ 1.1 million
Tier 4	US\$ 9–15 billion	US\$ 0.5 million
Tier 5	US\$ 1–9 billion	US\$ 0.225 million
Tier 6	US\$ 0–1 billion	1.25 basis points

Annual Type III Third Party Processors (TPP) Registration Fee

Some acquirers extend the utilization of their MasterCard license to Third Party Processors (TPPs) thereby enabling the TPP to derive commercial value from the MasterCard brand or network. MasterCard has made an investment in building a core processing platform with authorization, clearing, and settlement, which is made available to these TPPs.

MasterCard has created a new category of TPP, a Type III TPP, to identify the TPPs that, among other things, have an equity stake in one or more acquiring portfolios. MasterCard introduced annual fees that price for the ability of these parties to continue such arrangements.

Effective 1 July 2012, MasterCard is introduced a new annual Type III TPP Registration Fee. In U.S. Region Pricing Bulletin No. 1, 4 January 2012, MasterCard also introduced a new annual Acquirer License Fee. The new annual Type III TPP Registration Fee will be collected in lieu of the annual TPP Registration Fee currently assessed through the MasterCard Registration Program (MRP). The Type III TPP Registration Fee is based on the relationship the Type III TPP has with each acquirer. The amount assessed per acquirer will be 50 percent of the annual Acquirer License Fee that the acquirer pays to MasterCard.

Not all acquirer volume is included when considering the amount of volume counted toward the tier. All acquired MasterCard credit and signature debit volume is included. PIN debit volume (both PIN debit purchases and ATM) is excluded. Acquirers with volume less than US\$ 1.0 billion are exempt from the Acquirer License Fee.

No Type III TPP Registration Fee will apply with respect to the relationship between a Type III TPP and an exempt acquirer. In such event, the Type I TPP or Type II TPP Registration Fee, as applicable, will apply to the relationship.

To better reflect the value that the MasterCard brand and network afford to acquirers, effective 4 April 2016, a revised pricing replaced the current fee structure. Please refer to the table that follows. The first billing under the revised fee structure occurs on Monday, 4 April 2016, on which date MasterCard bills and collects the 2016 annual fee based on full-year 2015 acquirer volume through the MasterCard Consolidated Billing System (MCBS).

Tier	Acquirer Volume	Revised Type III TPP Fee

Tier 1	More than US\$ 100 billion	US\$ 3.75 million
Tier 2	US\$ 30–100 billion	US\$ 1.5 million
Tier 3	US\$ 15–30 billion	US\$ 0.550 million
Tier 4	US\$ 9–15 billion	US\$ 0.250 million
Tier 5	US\$ 1–9 billion	US\$ 0.1125 million
Tier 6	US\$ 0–1 billion	50% of acq. fee

New Annual Merchant Location Fee

MasterCard continues to invest in resources that support the MasterCard brand and enhance the MasterCard Network. These investments benefit all parties in the system.

To support these continued efforts, MasterCard is implementing a new per merchant location fee.

Effective 1 December 2016, the per merchant location fee will be assessed to U.S. region financial institutions that participate in MasterCard acquiring activities (MasterCard acquirer).

The new fee is an annual fee collected in February and based on a financial institution's total reported merchant locations, including payment facilitator merchant locations, in the fourth quarter of the preceding calendar year. MasterCard acquirers report total merchant locations each quarter via the Quarterly MasterCard Report (QMR). Three new fields were added to the first quarter 2016 QMR. MasterCard acquirers are now required to report payment facilitator merchant locations, dollar volume and transactions. MasterCard is assessing a different rate for payment facilitator merchant locations versus non-payment facilitator merchant locations.

The 2016 annual fee will be based on the merchant locations reported in the fourth quarter 2016 QMR submission. However, for 2016 only, the fee collected will be only 50 percent of the total fee amount calculated. The 2016 merchant location fee will be collected in February 2017.

Billing Event Name	Fee
Merchant Location Fee	US\$ 15 per merchant location per year
Payment Facilitator Fee	US\$ 3 per payment facilitator merchant location per year

Customer Support Service Fees

MasterCard offers the following customer support service.

Administrative Support	Fee
Name Changes	US\$ 1,000
Member ID (ICA Number)/BIN Changes and Transfers	US\$ 1,000
Sponsorship Changes	US\$ 1,000
Portfolio Sales, Mergers and Acquisitions	US\$ 2,000

Transfer Fee

1. Any principal card customer who becomes an affiliated card customer, and any affiliated card customer, who becomes a principal card customer, shall pay an administration fee of US\$ 500.
2. Any affiliated card customer licensed after November 15, 1990 that subsequently upgrades membership status to principal or affiliated card customer that newly owns and/or controls a program will, at the time of the upgrade, pay the fees applicable to a new principal or affiliated card membership (US\$ 10,000 minimum fee), less amount of initiation fee.

Merger Fee

Any principal card customer which merges, with another principal card customer, shall pay a merger licensing fee of US\$ 2,000.

Change of Sponsorship Fee

Any affiliated card customer who transfers sponsorship from one principal or association card customer to another will pay an administrative fee of US\$ 1,000.

Customer Service Sponsorship Fee

1. A card customer who registers a third party organization as a Customer's Service Provider (MSP) to provide services for the benefit of the customers issuing and/or acquiring programs will pay an initial registration fee of US\$ 5,000.
2. A card customer which registers a third party organization as an MSP will pay, beginning the year subsequent to the initial registration, an aggregate annual registration maintenance fee of US\$ 1,500.

II. Assessment

The following assessment is paid by all principal and association card customers licensed to engage in MasterCard activity in the U.S. Region.

Issuer Assessment

The issuer assessment is due and payable on a quarterly basis, based on the customers reported cardholder volume for the prior quarter. The assessment rates and the quarterly volumes used in calculating a customer's assessment are defined below.

Retail Assessment

Retail assessment is based on a system of progressive tiered rates determined by quarterly cardholder retail volume. The structure of tiered rates is as follows:

Tier	Quarterly Volume	Rate per US\$ 1,000
Tier 1	First US\$ 500 million	US\$ 0.65
Tier 2	Next US\$ 500 million	US\$ 0.55
Tier 3	Next US\$ 500 million	US\$ 0.45
Tier 4	Next US\$ 1,500 million	US\$ 0.35
Tier 5	Over US\$ 3,000 million	US\$ 0.25

Assessable retail volume is defined as non-interchange retail volume plus incoming interchange retail volume including intra-processor, domestic and international activity, excluding balance transfer activity.

Cash Assessment

Cash volume is assessed at a rate of 10 basis points for Credit and 0.2 basis points for

Debit/Prepaid.

Assessable cash volume is defined as non-interchange cash volume plus incoming interchange cash volume including intra-processor, domestic and international activity, excluding balance transfer activity.

Issuer assessments will be collected in January, April, July and October. Collection of the quarterly assessment payments will be performed through the MasterCard Consolidated Billing System (MCBS) by drafting each customers designated bank account.

Acquirer Brand Volume Fee (ABVF)

Effective January 2015, MasterCard increased the Acquirer Brand Volume Fee (ABVF) by 0.010% from 0.110% to 0.120%. This fee reflects increased investment in acquirer specific programs and customer support. Currently, ABVF is based on all outgoing domestic and international interchange retail sale, unique, manual and ATM cash disbursements transactions as well as on all non-interchange retail sales. Effective 16 April 2010, this fee will no longer applied to domestic U.S. region interchange ATM cash disbursements. The fee will continue to be assessed on an acquirer's retail sales and unique transaction volume regardless of whether transactions are processed by GCMS across the Banknet® telecommunications network. MasterCard will continue to bill based on gross dollar volume and collect the ABVF on a weekly basis. Effective 18 April 2016 and billed weekly beginning 24 April 2016, MasterCard increased the acquirer brand volume from 0.13% to 0.14% for consumer credit and commercial credit volume generated from transactions US\$ 1,000 and higher.

Staged Digital Wallet Operator Network Access Fee

To better reflect the value that the MasterCard brand and network provides Staged Digital Wallet Operators and their acquirers, MasterCard implemented a Staged Digital Wallet Operator Access Fee for the U.S. Region. The fee will be assessed annually based on a staged digital wallet operator's prior calendar year domestic MasterCard volume (domestic volume is U.S issued and U.S acquired MasterCard volume that was transacted through the staged digital wallet). Staged Digital Wallet Operators (through their acquirers) will report their respective prior calendar year domestic MasterCard volume when registering with MasterCard.

Tier	Prior Calendar Year Domestic Volume	Fee
Tier 1	More than 10 billion	0.10%
Tier 2	8 billion – 9,999,999,999	0.15%
Tier 3	6 billion – 7,999,999,999	0.20%
Tier 4	4 billion – 5,999,999,999	0.25%
Tier 5	2 billion – 3,999,999,999	0.30%
Tier 6	500 million – 1,999,999,999	0.35%
Tier 7	Less than 500 million	N/A

Digital Enablement Fee:

Effective January 5, 2015 and billed weekly beginning January 11, 2015, MasterCard will assess a Digital Enablement Fee of 0.01 percent. This assessment bills the acquirer for all Consumer Credit, Commercial, and Signature Debit dollar volume for select cardholder not present transactions. This fee will apply to data element (DE) 22 (Point of Service Data Code), subfield 5 (Cardholder Present Data) identified by the following values:

Value	Description

1	Cardholder not present (unspecified)
2	Cardholder not present (mail/facsimile transaction)
3	Cardholder not present (phone order or from automated response unit)
4	Cardholder not present (standing order/recurring transactions)
5	Cardholder not present (electronic order PC, Internet, Mobile Phone, or PDA)
9	Unknown; data unavailable

Customers should note that the Value 0 (Cardholder Present) is excluded from the assessment. The associated billing event codes for the Digital Enablement Fee are as follows.

Billing Event Code	Description	Rate (Percent)
2DU5560	Acquirer Digital Enablement Fee	0.01
2DU5561	Acquirer Digital Enablement Credit	0.01
3DU5562	Acquirer Chargeback Digital Enablement Credit	0.01

Domestic ATM Support Fee:

Effective 16 April 2010, MasterCard modified the U.S. Region ATM Program Support Fee assessed to acquirers and processors on intracountry-acquired ATM cash disbursement transactions switched by the MasterCard® Debit Switch (MDS). As part of a review of overall ATM pricing, including the elimination of ABVF for domestic U.S. region interchange ATM cash disbursements, the fee was increased from US\$ 0.05 to US\$ 0.18. Intracountry cash disbursement transactions include cards issued in the United States withdrawing cash at U.S region ATMs. MasterCard will continue to bill and collect the ATM Program Support Fee on a daily basis. US\$ 0.10 fee for select non-financial ATM transactions to the ATM Acquirer for declined withdrawals, account transfers (approved and declined), and balance inquiries (approved and declined).

Minimum Annual Assessment

The minimum assessment is US\$ 750 per quarter.

New Customer Assessment

For the first five years, new issuer retail and cash credit volume will be charged at a rate of the 150% of the Tier 1 rate listed in the Retail Assessment section above (i.e., US\$ 0.975 / US\$ 1,000). The Brand Volume Fee of US\$ 1.20 / US\$ 1,000 will apply to acquiring volume.

Operations Development Fee (ODF)

MasterCard charges issuing members a fee of US\$ 0.15 per US\$ 1,000 of issuer credit volume to offset continuing development costs. The fee is calculated on a daily basis by the GCMS System and billed through MCBS. The fee will be applied to the non-interchange portion of volume on a quarterly basis.

Volume is defined as daily interchange and quarterly non-interchange retail sales plus cash advances excluding MasterCard debit-card (changed from MasterMoney) card volume.

III. Transaction and Network Interface Fees (Settlement, Authorization, Connectivity & Switch Fees)

Integrated Product Message (IPM) Interchange Processing

Domestic

Principal or association card customers in the U.S. region that receive settlement and clearing records via GCMS from another member in the U.S. region will pay a domestic settlement fee. The fee is based on a system of progressive tiered rates determined by the weekly number of messages received through GCMS. All IPM records are included in the tier roll up. The structure of tiered rates is as follows:

IPM Messages Per Week	Rate per IPM Messages
First 350,000 records	US\$ 0.020
Next 650,000 records	US\$ 0.018
Next 1 million records	US\$ 0.016
Next 2 million records	US\$ 0.014
Next 3 million records	US\$ 0.012
Additional records (more than 7 million)	US\$ 0.010

The GCMS processing activity is recapped on the weekly MasterCard Consolidated Billing System (MCBS) Billing Summary Report.

International

Principal or associate association customers in the U.S. region that receive settlement and clearing messages via GCMS from a customer outside the U.S. region will pay an intercountry settlement fee of US\$ 0.125 per IPM message.

MasterCard International Authorization System

Association or principal card customers will pay fees for the use of the MasterCard International Authorization System. These fees are charged on a per transaction basis and are collected weekly through MCBS. Customers will be advised a week in advance via the MasterCard Consolidated Billing System (MCBS) Billing Summary Report, of the amount that will be collected.

On-line Authorization

i. Domestic

The issuer will pay an authorization-processing fee for each authorization request received from an acquirer in the U.S. region that is processed through GCMS.

This fee is based on a progressive tiered rate structure determined by the weekly number of authorization transactions. It applies to all U.S. region authorization transactions, including Stand-In and Limit-1 transactions. The structure of tiered rates is as follows:

Authorization Transactions per Week	Rate per Authorization Transaction
First 200,000 transactions	US\$ 0.0110
Next 500,000 transactions	US\$ 0.0080
Next 700,000 transactions	US\$ 0.0075
Next 1.4 million transactions	US\$ 0.0070
Additional transactions (more than 2.8 million)	US\$ 0.0065

ii. International

The following fees are paid by the U.S. issuer and are applied to authorization requests received from an acquirer outside the U.S. region. These fees apply to all international authorization transactions including Stand-In. The U.S. issuer will pay US\$ 0.30 for each authorization request received from an acquirer in the Asia/Pacific, Europe, Latin America, Middle East Africa or Canada region that is

processed through GCMS.

Stand-In Authorization

Stand-In provides an authorization response on the issuer's behalf when the issuer is unavailable due to unexpected technical difficulty or expected planned maintenance outages. The issuer pays the following fees associated to Stand-In services.

- i. Stand-In authorizations will be charged at the issuer's standard domestic or international authorization transaction rate (listed under On-Line Authorizations above), plus US\$ 0.15 per transaction.
- ii. Negative account file listings that the issuer would like MasterCard to decline when cards are in a lost, stolen or in bad credit standing are US\$ 0.05 per week for residency on file.
- iii. Premium Listings that the issuer would like MasterCard to approve at high or unlimited spend limits for preferred customers are US\$ 5.00 annually, billed weekly at US\$ 0.095.
- iiii. MasterCard has expanded card validation code (CVC) processing to include offline and online card programs. This optional service includes a set-up fee of US \$ 2,000 per CVC key and a bank identification number (BIN) set-up fee of US\$ 500 per BIN.
- v. Maintenance for accounts on file is US\$ 0.05 per account for online and US\$ 0.03 for batch account additions, updates or deletes to the Stand-In account file.

Access Fee

i. Issuer Access Fee

The issuer will pay an access fee of US\$ 0.005 for each bankcard authorization request processed by GCMS on international transactions (applicable for a transaction involving a U.S. region issuer and an acquirer from a region other than the U.S. region.)

Each issuer in the U.S. region will pay an access fee of US\$ 0.02 for each authorization request received from an acquirer in any region other than the U.S. region when such a request has been truncated at the acquirer's MasterCard Interface Processor (MIP).

Network Access and Brand Usage Fee

MasterCard will charge a flat fee of US\$ 0.0195 which will be assessed to acquirers and US\$ 0.0185 which will be assessed to issuers regardless of whether transactions are processed by GCMS network on all "intra-county" (domestic) transactions. Effective January 2012, this applied to authorizations, but remain on settlement for collection only and purchase returns.

Any transactions not cleared and settled by MasterCard must be identified as Collection Only transactions and submitted to GCMS on a daily basis.

Customers not in compliance with the requirements for submitting Collection Only transactions will be charged at twice the rate. Information concerning the requirements for Collection Only transactions is provided in MasterCard bulletins and is available upon request.

Connectivity Fee

MasterCard Interface Processor (MIP) equipment provides a communication interface to access Banknet® for authorization, settlement and a variety of other financial EFT services.

- i. MasterCard will charge US\$ 2,000/Month for dedicated MIPs and a file

- transmission fee of US\$ 0.0000032 per byte of transmitted uncompressed clearing, collection only, and electronic warning bulletin data.
- ii. MasterCard charges a customer connectivity fee of US\$ 500 per month per customer for access to MasterCard's authorization and/or settlement services. This fee will be paid by all principal customers that do not have MIPs.
 - iii. MasterCard reserves the right to designate a customers interface and primary equipment as appropriate to be "shared." In the event a customer shares the interface and primary equipment, the charge to each sharing principal and association card customer is US\$ 2,500 per month.
 - iiii. Should a customer decline to share the interface and primary equipment designated by MasterCard as appropriate to be "shared", MasterCard will charge the customer full cost (including depreciation costs, installation expenses, and other ongoing operating expenses) for the interface and primary equipment.
 - v. Should a customer request an additional MIP, or an upgrade to an existing MIP that MasterCard does not deem necessary, MasterCard will charge the customer the full cost (including depreciation costs, installation expenses, and other ongoing operating expenses) for the interface and primary equipment.

Warning Bulletin Fee

The Warning Bulletin lists those card accounts submitted by card issuers who are considered lost, stolen, poor credit risks, fraudulent or counterfeit. Globally, there is an Electronic Warning Bulletin (EWB) service. Outside the U.S., there is also a printed version of the EWB, referred to as the Warning Notice. The printed Warning Notice bulletins are distributed to small, offline merchants as requested by those customer institutions accepting sales slips from the merchants. Electronic Warning Bulletin fees are charged for listing accounts in the Electronic Warning Bulletin and the printed Warning Notice, and for distributing paper bulletins to merchants.

i. Electronic Warning Bulletin (for listings within the U.S.)

The Electronic Warning Bulletin contains a list of canceled cards for decline. This file is updated several times per day. The issuer pays MasterCard listing fees of US\$ 0.50 per account per week.

iii. Electronic Warning Bulletin Listing Fees for listings outside the U.S.

For listings outside the U.S. which bear higher risk, issuers pay MasterCard listing fees of US\$ 30.00 per account, per week, per region.

iiii. Paper Warning Notice Distribution Fees

Acquirer will pay a distribution fee for each printed bulletin sent to merchants via first class mail of US\$ 10.00 per copy.

Acquirer Program Support Fee

Effective April 2013 the Acquirer Program Support Fee increased to 85 basis points versus the previous rate of 55 basis points. Effective April 2016 MasterCard revised the Acquirer Program Support Fee to 0 basis points, from 85 basis points for credits due to chargebacks, refunds, and returns. This fee is assessed to acquirers of MasterCard transaction volume. MasterCard will charge this fee on all U.S. region acquired transaction volume for cards issued outside the U.S. region. MasterCard will bill and collect this fee on a daily basis via the MasterCard Consolidated Billing System (MCBS).

Merchant Investment Fee (MIF)

The Merchant Investment Fee (MIF) will be assessed at 5.0 basis points on consumer

credit card volume and 6.0 basis points on commercial credit card volume. MIF will be applied to U.S. issued and U.S. acquired consumer credit and commercial credit card volume. The Merchant Investment Fee will be billed and collected on a daily basis.

Debit Investment Fee (DIF)

The Debit Investment Fee (DIF) will be assessed at 4.0 basis points, applied to all U.S. issued and U.S. acquired Debit Signature volume. The Debit Investment Fee will be billed and collected on a daily basis.

International Merchant Investment Fee (IMIF)

MasterCard assesses issuers in the U.S. region a 2.0 basis point International Merchant Investment Fee (IMIF) on all international/cross border transactions occurring on U.S. issued MasterCard cards. The International Merchant Investment Fee will be billed and collected on a daily basis.

Rewards Investment Fee (RIF)

MasterCard will assess a Rewards Investment Fee (RIF) of 1.0 basis point on all U.S. issued Card/U.S. acquired MasterCard purchase volume, including On-Us transaction volume for the Enhanced Value Platform, World MasterCard, World MasterCard for Business, World Elite MasterCard, and World Elite MasterCard for Business. This purchase volume excludes cash advances, convenience checks, and balance transfers. The Rewards Investment Fee will be billed and collected on a daily basis. Enhanced Value Platform (EVP) residency fees of US\$ 0.02 per week apply to accounts submitted to the Account Management System (AMS) for EVP participation. Standard maintenance fees of US\$ 0.03 apply for additions, deletions and updates to the account files.

Cross-border Transaction Assessment/Currency Conversion Fee

MasterCard "Cross-border Transaction" refers to any transaction on a MasterCard branded credit or debit card processed through GCMS or MDS in which the cardholder country code differs from the country code of the merchant.

This Cross-border Transaction Assessment will be billed weekly through our MasterCard Consolidated Billing System (MCBS). Currency Conversion Assessment will be calculated and collected in the same manner as it is being currently billed.

This fee will be charged to Issuers and Acquirers as follows:

Acquirer Cross-Border Transaction Assessment

MasterCard will assess Cross-border Transactions to the acquirer. U.S. region acquirers will pay MasterCard an acquirer cross-border assessment of 100 basis points on all cross-border transactions for non-U.S. region issued MasterCard, Cirrus, or Maestro credit or debit cards acquired from U.S. region merchants and submitted to MasterCard in a transaction currency other than U.S. dollars. When the transaction is submitted to MasterCard in U.S. dollars, the Acquirer Cross-border Transaction Assessment will be 60 basis points.

MasterCard will bill the Acquirer Cross-border Transaction Assessment weekly through MCBS using the following billing event codes.

Members	Assessment	Nature of Assessment
Issuers	90 basis points	Assessment is applicable to Cross-border Transactions on U.S. Issued MasterCard branded credit and debit cards
Issuers	20 basis points	This fee is for services provided by MasterCard for performing currency conversion. The fee is applicable to Cross-border Transactions on U.S.-issued credit or debit

		cards submitted to MasterCard in the currency of the country of the merchant. MasterCard will convert the transaction to the cardholder billing currency using its currency conversion procedures.
Acquirers	100 basis points	Acquirers in the U.S. region will pay MasterCard an Acquirer Cross-border Assessment of 100 basis points on all cross-border transactions on MasterCard, Cirrus, or Maestro cards when the transaction submitted to MasterCard is not in U.S. dollars. Effective 18 April 2016 with the fee change beginning 24 April 2016, Acquirer Cross-border Fees for credits due to chargebacks, refunds, and returns was reduced to a rate of 0.00 percent.
Acquirers	60 basis points	Acquirers in the U.S. region will pay MasterCard an Acquirer Cross-border Assessment of 60 basis points on all cross-border transactions on MasterCard, Cirrus, or Maestro cards when the transaction submitted to MasterCard is in U.S. dollars. Effective 18 April 2016 with the fee change beginning 24 April 2016, Acquirer Cross-border Fees for credits due to chargebacks, refunds, and returns was reduced to a rate of 0.00 percent.

Domestic Other Non-MasterCard Processed Purchase Volume Fee

Effective 1 July 2016 and billed quarterly beginning 30 October 2016, MasterCard will increase Domestic Other Non-MasterCard Processed Purchase Volume Fee from 0.0020 percent to 0.03 percent. The new rate of 3 basis point only impacts PIN-POS transaction volume on Debit MasterCard cards that is not processed by the MasterCard Global Clearing Management System (GCMS) or the MasterCard Debit Switch (MDS). The 3 basis point is applicable to issuer only.

The Domestic Other Non-MasterCard Processed Purchase Volume Fee remains at 0.20 basis point on ATM transactions occurring on Debit MasterCard cards that are not processed by the MasterCard Global Clearing Management System (GCMS) or the MasterCard Debit Switch (MDS). The 0.20 basis point is applicable to issuer and acquirer.

BIN and ICA Fees

The following BIN and ICA fees will be charged in the U.S. region.

Fee Type	ICA Fee amount	BIN Fee amount
Additional Assignment	US\$ 5,000	US\$ 2,000 per BIN

Effective 1 April 2016, MasterCard increased the Additional BIN Fee from US\$ 250 to US\$ 2,000.

All customers may obtain, as necessary, one consumer credit ICA and BIN, one corporate credit ICA and BIN, and one debit ICA and BIN at no charge. All RPPS ICAs and associated BINs are also assigned at no charge.

Customers may request ICAs and/or BINs in addition to the ICAs and BINs identified above. Each of these additional ICAs and BINs are subject to the additional assignment fee. The additional assignment fee is a one-time fee charged to customers upon assignment.

Effective 1 April 2016, MasterCard revised the Monthly BIN Management Fee that is currently charged for all MasterCard® and Maestro® issuing BINs. As of the effective date, this monthly fee increases from US\$ 8 to US\$ 25 and applies to all issuing and acquiring, MasterCard and Maestro BINs assigned to a customer.

Quarterly MasterCard Reported (QMR) Late Fee

A daily fee of US\$ 100 will be charged for each Quarterly MasterCard Report (QMR) filed after the deadline, after the 15th day of the previous quarters' month until all parts of the QMR have been properly filed.

Affiliate Fee

MasterCard charges principal members an annual fee of US\$ 100 for each affiliate customer.

RAMP Review Fees

In accordance with the requirements laid out in Risk Assessment Management Program (RAMP), after the principle customer has requested a MasterCard license, they are required to undergo a risk assessment review. New affiliate customers may also be required to undergo a RAMP review. The purpose of a Level 1 review is to evaluate the organizational fraud and risk management systems, services, resources, procedures and capabilities of new principle customers and to make recommendations in any areas requiring improvement. There is a US\$ 5,000 fee associated with this process.

GCMS Reversal Processing Fee

MasterCard charges acquirers a fee of US\$ 0.50 per reversal for each Financial Detail record reversal that they process. MasterCard will retain US\$ 0.25 of this fee to implement programs to reduce reversal activity and provide the other US\$ 0.25 to the issuer that receives the reversal.

Represents	Payable by Acquirer	(US\$30) per item
Represents	Payable by Issuer	US\$30 per item

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2016 Summary of Costs

Connectivity Fees	
VPN Fees	
Monthly Issuer and Acquirer Transaction Volume	
1 – 900,000	US\$ 1,000
900,001 – 4,000,000	US\$ 1,500
4,000,001 – 10,000,000	US\$ 3,000
10,000,001 – 30,000,000	US\$ 8,000
30,000,001 +	Based upon requirements of configuration
Dial back-up charges	Pass through
Monthly Dual Data Center charge	US\$ 1,500
Monthly MDS Access	US\$ 250 per processor ID
Installation	US\$ 4,000
Monthly MIP Processor	US\$ 50

File and Report Delivery Fees			
Monthly Issuer and Acquirer Transaction Volume			US\$ 0.0005 per transaction
Re-transmissions			US\$ 100 per file
Optional Services			
Database Updates			US\$ 25 per form
Emergency Updates			US\$ 200 per form
Test time			US\$ 300 per hour
Emergency test time			US\$ 500 per hour
Simulator installation			US\$ 9,000
Simulator monthly administration			US\$ 150
Simulator support			US\$ 300 per hour
Card record update			US\$ 0.04 per card record
Exception Item Processing			
Adjustments			
Within 1 – 10 calendar days of transaction	Payable acquirer	by	US\$ 3 per item
Within 10-45 calendar days of transaction	Payable acquirer	by	US\$ 10 per item
Chargebacks	Payable acquirer	by	US\$ 30 per item

MasterCard ATM/Maestro/Cirrus Network Transactions Fees

Switch Fees

- i. ATM Switch Fees are based on a sliding scale, according to the number of monthly billable transactions.

Monthly Billable Transaction Volume	Issuer Fee Per Transaction
1 - 250,000	US\$ 0.060
250,001 – 500,000	US\$ 0.050
500,001 – 1,000,000	US\$ 0.045
1,000,001 – 2,000,000	US\$ 0.040
2,000,001 – 3,000,000	US\$ 0.035
Over 3,000,000	US\$ 0.030

- ii. POS Switch Fees are based on a scale according to the number of billable transactions for Issuer transaction volume and a fixed rate for Acquirer transaction volume.

Monthly Billable Transaction Volume	Issuer Fee Per Transaction

1 – 500,000	US\$ 0.0250
500,001 – 1,000,000	US\$ 0.0225
1,000,001 +	US\$ 0.0200

Acquirer Transaction fee is US\$ 0.025 per transaction.

Credit Card PIN Verification Fees

PIN Verification from the magnetic stripe on the card: US\$ 0.05 per verification

PIN Verification from a file maintained by the MasterCard Debit Switch: US\$ 0.10 per verification and PIN file residency is US\$ 0.05 per card record per month

MasterCard Maestro/Cirrus Other Transaction Fee Monthly Support Schedule

i. Gateway Fees

- a. MasterCard Debit Gateway Fees. These fees are charged to MasterCard Issuers for authorization and clearing of Debit MasterCard transactions through the MasterCard Debit Switch (MDS).

MasterCard Debit Gateway Fees	
Issuer MasterCard Debit Volume	US\$ 0.03 per Authorization
	US\$ 0.05 per Clearing

- b. Plus/Visa Gateway Fees are charged to acquirers for routing Plus and Visa transactions via the MDS

ATM Gateway Fees	
Acquirer Visa/Plus Transaction Volume	US\$ 0.05 per Transaction

MasterCard ATM Network Fees

These fees are charged to issuers to support the MasterCard ATM Network. For credit cards, the fee bills annually per account based on the number of accounts reported in the member's fourth quarter Quarterly MasterCard Report questionnaire. For debit cards, the fee bills annually per card based on the number of cards reported in the member's fourth quarter Quarterly MasterCard Report questionnaire.

ATM Network Account Fees US\$ 0.015 per Credit Account

ATM Network Card Fees US\$ 0.025 per Debit Card

International ATM Program Support Fee

ATM Program Support Fee will be applied on international acquired ATM cash disbursement transactions switched by MasterCard's Debit Switch (MDS). Beginning 17 October 2009, the fee increased from US\$ 0.25 to US\$ 0.50 on international cash disbursements (i.e., U.S.-Issued cards withdrawing cash at other than U.S. or Canadian ATMs).

Full Cirrus and Maestro Customer Fees

Below is the schedule of entrance and monthly customer fees for full Cirrus and/or Maestro customers:

Customer Type	Entrance Fee	Monthly Fee
<i>Principal (Issuer and Acquirer)</i> Includes issuer and acquirer participation for one institution (or one state for a multistate single institution) Can sponsor correspondents as issuer & acquirer or acquirer only Can direct connect to the switch	US\$ 5,000	US\$ 200
<i>Corresponding Customer (Issuer and Acquirer)</i> Charged per institution with 10 cap per Holding company and 250 cap per principal Must be sponsored by principal Principals also charged US\$ 10 per month for sponsoring a correspondent's credit cards where that correspondent's ATMs and ATM cards are sponsored by another principal	US\$ 500	US\$ 50
<i>International Principal Customer MC Issuer Only</i>	US\$ 0	US\$ 100

Cirrus and/or Maestro Terminal-Only Customer Fees

Below is the schedule of entrance and monthly membership fees for terminal-only Cirrus and/or Maestro customers:

Customer Type	Entrance Fee	Monthly Fee
<i>Sponsoring Principal (Terminal Only)</i> Includes acquirer participation for 1 institution (or one state for a multistate single institution) Can direct connect to the switch Can sponsor correspondents as acquirers only	US \$5,000	US \$200
<i>Single Principal (Terminal-Only)</i> Includes acquirer participation for 1 institution (or one state for a multistate single institution) Charged per state for multistate single institution up to a maximum of 10 and no cap per principal Can sponsor institutions it owns as terminal-only Corresponding members	US\$ 5,000	US\$ 200
<i>Corresponding Customer (Terminal-Only)</i> Must be sponsored by principal Charged per institution with 5 cap per state per holding company, 10 cap per multistate Holding company and no cap per principal Charged per state for multistate single institution up to a maximum of 10 and no cap per principal	US\$ 500	US\$ 50

Automated Locator Service Fee

U.S. Principal Customers are assessed a proportionate share of the overall cost to operate the automated locator service as follows:

Fee	Description
Location Services Program Pricing	MasterCard will assess principal customers a US\$ 500 monthly program fee
Toll-free Pricing	MasterCard will assess principal issuers a US\$ 1.25 service fee per call.

MasterCard will assess principal acquirers a US\$ 0.25 marketing fee for each owned ATM announced to the cardholder during a session.

MasterCard.com Web Pricing	MasterCard will assess principal acquirers a US\$ 0.10 marketing fee for each “ATM Detail Page” requested by the cardholder. This fee is NOT applicable if ATM’s appear on a search results page (one in a list of many). It is only applicable if the cardholder selects an ATM from a list of ATM’s to find out additional detail

Global Service Center Fees

MasterCard Global Services enables traveling cardholders to access via a toll-free number, core emergency and special services, anytime, anywhere, in any language.

Emergency Card Replacement (ECR)

This service enables cardholders to receive a temporary replacement card for use until a permanent card arrives from the issuer. The issuer pays a fee of US\$ 105 plus telecommunications for U.S. issued/U.S. delivered cards and a fee of US\$ 148 plus telecommunications for U.S. issued/internationally delivered cards.

Lost or Stolen Card Reporting (LSR)

This service enables cardholders to report lost or stolen cards to the Global Service Center. A fee of US\$ 35 per call plus telecommunications is charged.

Emergency Cash Advance (ECA)

This service enables cardholders to receive cash in the event of a lost or stolen card. The fee is US\$ 95 for cash delivered both in the US and internationally.

Cash Advance Cancel (ECAC)

This service enables cardholders to cancel an ECA request. The fee is US\$ 50 for cancellations both in the US and internationally.

Enhancement Services Call Fee

MasterAssist is a package of services provided to MasterCard Business Card, Gold MasterCard, and MasterCard Corporate Purchasing cardholders. It provides cardholders a wide range of emergency assistance and insurance benefits when they travel.

A fee of US\$ 5.00 plus telecommunications per call applies to all insurance and non-insurance related calls handled by MasterAssist. (e.g. Gold MasterCard Purchase Assurance, MasterRental (CDW), Extended Warranty).

Call Referral Fees

A call referral is a telephone call made from an acquirer to an issuer as a result of a response to a request for an authorization.

Call Referral

For Stand-In, Code X, and Limit-1 call referrals, issuers are charged at a rate of US\$ 2.50 per domestic and international transactions. This fee is in addition to the standard authorization charges for these transaction types.

GARS Call Referral

MasterCard has developed the Global Automated Referral Service (GARS) to provide members with global coverage for referral processing and to reduce response times at the point of interaction. A new response fee of US\$ 6.50 will be charged to the issuer for each call referral processed via GARS.

MasterCom Pricing

The MasterCom Electronic Imaging System service streamlines the presentation of cardholder disputes by using imaging technology to automate the retrieval process and facilitate other document exchange applications. The following fees apply to this service:

Hardware/Software Monthly Fee

This includes a base workstation fee of US\$ 1,700. Monthly equipment usage fees including Image Storage Interface (US\$ 300), PC-Fax Interface (US\$ 300), 24-Hr Communication availability (US\$ 300) will also be charged.

Retrieval Request and Image Mail Transaction Fee

Both the sending member and the receiving member will be assessed a US\$ 1.30 per file charge for retrieval request fulfillment and image mail transactions.

Rejected Image Review Fee

Both the sending customer and the receiving customer will be assessed a processing fee of US\$ 10 for each item rejected to the MasterCard Central Site for an Image Review decision.

Chargeback Support Documentation Transaction Fee

These fees are charged to customers for chargeback support documentation (CSD) transactions. A fixed rate fee of US\$ 0.45 is applied per transaction. Additionally, a percentage of the CSD transaction dollar volume, based on the following tier structure will be charged:

Tier	No. of CSD transactions per month	% based on CSD transaction dollar volume
Tier 1	0 - 3,000	0.95% of transaction dollar amount
Tier 2	3,001 - 10,000	0.70% of transaction dollar amount
Tier 3	10,001 - 50,000	0.65% of transaction dollar amount
Tier 4	50,001 - 100,000	0.60% of transaction dollar amount
Tier 5	100,001 or more	0.55% of transaction dollar amount

Hubsite Fee

MasterCard will assess each customer, that uses a hub-site processing center, a per transaction handling fee of US\$ 5.00. Additionally, a monthly participation fee, tiered according to the number of transactions handled each month, based on the following tier structure will be charged:

Tier	No. of transactions per month	Monthly Participation Fee
Tier 1	1 - 25	US\$ 25.00
Tier 2	26 - 100	US\$ 50.00

Tier 3	101 - 200	US\$ 100.00
Tier 4	201 - 300	US\$ 200.00
Tier 5	>300	US\$ 300.00

In addition to the handling and participation fees, MasterCard will assess each customer that uses a hub-site processing center the applicable transaction fees for retrieval request fulfillment, image mail, and CSD transaction fees listed above.

License Fees

Customers are assessed a monthly access fee that is sized to system usage, based on the number of processing actions.

Workstation Application License

The following table illustrates the **current MasterCom Workstation interface** application license fee tier:

Tier	Transaction Volume	Monthly License Fee US\$/EUR
Tier 1	0	0
Tier 2	1 - 250	900
Tier 3	251 – 1,000	1,200
Tier 4	1001 – 5,000	1,700
Tier 5	5001 – 10,000	2,500
Tier 6	10,001 – 20,000	4,000
Tier 7	20,001 +	6,000

Image Interface Application License

MasterCom Image Interface is an operator unattended (automated) batch processing service option that augments the manual workstation interface discussed above. The following table illustrates the current MasterCom Image Interface application license fee tier:

Proposed Image Interface License tier:

Tier	Monthly Transactions	Rate US\$/EUR
Tier 1	1 - 35,000	0.45
Tier 2	35,001 - 185,000	0.35
Tier 3	185,001 +	0.15

MasterCard Alerts

The MasterCard Alerts is a mandated product designed to provide a unique end-to-end communications and data platform for fraud prevention and investigation that supports customers, law enforcement agencies, and MasterCard. MasterCard Alerts enables secure and timely delivery of MasterCard compromised accounts identified in potential merchant security breaches or law enforcement arrests. The product is designed to enhance customer security efforts and promote knowledge transfer of security related trends and information.

Pricing: US\$ 250 quarterly per Principal ICA for unlimited users.

Retrieval Request Fulfillment Fee

Fee paid by the issuer to the acquirer for requesting merchant sales draft copies, priced as follows:

Days	Sales Drafts	Substitute Drafts
1 - 5 days	US\$ 8.00	US\$ 6.00
6 - 10 days	US\$ 5.00	US\$ 3.00
11 - 15 days	US\$ 3.00	US\$ 2.00
16 - 21 days	US\$ 2.00	US\$ 1.00
More than 21 days	US\$ 0.00	US\$ 0.00

III. Interchange Fees – (Paid to Other Customers)

MasterCard applies interchange fees as part of the clearing and settlement process.

Details concerning the qualification criteria associated with interchange rate programs are outlined in customer bulletins and in the Interchange Programs and Rates Manual and are available upon request.

U.S. Region POS/ATM/Manual Cash Interchange Rates

U.S. Region Interchange rate programs apply to transactions acquired in the U.S. Region that are initiated with a U.S. issued MasterCard card.

Interregional POS/ATM/Manual Cash Interchange Rates

Interregional interchange rate programs apply to transactions acquired outside the U.S. Region that are initiated with a U.S. issued MasterCard card.

Interchange rates can be viewed at <http://mastercard.us/merchants/index.html>

MASTERCARD LICENSE AGREEMENT

THIS LICENSE AGREEMENT is between MasterCard International Incorporated, a Delaware non-stock corporation located at 2000 Purchase Street, Purchase NY 10577 on behalf of itself and the Licensors signing below (collectively, "MasterCard") and the undersigned entity ("Licensee").

1. Marks. MasterCard owns, manages, is a licensee of, or otherwise controls the following trade names, trademarks, service marks and logotypes (the "Designations"). This license governs the use of the Designations identified below (each, a "Mark") and other trademarks, trade names, service marks and logotypes identified from time to time in the Rules (defined below) or policies of MasterCard (each, an "Other Identified Mark"):

- **MasterCard Marks.** MasterCard owns all right, title and interest in and to the trademark, trade name and service mark "MasterCard" and marks utilizing that designation and is the owner of numerous United States and worldwide registrations for such marks (the "MasterCard Marks").

Interlocking Circles Device. MasterCard owns all rights, title and interest to the trademark, service mark and logotype known as the Interlocking Circles Device and all variations thereof and is the owner of numerous United States and worldwide registrations for such mark (the "Interlocking Circles Device").

Maestro Marks. Maestro International Incorporated is the owner of all right, title and interest in and to the trademark, trade name and service mark "Maestro" and marks utilizing that designation and United States and worldwide registrations for such marks (the "Maestro Marks"). Each of Maestro Asia/Pacific, Ltd., Maestro Canada, Inc., Maestro Latin America, Inc., Maestro Middle East/Africa, Inc., and Maestro USA, Inc. (each, a "Regional Maestro Entity"), has been licensed by Maestro International Incorporated to use and to sublicense the use of the Maestro Marks, and the Regional Maestro Entities have each authorized MasterCard to use and sublicense the use of the Maestro Marks. Use of the Maestro Marks by Regional Maestro Entities is under the control of Maestro International Incorporated.

Maestro Special Variation. Maestro International Incorporated has been licensed by MasterCard, and the Regional Maestro Entities have each been licensed by Maestro International Incorporated, to use and to sublicense the use of a special variation of the Interlocking Circles Device, which is comprised of the colors blue and red with the circle on the viewer's left in blue and the circle on the viewer's right in red (the "Maestro Special Variation"). The Maestro Special Variation is to be used only with the Maestro Mark.

- **Cirrus Marks.** MasterCard is authorized by Cirrus System, LLC., owner of all right, title and interest in and to the trademark, trade name and service mark "Cirrus" and marks utilizing that designation and United States and worldwide registrations for such marks (the "Cirrus Marks"), to use and sublicense the use of the Cirrus Marks.

- **Cirrus Special Variation.** Cirrus System, LLC. has been licensed by MasterCard to use and to sublicense the use of a special variation of the Interlocking Circles Device which is comprised of the colors dark blue and light blue, with the circle on the viewer's left in dark blue and the circle on the viewer's right in light blue (the "Cirrus Special Variation"). The Cirrus Special Variation is to be used only with the Cirrus Marks.

MasterCard International Incorporated, Cirrus System, LLC., and the Regional Maestro Entity signing below are sometimes referred to as "Licensors" in this License Agreement.

2. Grant of License. MasterCard grants to Licensee and Licensee accepts (as granted), a non-exclusive, license to use the Marks now identified in Schedule A of this License Agreement (each, an "Authorized Mark") solely in connection with Licensee's MasterCard-, Maestro- or Cirrus-branded (as applicable) credit card, debit card, charge card, pre-paid card, calling card, electronic-commerce

program, electronic-funds-transfer program, remote-payment program, automated-teller-machine program, recurring-payment program, check-guarantee program, travelers' check program, and other authorized payment and merchant-acceptance programs in the geographic area(s) indicated in Schedule A; *provided* that such uses and such programs comply with the quality assurance and other standards set forth in the bylaws, rules, procedures, policies, bulletins, memoranda, actions of the board of directors, and other directives adopted, modified, supplemented, changed or rescinded, from time to time in connection with such Authorized Marks (each, a "Rule"). Upon application by Licensee, and approval by MasterCard, MasterCard may, from time to time, modify Schedule A by adding Marks, in which event, such added Marks shall be Authorized Marks for purposes of this License Agreement. Licensee may use a particular Authorized Mark only after the date indicated on Schedule A for such Authorized Mark.

3. Rights and Obligations. Subject to the terms of this License Agreement, Licensee shall have all the rights and obligations with respect to a particular Authorized Mark that apply under the Rules for such Authorized Mark to the type(s) of membership (or other type of participation), type(s) of activity, and geographic locations indicated in Schedule A for such Authorized Mark. Upon application by Licensee, and approval by MasterCard, MasterCard may, from time to time, modify Schedule A to change the type of membership (or other participation), type(s) of activity, and geographic locations that apply to Licensee for one or more Authorized Marks, in which event Licensee's rights and obligations with respect to such Authorized Mark shall be those that apply under the Rules for such Authorized Mark to such type of membership (or other participation), type(s) of activity, and geographic locations indicated on the modified Schedule A.

4. Schedule A. Schedule A is incorporated herein by reference. The original or any subsequent version of Schedule A shall be deemed valid only if signed by an authorized officer of the applicable Licensor.

5. Term of License. Subject to the termination provisions of this License Agreement, the Rules, and

MasterCard's right to forego rights in any of the Marks, the initial term of this License Agreement and the license granted hereunder shall be for ten years commencing on the effective date of this License Agreement (specified below) and shall be automatically renewed for successive ten-year renewal terms unless (i) at least ninety days prior to the end of the initial term or any renewal term, MasterCard notifies Licensee in writing that this License Agreement will not be renewed or (ii) this License Agreement has otherwise been terminated pursuant to its provisions.

6. Rules. At all times Licensee shall observe all Rules adopted in connection with Authorized Marks as same may be adopted, modified, supplemented, changed or rescinded at any time and from time to time. Such Rules are incorporated herein by reference and made a part of this License Agreement.

7. Ownership of the Marks. Licensee acknowledges that

- (a) MasterCard International Incorporated is the exclusive owner of all MasterCard Marks, the Interlocking Circles Device;
- (b) Maestro International Incorporated is the exclusive owner of the Maestro Marks;
- (c) Cirrus System, LLC. is the exclusive owner of the Cirrus Marks; and
- (d) the applicable Exclusive Owner (defined below) is the owner of any Other Identified Mark.

Licensee agrees that Licensee will never contest such ownership, or in any way dispute the validity of any of the Marks or registrations for the Marks. Licensee agrees that, if any rights have accrued or may accrue to Licensee in the Marks by operation of law, such rights will, upon termination of this License Agreement, revert to the owner of such Marks as indicated in subsections (a), (b), (c), or (d) of this Section (each, as applicable, an "Exclusive Owner"). Licensee also agrees that Licensee will cooperate with the appropriate Exclusive Owners in perfecting such Exclusive Owners' title in any Marks by written assignment of any rights which may accrue and in any other manner necessary. All

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documents, instruments, papers, letters, advertisements, and cards bearing any of the Marks shall be marked by Licensee with any notices of such Exclusive Owners' registrations that may be provided by law to preserve the Exclusive Owners' rights in the Marks or required by MasterCard. Licensee shall not attempt to obtain, nor aid third parties in obtaining, any rights in any trademark, trade name, service mark, logotype or other device, designation, internet domain name, or intellectual property right that is confusingly similar to, or employs, any part of any Mark, including, without limitation, the word "Master" or any word containing the word "Master" as a prefix or suffix or "Master" used in connection with any service offered by Licensee; and, upon request by MasterCard shall assign, by instruments satisfactory in form and substance to MasterCard's counsel and without royalty or other payment of any kind, any and all of such rights that Licensee may obtain or may have obtained. Licensee undertakes that it shall never take any action, or permit or fail to take any action that may be deemed to injure, harm or dilute the distinctiveness or goodwill in and to any of the Marks. Licensee further acknowledges that all use of the Marks inures to the benefit of the Exclusive Owner.

8. Notice of infringement. As soon as Licensee acquires any knowledge of (i) any infringement of the Marks, (ii) any conflicting claim of third parties with respect to the Marks, or (iii) any failure of any other Licensee to adhere to the Rules, Licensee shall so notify MasterCard in writing. Licensee agrees to give all lawful and reasonable aid requested by MasterCard or any other Exclusive Owner in connection with efforts to enforce, preserve and defend the Marks. All litigation carried on by Licensee at MasterCard's request shall be subject to MasterCard's control and will be at MasterCard's expense.

9. Right to information. MasterCard shall have the right to obtain from Licensee any information necessary to determine whether Licensee is in compliance with this License Agreement or the Rules. However, Licensee will not be required to furnish any information relating to Licensee's interest rates, merchant discounts, or other fees, or cardholder selectivity policies, or any matter not relevant to such a determination. If Licensee believes that Licensee is prevented from carrying out

any of the terms of this License Agreement by any laws or regulations, any information Licensee furnishes MasterCard under this paragraph shall specifically include a copy of such laws or regulations. Furthermore, if MasterCard requests it, Licensee shall furnish MasterCard an opinion of counsel confirming Licensee's conclusion that these laws or regulations apply. At MasterCard's request, Licensee shall provide MasterCard with a reasonable opportunity to verify the information furnished under this paragraph. If MasterCard determines that Licensee is prohibited by law or regulation from carrying out any of the terms of this License Agreement, Licensee shall undertake such reasonable activities in the place of the prohibited activities as MasterCard shall require.

10. Representations and warranties. Licensee represents and warrants to MasterCard that (i) all information provided by or on behalf of Licensee in connection with any application respecting the subject matter of this License Agreement was true when given, and continues to be true and complete; (ii) Licensee is an entity duly organized, validly existing, and in good standing; (iii) Licensee has all requisite power and authority to enter into this License Agreement and to perform its obligations under this License Agreement; (iv) the execution of this License Agreement by Licensee has been duly authorized by all necessary actions on the part of Licensee and no further approvals are required in connection therewith, and that this License Agreement has been duly executed and delivered by Licensee; and (v) the execution, delivery, and performance of this License Agreement shall not conflict with, or violate, the organizational documents (e.g., articles of incorporation, bylaws, and the like) of Licensee, or violate any law, statute, ordinance, regulation, judgment, writ, injunction, rule, decree, order, or any other restriction or requirement of any kind or character applicable to Licensee.

11. Termination by MasterCard. MasterCard shall have the right to terminate this License Agreement with respect to all or some of the Authorized Marks under any of the following circumstances:

- (a) If Licensee ceases to be a member of MasterCard, MasterCard may terminate this License Agreement forthwith. If MasterCard chooses, MasterCard may authorize Licensee to

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CONTROL NO.:

use Marks under a substitute agreement appropriate to liquidating Licensee's MasterCard business.

License Agreement shall terminate automatically with respect to such Authorized Marks.

- (b) If Licensee ceases activities authorized under the Rules of an Authorized Mark or ceases to be a member of MasterCard, MasterCard may terminate Licensee's license to use such Authorized Mark. If MasterCard (or the appropriate Exclusive Owner) chooses, MasterCard may, in its discretion, authorize Licensee to continue using other Authorized Marks by modifying Schedule A to eliminate the terminated Authorized Marks, and MasterCard may authorize Licensee to use the terminated Authorized Marks under a substitute agreement appropriate to liquidating Licensee's business in the activities authorized under the Rules of such terminated Authorized Mark.
- (c) If Licensee fails to comply with any of the obligations imposed by this License Agreement or the Rules governing use of an Authorized Mark, fails to make any payments required by the Rules, or if any representation, warranty, or information provided by Licensee to MasterCard hereunder or otherwise fails to be true, then MasterCard may terminate this License Agreement as to all or some of the Authorized Marks in the following manner:
- MasterCard shall give Licensee written notice of Licensee's failures in sufficient detail to identify each alleged failure;
- Licensee shall have ninety days after such notice to cure each failure; and
- if Licensee has not cured each failure within such ninety-day period, this License Agreement shall terminate.
- (d) If MasterCard makes a change in the form, style, design, or color of one or more Authorized Marks, Licensee must make the change by the sooner to occur of (i) two years from the date of the change or (ii) such other date as may be set for such change by the appropriate board or committee having authority over such changes. If Licensee fails to make the change within such time period, then Licensee must discontinue use of the affected Authorized Marks, and this
- (e) If Licensee is unable to comply with the provisions of this License Agreement or any Rule because of any law, regulation or other requirement imposed by the jurisdiction in which Licensee is located, MasterCard may terminate this License Agreement forthwith. If MasterCard chooses, MasterCard may authorize Licensee to use Marks under a substitute agreement appropriate to liquidating Licensee's MasterCard business.
- (f) If any other condition occurs that, under a Rule or by action of the appropriate board, permits the termination of this License Agreement with respect to one or more Authorized Marks, then MasterCard may terminate this License Agreement as provided in such Rule or such action, or if no such provision or action is specified, then MasterCard may terminate this License Agreement forthwith. Unless expressly prohibited by such Rule or action, if MasterCard chooses, MasterCard may authorize Licensee to continue using Authorized Marks not terminated by modifying Schedule A to eliminate the terminated Authorized Marks and to use the terminated Authorized Marks under a substitute agreement appropriate to liquidating Licensee's business in the activities authorized under the Rules of such terminated Authorized Mark.
- 12. Termination by Licensee.** Licensee may terminate this License Agreement on one hundred eighty days' written notice to MasterCard.
- 13. Termination for Non-use.** If Licensee fails to offer or discontinues use of any Authorized Mark in connection with activities authorized by the Rules for such Authorized Mark for a period of two years, this License Agreement shall terminate automatically with respect to such Authorized Mark.
- 14. Licensee's obligations upon termination.** Upon termination of this License Agreement (with respect to some or all Marks) Licensee shall promptly cease all use of the affected Marks, and all of Licensee's rights and obligations under this License Agreement with respect to the Marks affected by such termination shall terminate, except

that Licensee shall have the following residual obligations:

- (a) Licensee shall revoke all cards bearing the affected Marks and cease all other activities associated with the affected Marks as of the termination date with appropriate notice (approved by MasterCard) to cardholders, merchants, and other of Licensee's customers affected by such revocation;
- (b) Licensee shall remain liable for all transactions associated with the affected Marks as contemplated by the Rules;
- (c) Licensee shall remain liable on all amounts due from Licensee pursuant to the Rules and for Licensee's appropriate share of the expenses properly incurred prior to the termination date on behalf of all other licensees and debts related to the Authorized Marks in which Licensee participated as provided in the Rules for such Authorized Marks;
- (d) Licensee shall otherwise remain liable for all amounts which became due pursuant to the Rules prior to the effective date of the termination or on account of such termination;
- (e) Licensee shall not attempt to register or to aid third parties in registering any trademark, trade name, service mark, logotype or other device, designation, internet domain name, or intellectual property right that is confusingly similar to, or employs, any part of any Mark, including, without limitation, the word "Master" or any word containing the word "Master" as a prefix or suffix or "Master" used in connection with any service offered by Licensee; and
- (f) Licensee shall not disparage, or engage in any action that disparages or may disparage, MasterCard, Maestro International Incorporated, any of the Regional Maestro Entities, Cirrus System, LLC., any of the Marks, or any systems or programs represented by, or associated in any way with, the Marks.

15. Licensee to Pay Taxes. Licensee agrees to pay all taxes that might be charged by any country or other jurisdiction in which Licensee conducts activities authorized by this License against any of

the amounts due under the Rules, and such payments shall be made to MasterCard by Licensee without deduction for any such taxes.

16. Assignment. Licensee may not sublicense or assign Licensee's rights under this License Agreement whether by sale, consolidation, merger, amalgamation, operation of law, or otherwise, without MasterCard's prior written consent. This License Agreement shall be binding on Licensees' successors and assigns.

17. Modifications. This License Agreement may only be modified by the affirmative action of MasterCard. No modification or termination of this License Agreement shall be valid unless in writing.

18. Other agreements. This License Agreement supersedes all inconsistent representations, agreements, arrangements, and understandings between Licensee and MasterCard, whether written or oral, except that the provisions of this License Agreement are subject to, and incorporate, the provisions of the Rules.

19. Notices. Any notice, demand, request, or communication required or permitted to be given under this License Agreement shall be in writing. Such notice shall be considered sufficiently given when it is deposited in the public mails as certified mail, return receipt requested, addressed to MasterCard at the address shown above (or such other address as MasterCard may designate) or, if to Licensee, at the address shown below (or such other address as may be designated by the Licensee from time to time pursuant to notice given to MasterCard in accordance with this paragraph).

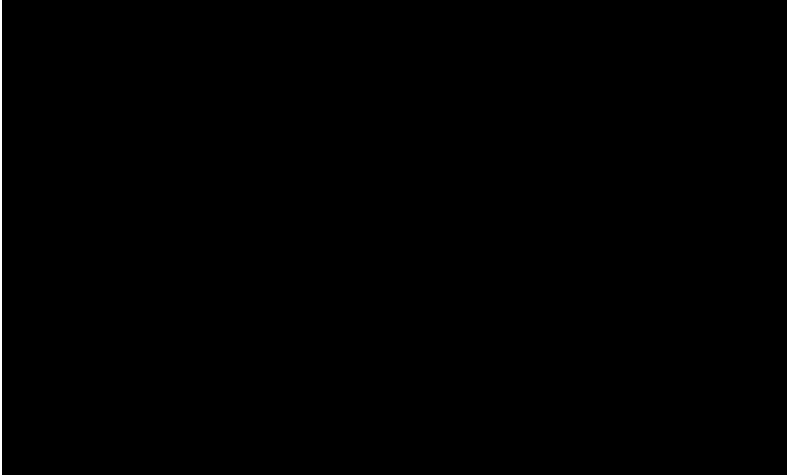
20. Governing law. All questions with respect to the interpretation, effect, and validity of this License Agreement, and the rights and obligations of the parties, shall be decided under the laws of the State of New York, without regard to its choice of laws provisions. Licensee consents to personal jurisdiction in the courts of the State of New York for all disputes arising out of this License Agreement, including but not limited to enforcement of the License Agreement.

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21. Effective date. This License Agreement shall be effective from the time it is executed in the State of New York by MasterCard (after previously having been executed by Licensee) and deposited in the United States mails for transmission to Licensee.

Executed in Purchase, New York, the United States of America.

Licensee:



Licensors:

MASTERCARD INTERNATIONAL INCORPORATED

By: Robert W Selander Date: 1/22/10
Name: ROBERT W SELANDER
Title: CEO

MAESTRO

By: MasterCard International Incorporated

By: _____ Date: _____
Name: _____
Title: _____

CIRRUS SYSTEM, LLC.

By: MasterCard International Incorporated

By: _____ Date: _____
Name: _____
Title: _____

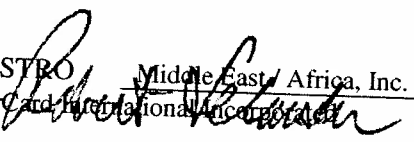
A handwritten signature in the bottom right corner of the page.

SCHEDULE A TO MASTERCARD LICENSE AGREEMENT

Licensee: _____
 Address: _____

Authorized Marks	Type of membership or other type of participation and sponsor, if applicable	Type of activity	Geographic locations	Date after which Licensee is authorized to use this Authorized Mark
MasterCard Mark in combination with the Interlocking Circles Device:  and all variations thereof authorized by MasterCard or the Rules for such Authorized Mark	Principal	Issuing and Acquiring card activities		March 1, 2005 December 3, 2009 January 22, 2010
Maestro Mark in combination with the Interlocking Circles Device:  and all variations thereof authorized by MasterCard or the Rules for such Authorized Mark	Principal	Issuing and Acquiring card activities		March 1, 2005

MASTERCARD INTERNATIONAL INCORPORATED
 By: 
 Name: Robert W. Selander
 Title: CEO

MAESTRO Middle East / Africa, Inc.
 By: 
 Name: Robert W. Selander
 Title: CEO

CREDIT AND DEBIT BRAND AGREEMENT

This CREDIT AND DEBIT BRAND AGREEMENT (this "Agreement") is effective as of the Effective Date, and is between **MasterCard International Incorporated**, a Delaware corporation, with its principal offices at 2000 Purchase Street, Purchase, New York 10577 ("MasterCard"), and South Carolina Federal Credit Union, a Federally chartered credit union, with its principal offices at 6265 Rivers Avenue, North Charleston, SC 29406-4915, for itself and its Affiliates (collectively, "Customer").

WITNESSETH:

WHEREAS, Customer is licensed to issue MasterCard Cards;

WHEREAS, MasterCard and Customer desire to enter into an arrangement under which all of Customer's Credit Cards and Debit Cards will be issued as MasterCard Cards as provided in this Agreement.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1. INCENTIVES. In consideration of, and subject to, Customer's full and timely performance of its Commitments and other obligations under this Agreement, MasterCard will provide the following incentives (the "Incentives") to Customer in accordance with Section 4 hereof:

- (a) **Sign-On Bonus.** MasterCard will provide Customer with a sign-on bonus for its commitment to the stated duration of the Term in the amount of [REDACTED] (the "Sign-On Bonus"), which can assist in offsetting program and processing costs over the Term, payable following the mutual execution and delivery of this Agreement. No written request by Customer is required for the payment of the Sign-On Bonus.
- (b) **Base Volume Support.** In each Year, other than Year One, MasterCard will provide Customer with base volume support, calculated and payable in US dollars at the end of such Year using the following formula:

$$A \times [REDACTED]$$

where "A" represents for each Year other than Year One, the lesser of (i) the Qualified Volume generated in such Year and (ii) the highest amount of Qualified Volume generated in any Year that precedes such Year.

- (c) **Incremental Volume Support.** In each Year, MasterCard will provide Customer with incremental volume support (the "Incremental Volume Support"), which can

assist in offsetting program and processing costs over the Term, calculated and payable in US dollars at the end of such Year using the following applicable formula:

$$B \times \text{[REDACTED]}$$

where "B" represents:

(i) for Year One only, the excess if any, of the Qualified Volume generated in Year One over the Qualified Volume generated during the twelve-month period immediately preceding Year One; and

(ii) in each Year other than Year One, the excess, if any, of the Qualified Volume generated in such Year over the highest amount of Qualified Volume generated in any Year that precedes such Year.

(d) **Marketing Support.** For each Year, MasterCard will provide Customer with marketing support (the "Marketing Support") as follows:

(i) for Year One only, up to [REDACTED]

and

(ii) for each Year other than Year One, up to an amount calculated using the following formula:

$$C \times \text{[REDACTED]}$$

where "C" represents the Qualified Volume generated in the Year that immediately precedes such Year.

Subject to Section 2(h), such Marketing Support shall be provided to Customer by reimbursing Customer for (i) actual out-of-pocket, third-party expenses incurred in such Year by Customer in directly promoting MasterCard Card issuance and usage, including, without limitation, the production, mailing, or other execution of, marketing materials prominently featuring MasterCard Cards and not featuring any mention or depiction of any Competing Brand or (ii) marketing consulting services provided by MasterCard Advisors and subject to a Statement of Work (as defined in Exhibit B) entered into by MasterCard and Customer and to the terms and conditions attached hereto as Exhibit B. For the reimbursement of expenses outlined in (i) of the preceding sentence, Customer shall provide MasterCard all valid invoices and receipts or other documentation reasonably satisfactory to MasterCard detailing such actual out-of-pocket expenses (collectively, "Documentation"). The Marketing Support for such expenses shall be payable at the end of the calendar quarter during which Customer incurred such expense and

upon the receipt by MasterCard of the appropriate Documentation from Customer with respect to such expense. To the extent that the entire value of the Marketing Support is not used on or before the last day of a particular Year (other than Year Ten), Customer may, upon written notice delivered to MasterCard at least ninety (90) days before the end of such Year, elect to have such unused Marketing Support continue to be available to Customer during the first two quarters of the following Year; provided, however, any amount of such unused Marketing Support that remains unused as of the last day of the second quarter of the following Year will be thereafter forfeited, and MasterCard will have no obligation to make any rebate or other consideration to Customer for such unused amount of Marketing Support. To the extent that the entire value of the Marketing Support in Year Ten is not used in the Year Ten any such unused Marketing Support will be forfeited, and MasterCard will have no obligation to make any rebate or other consideration to Customer for the unused amount of Marketing Support.

- (e) **MasterCard Advisors Support.** For each Year, MasterCard will provide Customer with MasterCard Advisors proprietary analysis, data-driven consulting, and/or marketing services for MasterCard Cards (the “MasterCard Advisors Support”), having a value in each such Year as follows:

(i) for Year One only, [REDACTED]

[REDACTED]; and

(ii) for each Year other than Year One, if any, up to an amount calculated using the following formula:

$$D \times [REDACTED]$$

where “D” represents the Qualified Volume generated in the Year that immediately precedes such Year.

The value of all MasterCard Advisors Support shall be determined pursuant to the terms of a Statement(s) of Work (as defined in Exhibit B) entered into by MasterCard and Customer, for such services. The MasterCard Advisors Support shall be subject to the terms and conditions attached hereto as Exhibit B and the work must be completed, in the Year for which the MasterCard Advisors Support is available. To the extent that the entire value of the MasterCard Advisors Support is not used on or before the last day of a particular Year (other than Year Ten), Customer may, upon written notice delivered to MasterCard at least ninety (90) days before the end of such Year, elect to have such unused MasterCard Advisors Support continue to be available to Customer during the first two quarters of the following Year; provided, however, any amount of such unused MasterCard Advisors Support that remains unused as of the last day of the second quarter of the following Year will be thereafter forfeited, and MasterCard will have no obligation to make any rebate or other consideration to Customer for such unused amount of

MasterCard Advisors Support. To the extent that the entire value of the MasterCard Advisors Support in Year Ten is not used in the Year Ten any such unused MasterCard Advisors Support will be forfeited, and MasterCard will have no obligation to make any rebate or other consideration to Customer for the unused amount of MasterCard Advisors Support.

- (f) **Jointly Deployed Optimization Support.** For each Year, MasterCard will provide Customer with optimization support for MasterCard Cards, deployment of which shall be jointly agreed to in writing by MasterCard and Customer (the “MasterCard Optimization Support”), having a value in each such Year as follows:

(i) for Year One only, up to [REDACTED]

[REDACTED]; and

(ii) for each Year other than Year One, if any, up to an amount calculated using the following formula:

$$E \times [REDACTED]$$

where “E” represents the Qualified Volume generated in the Year that immediately precedes such Year.

Subject to Section 2(h), such MasterCard Optimization Support shall be provided to Customer by reimbursing Customer for actual out-of-pocket, expenses incurred in such Year by Customer to directly optimize MasterCard Card issuance and usage through, in each case, to the extent mutually agreed upon in writing by Customer and MasterCard, (i) safety and security solutions, (ii) rewards programs and/or (iii) any other technical service, function or solution designed to optimize Customer’s payments program for MasterCard Cards; provided that, in each case, any third-party projects or expenses must be agreed upon in writing by MasterCard and Customer in advance; provided, further, that any projects or services provided by MasterCard are subject to a statement of work to be entered into by MasterCard and Customer and any other customary terms and conditions related thereto and such projects or services shall be provided at the prices set forth in such statement of work. For the reimbursement of expenses outlined in the preceding sentence, Customer shall provide MasterCard all valid invoices and receipts or other Documentation satisfactory to MasterCard. The MasterCard Optimization Support for such expenses shall be payable at the end of the calendar quarter during which Customer incurred such expense and upon the receipt by MasterCard of the appropriate Documentation from Customer with respect to such expense. To the extent that the entire value of the MasterCard Optimization Support is not used on or before the last day of a particular Year (other than Year Ten), Customer may, upon written notice delivered to MasterCard at least ninety (90) days before the end of such Year, elect to have such unused MasterCard Optimization Support continue to be available to Customer during the first two quarters of the following Year;

provided, however, any amount of such unused MasterCard Optimization Support that remains unused as of the last day of the second quarter of the following Year will be thereafter forfeited, and MasterCard will have no obligation to make any rebate or other consideration to Customer for such unused amount of MasterCard Optimization Support. To the extent that the entire value of the MasterCard Optimization Support in Year Ten is not used in the Year Ten any such unused MasterCard Optimization Support will be forfeited, and MasterCard will have no obligation to make any rebate or other consideration to Customer for the unused amount of MasterCard Optimization Support.

- (g) **MasterCard Product Support.** For Year One and Year Two, MasterCard will provide Customer with MasterCard services, including MasterCard Rewards (the "MasterCard Product Support"), having a value of up to [REDACTED] in the aggregate in Year One and Year Two. The value of all MasterCard Product Support shall be determined pursuant to the terms of statement(s) of work to be entered into by MasterCard and Customer and any other customary terms and conditions related thereto for such services and the work must be completed prior to the end of Year Two. If the entire amount of MasterCard Product Support that is available in the period specified in this Section 1(g) is not used on or prior to the end of Year Two, any unused MasterCard Product Support shall be forfeited, and MasterCard will have no obligation to make any rebate or other consideration to Customer for such unused amount of MasterCard Product Support.
- (h) **Member Fee Support.** For each Year, MasterCard will provide Customer with member support having a value of up to [REDACTED] ("Member Fee Support") by reimbursing Customer for actual out-of-pocket expenses incurred by Customer during each such Year for certain fees and services associated with: (i) providing access to InfoPack, provided by MasterCard Advisors, (ii) ICA Ownership, (iii) Automated Locator Service; and/or (iv) certain other fees associated with MasterCard principal membership as mutually agreed by the parties. Customer shall provide MasterCard all Documentation detailing such expenses and Customer's payment thereof. The Member Fee Support for such expenses incurred by Customer in each Year shall be payable at the end of such Year and upon the receipt by MasterCard of the Documentation from Customer with respect to such expenses and Customer's payment thereof. To the extent that the entire value of Member Fee Support is not used within the Year for which it is available, any such unused Member Fee Support will be forfeited, and MasterCard will have no obligation to make any rebate or other consideration to Customer for the unused amount of Member Fee Support.
- (i) **Launch Support.** In Year One, MasterCard will provide Customer with launch support of up to [REDACTED] (the "Launch Support") for costs associated with Customer converting its Competing Cards to MasterCard Credit Cards, including but not limited to costs associated with

marketing and/or direct mail communications to cardholders (such as pre-mailer, card mailer, post mailer, postage, card stock), including but not limited to EMV related communications to cardholders. MasterCard shall provide the Launch Support to Customer by reimbursing Customer for actual out-of-pocket third-party expenses directly incurred by Customer during Year One for such conversion. The Launch Support for such expenses shall be payable at the end of Year One (or, if Customer elects to submit documentation earlier than the end of Year One, at the end of any prior calendar quarter in which Customer so submits such documentation) and upon the receipt by MasterCard of the appropriate documentation from Customer with respect to such expense. To the extent that the entire value of the Launch Support available is not used by the last day of Year One, any such unused Launch Support will be forfeited, and MasterCard will have no obligation to make any rebate or other consideration to Customer for the unused amount of Launch Support.

- (j) **Switch Fee Rebate.** In each Year, MasterCard will provide Customer with a transaction rebate of US [REDACTED] for each domestic MDS Transaction conducted at the POS during such Year (such MDS Transaction, a “POS Transaction”), calculated and payable at the end of the calendar month during which such POS Transaction occurred. Notwithstanding anything to the contrary in this Section 1(j), Customer shall pay MasterCard the standard per transaction fees in accordance with the Rules for all MasterCard Debit Card transactions, including MDS Transactions.
- (k) **Performance Bonuses.** In each Year, other than Year One, if the Qualified Volume generated by MasterCard Cards during such Year is at least [REDACTED] percent [REDACTED] greater than the highest amount of Qualified Volume generated by MasterCard Cards in any Year that precedes such Year, MasterCard will pay to Customer a bonus of [REDACTED]

SECTION 2. COMMITMENTS. In consideration of MasterCard’s obligation to provide Incentives as provided in this Agreement, Customer agrees to observe the following commitments (the “Commitments”):

- (a) **Conversion.** With respect to Credit Cards that are Competing Cards issued prior to the Effective Date, Customer shall cause all such Credit Cards to be reissued as MasterCard Cards by no later than the date that is twelve (12) months from the Effective Date (such date, or such earlier date when the last Credit Card that is a Competing Card is reissued, must be certified in writing by Customer within thirty (30) days of occurrence).
- (b) **MasterCard Branding.**
 - (i) **Credit Card Commitment.** During the Term, Customer shall issue and maintain all Credit Cards exclusively as MasterCard Credit Cards and shall

not issue any Credit Card as a Competing Card or permit to bear, or to be associated with, a Competing Brand.

(ii) **Debit Card Commitment.** MasterCard shall be the brand for Customer's Debit Cards such that Customer shall issue and maintain all of its Debit Cards with the dual-message debit functionality of MasterCard (and the marks associated therewith). Customer shall issue all of its Debit Cards with the single-message debit functionality at the POS and the single-message debit functionality at ATMs, in each case, of MasterCard (and the marks associated therewith).

(c) **No Conversion.** During the Term, Customer shall cause all MasterCard Cards issued during, or prior to, the Term to remain as MasterCard Cards and shall not convert any MasterCard Card to a Card that does not comply with Section 2(b).

(d) **Year Five and Year Ten Cumulative Qualified Volume Requirement.**

(i) Customer shall cause (y) the cumulative Qualified Volume generated during the period beginning on the first day of Year One and ending on the last day of Year Five to be equal to or greater than the Year Five Cumulative Qualified Volume Amount and (z) the cumulative Qualified Volume generated during the period beginning on the first day of Year One and ending on the last day of Year Ten to be equal to or greater than the Year Ten Cumulative Qualified Volume Amount.

(ii) *Year Five Adjustment.* If, as of the end of Year Five, the cumulative Qualified Volume generated during the period beginning on the first day of Year One and ending on the last day of Year Five is less than the Year Five Cumulative Qualified Volume Amount, then Customer shall pay to MasterCard the US dollar amount reflecting the shortfall in the Year Five Cumulative Qualified Volume Amount, which payment (the "Year Five Shortfall Payment") shall be calculated using the following formula:

$$F - G \times \blacksquare$$

where "F" represents the Year Five Cumulative Qualified Volume Amount; and "G" represents the Qualified Volume generated during the period that begins on the first day of Year One and ends on the last day of Year Five .

(iii) *Year Ten Adjustment.*

(A) If, as of the end of Year Ten, the cumulative Qualified Volume generated during the period beginning on the first day of Year One and ending on the last day of Year Ten is equal to or greater than the Year Ten Cumulative

Qualified Volume Amount, then MasterCard shall promptly refund the Year Five Shortfall Payment, if any, to Customer; and

(B) If, as of the end of Year Ten, the cumulative Qualified Volume generated during the period beginning on the first day of Year One and ending on the last day of Year Ten is less than the Year Ten Cumulative Qualified Volume Amount, then, Customer shall pay to MasterCard the US dollar amount reflecting the shortfall in the Year Ten Cumulative Qualified Volume Amount, which shall be calculated using the following formula (such calculated amount, the “Year Ten Shortfall Payment”):

$$[(H - I) \times \blacksquare] - J$$

where “H” represents the Year Ten Cumulative Qualified Volume Amount; “I” represents the Qualified Volume generated during the period that begins on the first day of Year One and ends on the last day of Year Ten; and “J” represents the Year Five Shortfall Payment. If the Year Ten Shortfall Payment is a positive amount, then Customer shall promptly pay to MasterCard such amount.

- (e) **MasterCard Membership.** To become eligible for any Incentives under this Agreement, Customer must (i) be or become a principal member of MasterCard and maintain such principal membership during the Term and (ii) issue MasterCard Cards directly and exclusively through such principal membership.
- (f) **Expansion of Portfolio.** Customer shall use its best efforts to expand the number of Credit Cards and Debit Cards in, and gross dollar volume generated by, its MasterCard Card portfolios.
- (g) **MasterCard Rules.** Customer shall abide by all present and future Rules and this Agreement supplements (and does not limit or replace) Customer’s obligations or MasterCard’s rights or remedies, under the Rules.
- (h) **MasterCard Services.** MasterCard shall be Customer’s preferred provider of services and/or products with respect to Customer’s use of any MasterCard Optimization Support, and Customer shall first provide MasterCard with written notice requesting any such services or products prior to engaging a third-party provider, and Customer shall include, in reasonable detail the terms and conditions of such services or products. MasterCard shall have up to three (3) months to respond to such notice, and if MasterCard shall not elect to provide such services or products on mutually agreeable terms and conditions within such three (3) month period, then Customer shall be free to engage a third-party to provide such services or products on the terms outlined in the notice.

SECTION 3. CARDS OF ACQUIRED INSTITUTIONS AND ACQUIRED PORTFOLIOS.

(a) Acquired MasterCard-branded Cards.

- (i) Except as otherwise set forth in this Agreement, in the event Customer acquires an Acquired Institution or Acquired Portfolio pursuant to which Customer acquires MasterCard branded Cards that would be Credit Cards or Debit Cards if issued, managed or offered by Customer, such Cards shall be subject to the terms and conditions contained herein upon the consummation of such Acquisition Transaction.
- (ii) MasterCard-branded Cards that Customer has acquired pursuant to an Acquisition Transaction consummated during the Term, and volume and transactions attributable to such Cards, shall not be included in the calculation of the cumulative qualified volume requirements or calculations set forth in Section 2(d) above unless agreed to otherwise in writing by MasterCard and Customer.
- (iii) In the event Customer acquires Cards that would be Credit Cards or Debit Cards if issued, managed or offered by Customer and that are subject to a benefit, support, or incentive arrangement with MasterCard, such Cards and all transactions and volume associated therewith shall not be included in this Agreement and shall continue to be subject to such benefit, support or incentive arrangement in accordance with its terms until the earlier of (1) such date otherwise agreed to in writing by MasterCard and Customer and (2) the expiration or termination of such arrangement. MasterCard and Customer shall discuss in good faith mutually agreeable terms to include such Cards and all transactions and volume associated therewith under this Agreement.
- (iv) Notwithstanding anything to the contrary in this Agreement, for the purposes of calculating the Incremental Volume Support payable to Customer with respect to a particular Year ("Subject Year"), Acquired Volume shall be subject to the following:
 - (1) Acquired Volume generated by MasterCard-branded cards that Customer has first included pursuant to Section 3(a)(iii) of this Agreement or acquired, as applicable, during the Subject Year, shall be excluded from the calculation of Qualified Volume generated during the Subject Year;
 - (2) Acquired Volume generated by MasterCard-branded cards that (y) Customer has first included pursuant to Section 3(a)(iii) of this Agreement or acquired, as applicable, during a Year preceding the Subject Year, and (z) was generated during any portion of the applicable Acquisition Grace Period that occurs in the Subject Year,

shall be excluded from the calculation of Qualified Volume generated during the Subject Year when determining the Qualified Volume generated during the Subject Year; and

- (3) Acquired Volume generated by MasterCard-branded cards that (y) Customer has first included pursuant to Section 3(a)(iii) of this Agreement or acquired, as applicable, during a Year preceding the Subject Year, and (z) was generated during any portion of the applicable Acquisition Grace Period that occurs in such Year preceding the Subject Year, shall be included in the calculation of Qualified Volume generated during such Year preceding the Subject Year when determining the highest Qualified Volume.
- (b) **Acquired Competing Brand-branded Cards.** Customer shall cause all Cards that (y) would be Credit Cards or Debit Cards if issued, managed or offered by Customer and (z) that are issued, managed or offered by Acquired Institutions as Competing Cards, and Acquired Portfolios that contain any such Cards, to be converted to MasterCard Cards within twelve (12) months of the closing of the applicable Acquisition Transaction. Upon conversion of such Cards, all Volume and transactions generated by such converted Cards shall be included in this Agreement. However, notwithstanding the foregoing, if, as of the date of the applicable Acquisition Transaction, any of such Competing Cards are subject to a Preexisting Obligation, Customer shall promptly notify MasterCard and provide sufficient documentation (reasonably satisfactory to MasterCard) of such Preexisting Obligation and the terms thereof, including any financial penalties for conversion. MasterCard may, at its sole discretion, elect to reimburse Customer for such financial penalties directly related to removing such Preexisting Obligation, in which case Customer shall cause the removal of such Preexisting Obligation. For the avoidance of doubt, Customer shall not be obligated to cause the removal of a Preexisting Obligation except pursuant to the immediately preceding sentence. In the event the Preexisting Obligation expires or otherwise terminates (whether due to payment of financial penalties, in accordance with its terms, or otherwise), Customer shall convert all such affected Cards to MasterCard Debit Cards within twelve (12) months after such date.

SECTION 4. PAYMENT & REPORTING.

- (a) **Payment.** Customer shall submit written requests to MasterCard for payments of Incentives no earlier than the date such funds are payable by MasterCard pursuant to Section 1 above, and no later than sixty (60) days after such date. MasterCard will pay Incentives within sixty (60) days of receiving Customer's validated request for such Incentives. MasterCard may withhold or condition any payment, waiver, rebate, or other provision of Incentives on Customer's providing validation (reasonably satisfactory to MasterCard) including reports and information described in Section 4(b) of this Agreement, supporting the request for same. Except as

otherwise set forth in this Agreement, any Incentive payments owed by MasterCard to Customer shall be made via the MasterCard Consolidated Billing System (“MCBS”) or by other means as determined by MasterCard in its sole discretion. MasterCard may, at MasterCard’s option, recover any amount owing from Customer under this Agreement by debiting Customer’s MCBS account. Customer shall have sixty (60) days from the date of receipt of Incentives to notify MasterCard in writing of any inaccuracy or discrepancy with respect to such Incentives paid by MasterCard and the Incentives payable under this Agreement for the relevant period. The Incentives paid by MasterCard shall be deemed accurate for the relevant period and confirmed by Customer in all respects if Customer does not notify MasterCard in writing of any such inaccuracy or discrepancy within such sixty (60) day period. Notwithstanding anything to the contrary set forth herein, Cards and all transactions and volume associated therewith shall be excluded from the calculation of Incentives amounts payable under this Agreement if (i) such Cards, transactions or volume is subject to any benefit, support, or incentive arrangement between MasterCard and Customer, or MasterCard and another entity, other than this Agreement, or (ii) Customer or another entity, as successor to an Acquired Institution or Acquired Portfolio, received, or will receive, any incentives under any benefit, support, or incentive arrangement between MasterCard and such Acquired Institution or its Affiliates or the transferor of such Acquired Portfolio in connection with such Cards, transactions or volume.

- (b) **Reporting.** In addition to any reporting required under the Rules, Customer shall provide, or cause to be provided, such reports and information, including, but not limited to written certifications by senior officers of Customer, as MasterCard may from time to time reasonably request to determine whether Customer is meeting its Commitments or other obligations under this Agreement.

SECTION 5. SALES AND TRANSFERS. To the extent that, during the Term, Customer in any way sells, transfers or divests, in whole or in part, itself of one or more Affiliates or Cards that would have been subject to the terms of this Agreement had no such sale, transfer or divestiture occurred, Customer shall cause the continued observance by the entity acquiring such Affiliates or Cards of the terms of this Agreement relating to such Affiliates or Cards following such sale, transfer or divestiture.

SECTION 6. CONFIDENTIALITY. During the Term and for five (5) years thereafter, unless otherwise provided under the Rules or required by applicable law, each party will treat any information relating to this Agreement (other than the existence of this Agreement), and all terms and conditions of this Agreement as confidential, shall disclose such information only to those individuals with a reasonable need to know within its organizations (provided such individuals agree to be bound by the confidentiality obligations herein), and shall not disclose any such information to third parties, without the other party’s prior written approval, except that either party may disclose same to its auditors, regulators, outside board members and outside counsel provided such persons are advised of, and observe the obligations of this Section 6. Notwithstanding the foregoing, each party may disclose confidential information of the other

party to the extent required by a court of competent jurisdiction or other governmental authority or otherwise as required by law, provided that such party uses reasonable efforts to notify the other party in advance of such disclosure so as to permit the other party to request confidential treatment or a protective order prior to such disclosure. The parties acknowledge that, in the event of a breach of Section 6 of this Agreement, the non-breaching party will likely suffer irreparable damage that cannot be fully remedied by monetary damages. Accordingly, in addition to any remedy which the non-breaching party may possess pursuant to applicable law, the non-breaching party retains the right to seek and obtain injunctive relief against any such breach in any court of competent jurisdiction. The provisions of this Section 6 shall survive the termination of this Agreement.

SECTION 7. TERM AND TERMINATION.

- (a) **Term.** Unless terminated earlier pursuant to this Section 7, the term of this Agreement ("Term") shall commence as of the Effective Date and shall end upon the expiration of Year Ten.
- (b) **Termination.** Notwithstanding anything in this Agreement to the contrary, this Agreement may be terminated immediately for cause at any time by written notice given by either party upon the occurrence of one of the following:
 - (i) A breach by the other party of any material covenant, condition or representation of this Agreement and the failure by or inability of the breaching party to cure any such breach within thirty (30) days after receipt of written notice from the non-breaching party specifying such breach in reasonable detail;
 - (ii) Any dissolution, bankruptcy, insolvency, liquidation or similar event of the other party; or
 - (iii) Any final determination by any court, administrative agency or the issuance of a ruling by any governing body with jurisdiction over either party that this Agreement or any material aspect of the activities to be conducted hereunder is illegal as a matter of law where the parties cannot in good faith negotiate an amendment to the Agreement or such activities to bring it or them into compliance.

SECTION 8. REPRESENTATIONS AND WARRANTIES.

- (a) **Execution Authority.** MasterCard and Customer each represents and warrants that it has all necessary corporate power and authority to enter into this Agreement and, when executed and delivered, this Agreement shall be each of Customer's and MasterCard's respective legal, valid and binding obligation enforceable in accordance with its terms. South Carolina Federal Credit Union represents and

warrants to MasterCard that it has all corporate authority and power to bind all of its Affiliates to the obligations set forth in this Agreement.

- (b) **Compliance with Applicable Laws.** The parties hereto shall ensure that their obligations under this Agreement and business activities related thereto are performed in accordance with all applicable laws and registrations, directions, permissions, licenses, waivers, consents, approvals and other authorizations of competent governmental authorities, including, but not limited to all applicable anti-bribery and corruption laws.

SECTION 9. TAXES. Each party to this Agreement shall be responsible for any income, gross receipts, franchise, or similar business activity taxes imposed by any country, state, or locality on their own income or receipts, as well as any property or ad valorem taxes and any interest or penalties imposed by law. Payments made by the parties under this Agreement are inclusive of any applicable sales tax, use tax, business occupation tax, or any other tax or charge of a similar nature.

SECTION 10. REMEDIES. Except as set forth in Section 2(d), the remedies set forth herein are non-exclusive. In addition to these remedies, the parties shall be entitled to pursue any other remedies that they may have at law or in equity.

SECTION 11. NOTICES. All notices relating to this Agreement, must be in writing and will be deemed given upon hand delivery or upon receipt if sent by an overnight courier delivery service of general commercial use and acceptance (including, without limitation, DHL, FedEx or UPS) to the following addresses or such other address as may be later designated by notice given by such party:

If to Customer: South Carolina Federal Credit Union
6265 Rivers Avenue
North Charleston, SC 29406-4915
Attention: R. Scott Woods, President/CEO

with a copy to the office of the general counsel at the same address.

If to MasterCard: MasterCard International Incorporated
2000 Purchase Street
Purchase, New York 10577
Attention: Chris McWilton, President, North America

with a copy to the office of the general counsel at the same address.

SECTION 12. MISCELLANEOUS. A failure or delay of either party to enforce any provision of or exercise any right under this Agreement shall not be construed to be a waiver. No waiver by a party shall be effective unless expressly made in writing. If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable or invalid in any respect, such unenforceability or invalidity shall not affect any other provision of this Agreement, and this Agreement shall then be construed as if such unenforceable or invalid provisions had never been a part of this Agreement and the parties shall immediately commence negotiations in good faith to reform this Agreement or make alternative provisions herein that reflect the original intentions and purposes of the severed provision. The captions in this Agreement are included for convenience only and shall not affect the meaning or interpretation of this Agreement. This Agreement shall be binding upon each party's respective successors and assigns and each party shall cause such successor and assignee to be so bound; provided, however, that Customer shall not have the right to assign or transfer to any third party (including without limitation, by way of sale of any Cards subject to this Agreement, by voluntary or involuntary transfer, by operation of law or otherwise), nor shall any successor to Customer have or receive any of Customer's rights against MasterCard, or the benefits of this Agreement, without first obtaining the prior written consent of MasterCard. If any party acquires any interest in this Agreement or the subject matter hereof in any manner, whether by a change of Control, by acquiring any Cards subject to this Agreement, by voluntary or involuntary transfer, by operation of law or otherwise, such interest shall be held subject to all of the terms of this Agreement and by taking or holding such interest, such party shall be conclusively deemed to have agreed to be bound by, and to comply with, all of the terms and obligations of this Agreement; provided, that, unless otherwise consented to in writing by MasterCard, in the event of a change of Control of Customer, MasterCard shall not be obligated to provide any Incentives or other benefits under this Agreement and the successor shall have no rights against MasterCard with respect to this Agreement. This Agreement evidences the entire agreement and understanding between MasterCard and Customer with respect to the transactions contemplated by this Agreement and supersedes all prior agreements between the parties with respect to such transactions. This Agreement shall not be amended or modified in any respect except in writing, duly executed by both MasterCard and Customer. This Agreement and the respective rights and obligations of the parties hereto shall be governed by the laws of the State of New York without reference to its conflict-of-laws or similar provisions that would mandate or permit application of the substantive law of any other jurisdiction. The state and federal courts located in New York shall have exclusive jurisdiction over any and all disputes relating to this Agreement. This Agreement may be executed in one or more counterparts, each of which, taken together, shall constitute but one original document. As used in this Agreement, the terms defined in Exhibit A shall have the meaning assigned to them in Exhibit A.

[Signature page follows]

EXECUTED as of the latest date written below.

SOUTH CAROLINA FEDERAL CREDIT UNION

By: 

Name: JOE GRECH
Title: CFO
Date: 9-15-2015


R. Scott Woods
CEO

MASTERCARD INTERNATIONAL INCORPORATED

By: 

Name: RICARDO MASCALI
Title: SENIOR VICE PRES. - NA M&S
Date: 9/29/15

MasterCard Law Department
Approved as to Legal Form
Lawyers Initials: 
Date: 9/29/15

EXHIBIT A

For purposes of this Agreement:

- (a) **“Acquired Institution”** means any entity with which Customer enters into an Acquisition Transaction.
- (b) **“Acquired Portfolio”** means Cards acquired through a merger, joint venture, portfolio acquisition or similar bulk acquisition of any kind (including without limitation the right to operate and manage any such portfolio) following the date of execution of this Agreement.
- (c) **“Acquired Volume”** means all MasterCard volume generated after the date of the consummation of an Acquisition Transaction by Cards that Customer acquired in such Acquisition Transaction that would be MasterCard Cards and Qualified Volume if, prior to such Acquisition Transaction, such Cards were issued, offered or managed by Customer.
- (d) **“Acquisition Grace Period”** means the twelve-month period commencing on (i) with respect to Acquired Volume not subject to Section 3(a)(iii), the date of the consummation of the applicable Acquisition Transaction, and (ii) with respect to Acquired Volume subject to Section 3(a)(iii), the date on which the MasterCard-branded cards that generated such Acquired Volume are first included in this Agreement pursuant to Section 3(a)(iii) hereof.
- (e) **“Acquisition Transaction”** means the merger, acquisition, other business combination, or acquisition of an Acquired Portfolio, in each case, to which Customer is a party.
- (f) **“Affiliate”** means with respect to any person or entity, any other person or entity that, directly or indirectly through one or more intermediaries, Controls, or is Controlled by or is under common Control with, such person or entity.
- (g) **“Agreement”** has the meaning ascribed to it in the preamble of this Agreement.
- (h) **“ATM”** means automated teller machine.
- (i) **“Card”** shall include, (i) any payment or cash disbursement (e.g., ATM) card, code or device, and (ii) the account associated with any of the same.
- (j) **“Cirrus,”** when used as a noun, means Cirrus System, LLC, and, when used as an adjective, refers to the Cirrus® brand or any successors or replacements to such brand.
- (k) **“Commitments”** has the meaning ascribed to it in Section 2 of this Agreement.
- (l) **“Competing Brand”** means Visa, Discover, Diners Club, American Express, JCB,

PayPal, China Union Pay or any other brand that MasterCard reasonably determines to be in competition with MasterCard, Maestro or Cirrus.

- (m) **“Competing Card”** means any Card bearing a Competing Brand and providing the functionality associated with same or that is interchanged under a Competing Brand.
- (n) **“Control”** (including, with its correlative meanings, “Controlled by” or “common Control with”) means the occurrence of one or more of the following events: (i) a purchase, lease or other acquisition of all or substantially all of the assets of a party; (ii) a purchase or other acquisition (including by way of merger, consolidation, share exchange or otherwise) of securities representing fifty (50%) percent or more of the voting power of a party; or (iii) possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract, or otherwise).
- (o) **“Credit Card”** means a Card issued, managed or offered by Customer issued in the United States that (i) is attached to a credit line that can be used to purchase goods and services and obtain cash advances on credit for which an accountholder is subsequently billed for repayment of the credit extended, and (ii) does not access or is not otherwise primarily associated with a checking, savings, current, asset, deposit or share draft account or any other deposit account that is maintained by or on behalf of an accountholder.
- (p) **“Customer”** has the meaning ascribed to it in the preamble of this Agreement.
- (q) **“Debit Card”** means any Card issued, managed or offered by Customer issued in the United States that (i) in any way accesses or is otherwise primarily associated with a checking, savings, current, asset, deposit, retail mutual fund, brokerage, prepaid, or share draft account or any other deposit account that is maintained by or on behalf of an accountholder and (ii) has dual message functionality.
- (r) **“Documentation”** has the meaning ascribed to it in Section 1(d) of this Agreement.
- (s) **“Effective Date”** means the date of execution of this Agreement, as such date is set forth on the signature page hereto.
- (t) **“Incentives”** has the meaning ascribed to it in Section 1 of this Agreement.
- (u) **“Incremental Volume Support”** has the meaning ascribed to it in Section 1(c) of this Agreement.
- (v) **“Launch Support”** has the meaning ascribed to it in Section 1(i) of this Agreement.
- (w) **“Maestro,”** when used as a noun, means Maestro U.S.A., Inc., and, when used as an adjective, refers to the Maestro® brand or any successors or replacements to such brand.

- (x) **“Marketing Support”** has the meaning ascribed to it in Section 1(d) of this Agreement.
- (y) **“MasterCard”** when used as a noun, has the meaning ascribed to it in the preamble of this Agreement and, when used as an adjective, refers to the MasterCard® brand or any successors or replacements to such brand.
- (z) **“MasterCard Advisors”** means MasterCard Advisors, the professional services division of MasterCard.
- (aa) **“MasterCard Advisors Support”** has the meaning ascribed to it in Section 1(e) of this Agreement.
- (bb) **“MasterCard Card”** means a MasterCard Credit Card or MasterCard Debit Card, as applicable.
- (cc) **“MasterCard Credit Card”** means a Credit Card that (i) bears the name, logotype, hologram, or other service marks or devices of MasterCard; (ii) provides the dual message functionality associated with MasterCard and its Affiliated brands; and (iii) is issued in accordance with the Rules.
- (dd) **“MasterCard Debit Card”** means a Debit Card that (i) bears the name, logotype, hologram, or other service marks or devices of MasterCard; (ii) provides the dual message and single message functionality associated with MasterCard and its Affiliated brands; and (iii) is issued in accordance with the Rules.
- (ee) **“MasterCard Debit Switch”** means MasterCard’s telecommunications and transaction processing network and routing channel for single-message debit transactions.
- (ff) **“MasterCard Optimization Support”** has the meaning ascribed to it in Section 1(f) of this Agreement.
- (gg) **“MasterCard Product Support”** has the meaning ascribed to it in Section 1(g) of this Agreement.
- (hh) **“MasterCard Rewards”** means the MasterCard reward service provided by MasterCard.
- (ii) **“MCBS”** has the meaning ascribed to it in Section 4(a) of this Agreement.
- (jj) **“MDS Transaction”** means a single-message-based Transaction generated by a MasterCard Debit Card that is routed through the MasterCard Debit Switch.
- (kk) **“Member Fee Support”** has the meaning ascribed to it in Section 1(h) of this Agreement.
- (ll) **“POS”** means the point of sale of goods and services to cardholders.

- (mm) **“POS Transaction”** has the meaning ascribed to it in Section 1(j) of this Agreement.
- (nn) **“Preexisting Obligation”** means the obligation of Customer, as a result of an Acquisition Transaction, not to convert the acquired Cards that are Competing Cards to MasterCard Cards to the extent that (i) such obligations were memorialized in a binding written agreement to which the applicable acquisition party was a party prior to the consummation of the applicable Acquisition Transaction, (ii) Customer has not directly or indirectly persuaded, influenced, suggested that, or otherwise caused, such acquisition party to enter into such agreement, (iii) such obligations have not been renewed or modified as of the date of the consummation of the Acquisition Transaction or Customer, as successor to the applicable acquisition party, has not permitted the automatic renewal of such obligation after becoming the successor to the applicable acquisition party, and (iv) Customer, as successor to the applicable acquisition party, does not have the right to terminate such obligation without committing breach or incurring financial penalties under such agreement.
- (oo) **“Qualified Volume”** means Volume generated by MasterCard Cards to the extent such Volume is assessed and deemed by MasterCard as dual message-based and undergoes the process of authorization, clearing and settlement by MasterCard, and excluding, all Volume that is assessed by MasterCard as single message-based and all Volume attributable to Cards for which Customer or any other entity receives, or has received, incentives under other agreements or arrangements with MasterCard.
- (pp) **“Rules”** means the MasterCard Rules, and any other directive, memorandum, policy, or other requirement imposed by MasterCard or MasterCard’s Affiliates and relating to MasterCard Cards as such rules, operating rules, licensor rules, directives, memoranda, policies, or other requirements as may be amended from time to time.
- (qq) **“Sign-On Bonus”** has the meaning ascribed to it in Section 1(a) of this Agreement.
- (rr) **“Subject Year”** has the meaning ascribed to it in Section 3(a)(iv) of this Agreement.
- (ss) **“Term”** has the meaning ascribed to it in Section 7(a) of this Agreement.
- (tt) **“Volume”** means the US dollar amount of transactions for the purchase of goods and services attributable to a Card during the period of calculation, excluding, the principal amount of any balance transfer, the principal amount of any teller cash transactions (*i.e.*, cash withdrawals at a financial institution made with the assistance of a bank representative at the financial institution counter), the amount of any cash advances, account fees, finance charges, transaction fees, delinquency fees, over-the-limit fees, and any other fees imposed by a financial institution.
- (uu) **“Year”** means Year One, Year Two, Year Three, Year Four, Year Five, Year Six, Year Seven, Year Eight, Year Nine or Year Ten, as applicable.
 - **“Year One”** means the twelve-month period beginning on January 1, 2016.

- **“Year Two”** means the twelve-month period beginning on the first day following the end of Year One.
 - **“Year Three”** means the twelve-month period beginning on the first day following the end of Year Two.
 - **“Year Four”** means the twelve-month period beginning on the first day following the end of Year Three.
 - **“Year Five”** means the twelve-month period beginning on the first day following the end of Year Four.
 - **“Year Six”** means the twelve-month period beginning on the first day following the end of Year Five.
 - **“Year Seven”** means the twelve-month period beginning on the first day following the end of Year Six.
 - **“Year Eight”** means the twelve-month period beginning on the first day following the end of Year Seven.
 - **“Year Nine”** means the twelve-month period beginning on the first day following the end of Year Eight.
 - **“Year Ten”** means the twelve-month period beginning on the first day following the end of Year Nine.
- (vv) **“Year Five Shortfall Payment”** has the meaning ascribed to it in Section 2(c)(iii) of this Agreement.
- (ww) **“Year Five Cumulative Qualified Volume Amount”** means Two Billion and Seven Hundred Million Dollars (US\$2,700,000,000).
- (xx) **“Year Ten Cumulative Qualified Volume Amount”** means Five Billion and Four Hundred Million Dollars (US\$5,400,000,000).



MasterCard

MASTERCARD INTERNATIONAL INCORPORATED (via its professional services arm, MasterCard Advisors)
2000 Purchase Street
Purchase, NY 10577 U.S.A

Reference is made to the Credit and Debit Brand Agreement (the "Agreement"). This Exhibit B ("Advisors Terms") shall only apply to products or services (together, "Services") provided to Customer by MasterCard Advisors, and for which Customer has executed a Statement of Work (the "SOW") outlining the specific Services and/or Deliverables (as defined below) and fees. All rights and obligations of Customer or MasterCard with respect to the Services shall only be pursuant to and subject to these Advisors Terms and the specific SOW. In the event of a conflict between the Agreement, this Exhibit B and a specific SOW, the SOW shall prevail followed by these Advisors Terms. This term of this Exhibit B shall be co-terminus with the term of the Agreement. Any Affiliate (as defined below) of Customer may enter into SOWs, provided such Customer Affiliate agrees to be bound by these Advisors Terms, and all references to Customer in this Exhibit B will include such Customer Affiliate. In the event that an entity ceases to be a Customer Affiliate, any SOW executed by a Customer Affiliate may continue until completion but no further SOWs may be entered into. "Affiliate" means, in relation to a Party to these Advisors Terms, any natural person, corporation, general or limited partnership, limited liability company, or other legal entity or organization (each a "Person") that the Party Controls or is Controlled by or is under common control with from time to time for so long as such Party or such Person remains so Controlled. "Control" means the power to direct or control the management and policies of a Person through the ownership of voting securities, by contract or otherwise.

1. Fees and Expenses

Fees and expenses will be set forth in an SOW. Notwithstanding anything to the contrary in the Agreement, the fees under an SOW do not include taxes and Customer is responsible for any taxes levied on the provision of the Services and Deliverables, except taxes levied on MasterCard's income.

2. Responsibilities

A. MasterCard is responsible for performing all Services in an SOW, which will be performed by qualified individuals in a professional and workmanlike manner. MasterCard may also use the services of third parties in providing the Services ("MasterCard Suppliers"), and MasterCard will be responsible for such MasterCard Supplier's performance of the Services. All data, insights, reports, databases, systems, tools and other materials provided by MasterCard in connection with an SOW ("Deliverables") may be developed using data and information contained in the MasterCard Data Warehouse, which is comprised of transaction information provided by third parties and may contain certain errors, omissions or inaccuracies. MasterCard shall have no responsibility for any errors, omissions or inaccuracies in the underlying data from the MasterCard Data Warehouse.

B. Customer is responsible for: (i) obtaining all consents, information and materials necessary from third parties (other than MasterCard Suppliers) as set forth in a SOW for MasterCard to provide the Services; and (ii) Customer's use of and/or operation of all Deliverables as well as its implementation of any advice or recommendations provided in connection with the Services. Customer represents and warrants that: (i) its provision of any cardholder or other data, including Personal Data further defined below (collectively, "Customer Data") to MasterCard or a MasterCard Supplier, or such party's receipt of Customer Data from the Customer or another party, in connection with the Services, and (ii) the use, analysis, and processing of such Customer Data by MasterCard (and MasterCard Suppliers) to perform the Services as set forth in each SOW, are permitted under (x) all applicable laws and regulations, and (y) the terms of Customer's contracts with its customers, contractors, suppliers or other third parties. Customer agrees that it will not hire, retain or otherwise engage the services of any MasterCard Suppliers with which Customer did not already have a pre-existing contractual relationship.

C. The Parties shall ensure that their respective obligations under these Advisors Terms or an applicable SOW and business activities related thereto are performed in accordance with all applicable laws and regulations, including, but not limited to, all applicable anti-bribery and corruption laws including the U.S. Foreign Corrupt Practices Act, the UK Bribery Act, and other applicable laws. Customer shall not import or export, directly or indirectly, any Deliverables acquired from MasterCard under these Advisors Terms or an applicable SOW to any country for which the U.S. Government or any agency thereof at the time of export requires an export license or other Government approval without first obtaining such license or approval.

3. Acceptance Criteria

After receipt of a Deliverable, Customer shall have thirty (30) business days to provide MasterCard with written notice if the Deliverable does not comply with the specifications set forth in an SOW. In such event, MasterCard will re-perform the Services to bring the Deliverables in conformance with the specifications set forth in an SOW.

4. Intellectual Property

All Deliverables provided by MasterCard to Customer pursuant to the Services, as well as all materials, concepts, processes and methodologies employed by MasterCard or a MasterCard Supplier in connection with the Services, are and will remain the sole and exclusive property of MasterCard (or such MasterCard Supplier). Customer retains ownership of (a) Customer Data and any other confidential information it provides to MasterCard, and (b) Customer's name and logo. MasterCard hereby grants to Customer a limited, non-exclusive right to use the Deliverables without the right to assign, transfer or sublicense the Deliverables in any way, solely for Customer's internal business purposes. Notwithstanding the foregoing, MasterCard hereby grants to Customer a perpetual, nontransferable, fully paid up license to use, modify and create derivative works from any tangible reports or tangible outputs included in the Deliverables ("Reports"), solely for Customer's internal business purposes, relinquishing MasterCard of any liability for Customer's use of such Reports. If applicable under an SOW, Customer grants MasterCard a worldwide, royalty free, fully paid-up license to copy, display and use Customer's name and logo solely as necessary to perform the Services. MasterCard shall be free to use for any purpose any ideas, concepts, general skills, know-how or techniques resulting from or acquired or used in the course of or arising out of the performance of the Services. Customer shall not remove any identification, copyright or proprietary or other notices

5. Indemnification

Subject to the limitations of liability set forth in Section 6, each party shall defend, indemnify and hold the other party harmless, and its employees, officers, agents, Affiliates, representatives, and contractors from and against any claims, demands, loss, damage or expense (including reasonable attorneys' fees) relating to or arising solely out of third party claims (i) with respect to a breach by a Party of its confidentiality obligations under these Advisors Terms or an SOW; (ii) relating to a party's acts of gross negligence or willful misconduct relating to these Advisors Terms or an SOW; (iii) for breach of its representations or warranties set forth herein; (iv) in the case of Customer, third party claims relating to Customer's misuse of the Deliverables, or the combination, modification or use of the Deliverables with materials not provided by MasterCard or materials required by Customer to be included in the Deliverables; or (v) in the case of MasterCard, third party claims that the Deliverables violate or misappropriate that third party's copyright or trademark right.

6. Limitations of Liability

NOTWITHSTANDING ANY OTHER PROVISION TO THE CONTRARY SET FORTH IN THESE ADVISORS TERMS, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER UNDER ANY LEGAL THEORY, TORT, CONTRACT, OR STRICT LIABILITY, FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES, FOR LOSS OF PROFITS, GOODWILL, OR ECONOMIC LOSS, REGARDLESS OF WHETHER A PARTY KNEW OR SHOULD HAVE KNOWN OF THE POSSIBILITY OF SUCH DAMAGES; PROVIDED, HOWEVER, THAT MASTERCARD'S WAIVER OF ITS RIGHT TO RECEIVE SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES SHALL NOT APPLY IN THE EVENT OF A BREACH OF A PARTY'S CONFIDENTIALITY OBLIGATIONS.

EXCEPT AS SPECIFICALLY DESCRIBED HEREIN, MASTERCARD MAKES NO WARRANTIES, EXPRESS OR IMPLIED, CONCERNING THE SERVICES OR THE DELIVERABLES AND WITHOUT LIMITATION, MASTERCARD HEREBY EXCLUDES AND DISCLAIMS ALL EXPRESS OR IMPLIED WARRANTIES AND CONDITIONS TO THE EXTENT PERMITTED BY LAW, INCLUDING BUT NOT LIMITED TO, ANY IMPLIED WARRANTY OF MERCHANTABILITY, COURSE OF DEALING, NON-INFRINGEMENT OR FITNESS FOR A PARTICULAR PURPOSE.

The maximum aggregate liability of either party to the other party arising out of or relating to these Advisors Terms or an SOW, regardless of whether such liability is based on breach of contract, indemnity obligations, tort, strict liability, breach of warranties, failure of essential purpose or otherwise, shall be limited in all respects to the two (2) times the fees paid or payable in the particular SOW under which the claim is brought and where fees paid include amounts allocated to Customer and/or funded on Customer's behalf by MasterCard.

7. Confidentiality, Privacy & Data Protection

Section 6 (Confidentiality) of the Agreement is incorporated into these Advisors Terms in its entirety. In addition, Customer acknowledges and agrees that all information provided by MasterCard in connection with Services shall be deemed to be MasterCard confidential information and Customer shall maintain the confidentiality of any information that it is provided in connection with an SOW. The Parties further agree to comply with all applicable international, federal, state, provincial and local laws, rules, regulations, directives and governmental requirements relating in any way to the privacy, confidentiality or security of personal cardholder data, including, without limitation: Directive 95/46/EC; the Gramm-Leach-Bliley Act; laws regulating unsolicited email communications; security breach notification laws; laws imposing minimum security requirements; laws requiring the secure disposal of records containing certain personal data; and all other similar international, federal, state, provincial, and local requirements.

8. Publicity

Each Party will obtain the written consent of the other Party prior to issuing any public news release, announcement, advertisement, or any other form of publicity ("Publicity"), related to the Parties' relationship or these Advisors Terms or an SOW. Each Party will use commercially reasonable efforts to review and provide approval for Publicity requests, if the approval will be granted, within 48 hours of the request.

9. Miscellaneous

Sections 7 (Term and Termination) and 12 (Miscellaneous) of the Agreement shall be incorporated into these Advisors Terms in their entirety. In addition, MasterCard shall have the right to terminate an SOW in the event that MasterCard no longer offers or provides the Services or products that are the subject of an SOW.



MasterCard

August 10, 2016

South Carolina Federal Credit Union
PO Box 190012
North Charleston, SC 29419
Harper Art

Re: Member Fee Support Incentive

Dear Harper,

Currently, MasterCard provides you with a Member Fee Support incentive, under a particular brand agreement, provided that you submit supporting documentation (e.g. MCBS invoices) to us. We understand that this particular requirement presents an additional administrative task for you. Therefore, to simplify the process and minimize the amount of paperwork you have to submit, we have implemented an efficient solution. For any year in which the Member Fee Support is available to you, as described in your agreement, MasterCard waives its right to receive supporting documentation in connection with each request for Member Fee Support; provided that you send MasterCard a payment request letter or email request for the full value of the Member Fee Support each applicable year with acknowledgement that you have incurred member fees equal to or greater than the amount of the Member Fee Support requested.

At MasterCard, we value our relationship with you and look forward to continuing to work with you in the future.

If you have any questions, please contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Nick Todorovic'.

Nick Todorovic
Account Manager
(636) 722-2486
Nick.Todorovic@mastercard.com

*** Mastercard International Incorporated v. South Carolina Department of Revenue ***

*** Docket No. 20-117-0008-CC ***

Enhanced Credit Program Agreement

This Agreement is dated as of June 30, 2006, and governs the undersigned Company's participation in MasterCard's Make It Happen™ Enhanced Credit Card Program (the "Program").

How the Program works. In consideration for the Company's fulfillment of its obligations under this Agreement, MasterCard will provide the Company with the following benefits, as more fully explained below:

- Tiered Volume Support
- Card Issuance Support
- Marketing Signing Bonus Fund

Tiered Volume Support. Provided Company has fulfilled its obligations under this Agreement, following the end of each Year MasterCard will provide Company with tiered volume support based on the Growth Rate achieved in such Year in accordance with the following schedule:

If the Growth Rate in the Year measured is...	...then the tiered volume support for such Year will be a US-dollar amount equal to the following applicable percentage of incremental Volume generated in such Year
Between [redacted] %	[redacted] %
Between [redacted] %	[redacted] %
Between [redacted] %	[redacted] %

Card Issuance Support. Provided Company has fulfilled its obligations under this Agreement, following the end of each Year, MasterCard will provide Company with card issuance support based on the number of qualified New Cards and qualified Converted Cards issued in such Year in accordance with the following schedule:

For each... Issued in such Year	MasterCard Company will pay
New Card	US\$ [redacted]
Converted Card	US\$ [redacted]

Marketing Signing Bonus Fund. Provided Company has fulfilled its obligations under this Agreement, MasterCard will provide Company within sixty (60) days of the upon mutual execution of this agreement with a one-time Credit Card Marketing Signing Bonus Fund equal to [redacted] in Qualified Volume generated by Credit Cards issued by the Company during the previous 12-month period prior to the date first written above, as indicated on the following schedule:

Customer Qualified Volume in Base Year (Previous 12 Months...)	[redacted] Qualified Volume.
Example [redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

To qualify for such Marketing Signing Bonus Fund, Company shall participate in no fewer than [redacted] Marketing Promotions during the first Year.

Company's Specific Obligations. In addition to its other obligations under this Agreement, Company agrees to do the following:

- **No Conversion.** Company shall not convert any MasterCard-branded Credit Card issued by it before or during the Term (defined below) to any Competing Brand. Company shall ensure that no MasterCard-branded Credit Card issued by Company Affiliates on account of whose Credit Cards MasterCard has paid Card Issuance Support is converted to any Competing Brand.

Definitions. As used in this Agreement:

- **Company Affiliate** means an affiliate member of MasterCard sponsored into MasterCard by the Company.
- **Competing Brand** means Visa, American Express, Diners Club, JCB, Carte Blanche, or any other brand that MasterCard reasonably determines to be in competition with MasterCard, Maestro, Cirrus, or Mondex.
- **Converted Card** means each MasterCard-branded credit card issued by Company or a Company Affiliate, which card is issued as a replacement of a Credit Card under a Competing Brand.
- **Credit Card** means a bankcard with an account that is attached to a credit line that can be used to purchase goods and services to obtain cash advances on credit for which the cardholder is subsequently billed by Company or its Affiliate.
- **Growth Rate** means the growth (expressed as a percentage rounded down the one decimal place) in Qualified Volume in the subject Year over the previous Year's Qualified Volume.
- **Marketing Promotion** means any consumer promotion that is agreed to and supported by the Company and MasterCard including advertising, direct mail, in-branch merchandising and/or web-based communication.
- **New Card** means each MasterCard-branded Credit Card issued by Company or a Company Affiliate, which card is issued for the first time to a cardholder in response to a consumer request to provide MasterCard functionality.
- **Qualified Volume** means the US-dollar amount of all MasterCard-branded Qualified Transactions initiated with MasterCard Credit Cards issued by Company and Company Affiliates, but excluding (1) volume that is not assessable by MasterCard, (2) volume associated with fees imposed by Company or Company Affiliates, (3) volume generated in connection with an ATM withdrawal, cash advance, balance transfer, or the like, (4) volume for which MasterCard has paid or is obligated to pay incentives under other agreements or arrangements, and (5) volumes attributable to card programs acquired by

*** Mastercard International Incorporated v. South Carolina Department of Revenue ***

Docket No. 20-ALJ-17-0008-CC ***

- Company in the course of its business combination.
- Qualified Transaction** means a MasterCard-branded purchase transaction initiated with a MasterCard branded Credit Card issued by Company or its Affiliates and cleared and settled by MasterCard and no other entity.
- Year** means a twelve (12) month period occurring entirely within the Term of this Agreement with the first Year of the Terms commencing as of the date first above written.
- Rules** means the MasterCard Bylaws and Rules, the Cirrus Worldwide Operating Rules, regional Maestro licensor rules, and any other directive, memorandum, policy, or other requirement imposed by MasterCard, Maestro, Cirrus, or any other of MasterCard's Affiliates and relating to MasterCard Cards, Maestro Cards, or Cirrus Cards, as such bylaws and rules, operating rules, licensor rules, directives, memoranda, policies, or other requirements may be amended from time to time.

Reporting. In addition to any reporting required under the Rules, Company shall provide such reports and information as MasterCard may from time to time request to determine whether Company is meeting its obligations under this Agreement.

Continued Observance. To the extent that during the Term Company or Company Affiliates in any way divests itself of one or more Affiliates or Credit Cards that would have been subject to (or are the subject of) the terms of this Agreement had no such divestiture occurred, Company shall ensure (by means reasonably satisfactory to MasterCard) the continued observance by the entity acquiring such Affiliates or Credit Cards of the terms of this Agreement relating to such Affiliates or Credit Cards following such divestiture.

Confidentiality. During the Term and for five years thereafter Company will treat any information relating to this Agreement, the existence of this Agreement, and all terms and conditions of this Agreement as confidential, shall disclose such information only to those individuals with a reasonable need to know within its organization (provided such individuals agree to be bound by the confidentiality obligations herein), and shall not disclose any such information to third parties, without MasterCard's prior written approval, except that either party may disclose same to its auditors, regulators, outside board members and outside counsel provided such persons are advised of, and observe the obligations of this paragraph. The parties acknowledge that, in the event of a breach of this paragraph, the non-breaching party will likely suffer irreparable damage that cannot be fully remedied by monetary damages. Accordingly, in addition to any remedy which the non-breaching party may possess pursuant to applicable law, the non-breaching party retains the right to seek and obtain injunctive relief against any such breach in any court of competent jurisdiction.

Term. The term of this Agreement ("Term") shall be for five (5) Years commencing on the date first written above.

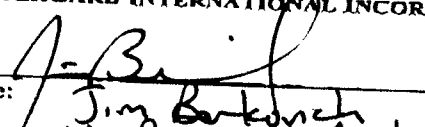
Termination. Company agrees that in the event it breaches its obligations hereunder, MasterCard shall have the right to immediately terminate this Agreement. In such event MasterCard shall have no further obligation to pay Incentives to Company and shall have the right to recoup all Incentives paid to Company, without prejudice to such other rights that MasterCard may have at law or in equity.

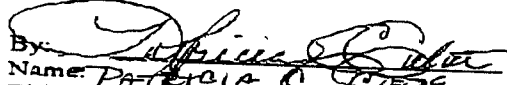
Miscellaneous. A failure or delay of either party to enforce any provision of or exercise any right under this Agreement shall not be construed to be a waiver. No waiver by a party shall be effective unless expressly made in writing. If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable or invalid in any respect, such unenforceability or invalidity shall not affect any other provision of this Agreement, and this Agreement shall then be construed as if such unenforceable or invalid provisions had never been a part of this Agreement. The captions in this Agreement are included for convenience only and shall not affect the meaning or interpretation of this Agreement. This Agreement may not be assigned except upon written consent of MasterCard. This Agreement shall be binding upon, and inure to the benefit of, each party's respective successors and assigns. This Agreement evidences the entire agreement and understanding between MasterCard and Company with respect to the transactions contemplated by this Agreement and supersedes all prior agreements between the parties related to the subject matter hereof. This Agreement and the respective rights and obligations of the parties hereto shall be governed by the laws of the State of New York without reference to its conflict-of-laws or similar provisions that would mandate or permit application of the substantive law of any other jurisdiction. The state and federal courts located in New York shall have exclusive jurisdiction over any and all disputes relating to this Agreement. This Agreement may be executed in one or more counterparts, each of which, taken together, shall constitute but one original document. This Agreement supplements (and does not limit or replace) Company's obligations under the MasterCard, Maestro, and Cirrus Rules.

Executed as of the date first written above.

MasterCard:

MASTERCARD INTERNATIONAL INCORPORATED

By: 
Name: Jim Barkovich
Title: Vice President, Relationship Plus Team
Company: THE COMMERCE NATIONAL BANK
FULL LEGAL NAME OF COMPANY

By: 
Name: PATRICIA C. CHASE
Title: VICE PRESIDENT

*** Mastercard International Incorporated v. South Carolina Department of Revenue ***

Relationship Plus Team *** Docket No. 20-ALJ-17-0008-CC ***

MasterCard International

2000 Purchase Street
Purchase, NY 10577-2509

914 249-6727

Fax 914 249 4212

E-mail jmr_berkovich@mastercard.com

www.mastercard.com

MasterCard
International



Ms. Patricia Catoe
The Conway National Bank
1400 3rd Avenue
P.O. Drawer 320
Conway, SC 29526

August 3, 2006

Dear Ms. Catoe:

On behalf of the MasterCard® Relationship Plus Team, I'd like to extend our appreciation for your signing the Make It Happen! Enhanced Credit Agreement. An executed copy is enclosed for your records.

We feel that our partnership with The Conway National Bank is affirmed given the terms of the agreement, which include both card issuance and growth-based support. Recognize that our goal is to help you derive the greatest possible benefits from the agreement and that your Relationship Plus Representative, Annette, will continue to serve you in pursuit of this goal.

Your Relationship Plus Team is committed to supporting your business objectives and monitoring our progress now and in the future. To this end, if I can be of assistance please don't hesitate to call me at (914) 249-6727. And once again, thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Berkovich".

Enclosure

cc: Annette Gelhar, Relationship Plus Representative
Toni Brkljach, Relationship Plus Account Executive

BRAND AGREEMENT

This **BRAND AGREEMENT** is effective as of the Effective Date (this "Agreement"), and is between **MasterCard International Incorporated**, a Delaware corporation, with its principal offices at 2000 Purchase Street, Purchase, New York 10577 ("**MasterCard**") and **Heritage Trust Federal Credit Union**, a community charter organized under the laws of the State of South Carolina, with its principal offices at 200 Marymeade Lane, Summerville, South Carolina 29483 for itself and its Affiliates (collectively, "**Customer**").

WITNESSETH:

WHEREAS, Customer is licensed to issue MasterCard Cards as well as Competing Cards;

WHEREAS, MasterCard and Customer desire to enter into an arrangement under which Customer's Debit Cards and Credit Cards will be issued as MasterCard Cards as provided in this Agreement.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

SECTION 1. INCENTIVES. In consideration of, and subject to, Customer's full and timely performance of its Commitments and other obligations under this Agreement, MasterCard will provide the following incentives (the "Incentives") to Customer in accordance with *Section 4 Payment & Reporting* below:

(a) **Sign-On Bonus.** MasterCard will provide Customer with a sign-on bonus for its commitment to the stated duration of the Term in the amount of [REDACTED] (the "Sign-On Bonus"), payable within sixty (60) days following the mutual execution and delivery of this Agreement. No written request by Customer is required for the payment of the Sign-On Bonus.

(b) **Base Qualified Volume Support.** In each Year other than Year One, MasterCard will provide Customer with support for base Qualified Volume generated (the "Base Qualified Volume Support"), calculated and payable in US dollars at the end of each such Year using the following formula:

$A \times [REDACTED]$

where "A" represents Base Qualified Volume for such Year.

(c) **Incremental Qualified Volume Support.** In each Year, MasterCard will provide Customer with support for Incremental Qualified Volume generated (the "Incremental Qualified Volume Support"), calculated and payable in US dollars at the end of each such Year using the following formula:

B x [REDACTED]

where "B" represents the Incremental Qualified Volume generated in such Year.

- (d) **Marketing Support.** In each Year of the Term, MasterCard will provide Customer with marketing support (the "Marketing Support") up to an amount calculated as follows:

C x [REDACTED]

where "C" represents the amount of Qualified Volume generated in the Year that immediately precedes such Year.

MasterCard shall provide the Marketing Support to Customer (y) by reimbursing Customer for actual out-of-pocket, third-party expenses incurred in such Year by Customer in directly promoting MasterCard Card issuance, activation and usage, including, without limitation, the production, mailing, or other execution of, marketing materials prominently featuring MasterCard Cards and not featuring any mention or depiction of any Competing Brand or (z) as marketing consulting services provided by MasterCard Advisors and subject to a Statement of Work (as defined in Exhibit B) entered into by MasterCard and Customer and to the terms and conditions attached hereto as Exhibit B. Customer shall provide MasterCard all valid and *bona fide* receipts for such actual out-of-pocket expenses ("Documentation"). The Marketing Support shall be payable at the end of the calendar quarter during which Customer incurred such expense and upon the receipt by MasterCard of the Documentation from Customer with respect to such expense. To the extent that the entire value of the Marketing Support is not used in the Year for which it is made available by MasterCard, any such unused Marketing Support shall be forfeited, and MasterCard will have no obligation to make any rebate or other consideration to Customer for the unused amount of Marketing Support. Notwithstanding the foregoing in this Section 1(d), for any Year in which the Marketing Support available to Customer is US\$100,000 or less, Customer shall not be required to provide Documentation in connection with each request for Marketing Support for such Year; provided that Customer, when making a request for payment for Marketing Support for such Year, complies with following:

- (i) Customer shall include a description of the marketing promotion(s) that were completed in such Year and the expenses Customer incurred for each such promotion; and
- (ii) Customer shall certify to MasterCard that (y) Customer has incurred expenses consistent with Section 1(d) of the Agreement in an amount that is at least as high as the amount Customer is requesting and (z) Customer will retain Documentation for such expenses until the end of the immediately following Year or, for expenses incurred in Year Seven, until

the end of the twelve-month period beginning on the first day following the end of Year Seven and shall promptly submit such Documentation to MasterCard if requested by MasterCard for audit purposes.

(e) **MasterCard Advisors Support.** In each Year of the Term, MasterCard will provide Customer with MasterCard Advisors consulting services and research support for Customer to use solely in connection with MasterCard Cards (the "MasterCard Advisors Support") in an amount calculated as follows:

$D \times$ [REDACTED]

where "D" represents the Qualified Volume generated in the Year that immediately precedes such Year.

The value of all MasterCard Advisors Support shall be determined pursuant to the terms of a statement of work executed by MasterCard Advisors and Customer, pursuant to the terms and conditions relating to MasterCard Advisors products and services attached hereto as Exhibit B, in effect for such services at such time as the MasterCard Advisors Support is delivered or in accordance with MasterCard Advisors' standard pricing in effect at the time such MasterCard Advisors Support is delivered if no such agreement is in effect at such time. In order to qualify for MasterCard Advisors Support, Customer must execute and deliver to MasterCard Advisors a statement of work, before work begins, or such other documentation as may be mutually agreed to by the parties, and the work must be completed in the Year for which the MasterCard Advisors Support is available. To the extent that the MasterCard Advisors Support is not used in the Year for which it is available, any such unused MasterCard Advisors Support will be forfeited, and MasterCard will have no obligation to make any rebate or other consideration to Customer for the unused MasterCard Advisors Support.

SECTION 2. COMMITMENTS. In consideration of MasterCard's obligation to provide Incentives as provided in this Agreement, Customer agrees to observe the following commitments (the "Commitments"):

(a) **Signature Branding.**

(i) **Credit.** During the Term, Customer shall issue and maintain all of its Credit Cards exclusively as MasterCard Cards bearing only the functionality of MasterCard (and the marks associated therewith) and shall not issue any Credit Card as a Competing Card or permit to bear, or to be associated with, or possess the functionality of, a Competing Brand.

(ii) **Debit.** During the Term, MasterCard shall be the signature brand for Customer's Debit Cards such that Customer shall issue and maintain all of its Debit Cards with the offline, signature-based functionality of MasterCard (and

- the marks associated therewith).
- (b) **PIN Branding.** Customer shall issue all of its Debit Cards with the on-line PIN-based functionality at the POS and the on-line PIN-based functionality at ATMs, in each case, of MasterCard (and the marks associated therewith). Customer shall issue all of its Credit Cards exclusively with the on-line PIN-based functionality at ATMs of MasterCard (and the marks associated therewith).
- (c) **No Conversion.** Customer shall cause all Cards that are MasterCard-branded Cards at the time of execution of this Agreement and all MasterCard-branded Cards issued during the Term to remain as MasterCard Cards and not convert any MasterCard-branded Card to a Competing Card.
- (d) **Cumulative Qualified Volume Requirement.** Customer shall cause the aggregate amount of Qualified Volume generated during the period that begins on the first day of Year One and ends on the last day of Year Four to be equal to or greater than [REDACTED] (the "Cumulative Qualified Volume Amount"). If the aggregate amount of Qualified Volume generated by Customer in such period is not equal to or greater than the Cumulative Qualified Volume Amount, then Customer shall pay to MasterCard a portion of the Sign-On Bonus reflecting the shortfall in the Cumulative Qualified Volume Amount, which amount shall be calculated using the following formula:
- $$[1 - (E \div F)] \times G$$
- where "E" represents the aggregate amount of Qualified Volume generated during the period that begins on the first day of Year One and ends on the last day of Year Four; "F" represents the Cumulative Qualified Volume Amount; and "G" represents the Sign-On Bonus paid to Customer.
- (e) **Agreements Respecting Competing Brands.** During the Term, Customer shall not enter into any agreement or arrangement that will have the effect, directly or indirectly, of marketing, promoting, publicizing or facilitating the acquisition or use of any Credit Card issued under, or in association with, a Competing Brand.
- (f) **Use of Incentives.** Incentives may not be used to promote Competing Brands or Competing Card programs. Incentives may be used only to promote MasterCard Card programs.
- (g) **Expansion of Portfolio.** Customer shall use its commercially reasonable efforts to expand the number of Debit Cards and Credit Cards in, and gross dollar volume generated by, its MasterCard Card portfolios.
- (h) **MasterCard Rules.** Customer shall abide by all present and future Rules and this Agreement supplements (and does not limit or replace) Customer's obligations, or

MasterCard's rights or remedies, under the Rules.

- (i) **MasterCard Membership.** To be eligible to receive any Incentives under this Agreement, Customer must (i) be or become a principal member of MasterCard and maintain such membership during the Term and (ii) issue MasterCard Cards directly and exclusively through such principal membership.

SECTION 3. CARDS OF ACQUIRED INSTITUTIONS AND ACQUIRED PORTFOLIOS.

- (a) Except as otherwise set forth in this Agreement, in the event Customer acquires an Acquired Institution or Acquired Portfolio pursuant to which Customer acquires Cards that would be Debit Cards or Credit Cards if issued, managed or offered by Customer, such Cards shall be subject to the terms and conditions contained herein upon the consummation of such Acquisition Transaction.
- (b) Cards that Customer has acquired pursuant to an Acquisition Transaction consummated during a Year and volume and transactions attributable to such Cards shall not be included in the calculation of the cumulative qualified volume requirements set forth in Section 2(d) above unless agreed to otherwise in writing by MasterCard and Customer.
- (c) Customer shall cause all Cards that (y) would be Debit Cards or Credit Cards if issued, managed or offered by Customer and (z) that are issued, managed or offered by Acquired Institutions as Competing Cards and Acquired Portfolios that contain such Cards, to be converted to MasterCard Cards within twelve (12) months of the closing of the applicable Acquisition Transaction.
- (d) In the event Customer acquires Cards that (y) would be Debit Cards or Credit Cards if issued, managed or offered by Customer and (z) are subject to a benefit, support, or incentive arrangement with MasterCard, such Cards and all transactions and volume associated therewith shall not be included in this Agreement and shall continue to be subject to such benefit, support or incentive arrangement in accordance with its terms until the earlier of (A) such date otherwise agreed to in writing by MasterCard and Customer and (B) the expiration or termination of such arrangement. MasterCard and Customer shall discuss in good faith mutually agreeable terms to include such Cards and all transactions and volume associated therewith under this Agreement.
- (e) Notwithstanding anything to the contrary in this Agreement, for the purposes of calculating the Incremental Qualified Volume Support payable to Customer with respect to a particular Year ("Subject Year"), Acquired Volume shall be subject to the following:
 - (i) Acquired Volume generated by MasterCard cards that Customer has first included pursuant to Section 3(d) of this Agreement or acquired, as applicable, during the Subject Year, shall be excluded from the calculation of Qualified Volume generated during the Subject Year;

(ii) Acquired Volume generated by MasterCard cards that (y) Customer has first included pursuant to Section 3(d) of this Agreement or acquired, as applicable, during a Year preceding the Subject Year, and (z) was generated during any portion of the applicable Acquisition Grace Period that occurs in the Subject Year, shall be excluded from the calculation of Qualified Volume generated during the Subject Year when determining the Qualified Volume generated during the Subject Year; and

(iii) Acquired Volume generated by MasterCard cards that (y) Customer has first included pursuant to Section 3(d) of this Agreement or acquired, as applicable, during a Year preceding the Subject Year, and (z) was generated during any portion of the applicable Acquisition Grace Period that occurs in such Year preceding the Subject Year, shall be included in the calculation of Qualified Volume generated during such Year preceding the Subject Year when determining the highest Qualified Volume.

SECTION 4. PAYMENT & REPORTING.

(a) **Payment.** Customer shall submit written requests to MasterCard for payments of Incentives no earlier than the date such funds are payable by MasterCard pursuant to Section 1 above, and no later than sixty (60) days after such date. MasterCard will pay Incentives within sixty (60) days of receiving Customer's validated request for such Incentives. MasterCard may withhold or condition any payment, waiver, rebate, or other provision of Incentives on Customer's providing reasonable validation including reports and information described in Section 4(b) of this Agreement, supporting the request for same. Except as otherwise set forth in this Agreement, any Incentive payments owed by MasterCard to Customer shall be made via the MasterCard Consolidated Billing System ("MCBS") or by other means as determined by MasterCard in its sole discretion. MasterCard may, at MasterCard's option, recover any amount owing from Customer under this Agreement by debiting Customer's MCBS account. Customer shall have sixty (60) days from the date of receipt of Incentives to notify MasterCard in writing of any inaccuracy or discrepancy with respect to such Incentives paid by MasterCard and the Incentives payable under this Agreement for the relevant period. The Incentives paid by MasterCard shall be deemed accurate for the relevant period and confirmed by Customer in all respects if Customer does not notify MasterCard in writing of any such inaccuracy or discrepancy within such sixty (60) day period. Notwithstanding anything to the contrary set forth herein, Cards and all transactions and volume associated therewith shall be excluded from the calculation of Incentives amounts payable under this Agreement if (i) such Cards, transactions or volume is subject to any benefit, support, or incentive arrangement between MasterCard and Customer, or MasterCard and another entity, other than this Agreement, or (ii) Customer or another entity, as successor to an Acquired Institution or Acquired Portfolio, received, or will receive, under any benefit, support, or incentive arrangement between MasterCard and such Acquired Institution or its Affiliates or the

transferor of such Acquired Portfolio in connection with such Cards, transactions or volume.

(b) **Reporting.** In addition to any reporting required under the Rules, Customer shall provide such reports and information as MasterCard may from time to time reasonably request to determine whether Customer is meeting its Commitments or other obligations under this Agreement, including, but not limited to written certifications by senior officers of Customer.

SECTION 5. CONTINUED OBSERVANCE. To the extent that, during the Term, Customer in any way sells, transfers or divests, in whole or in part, itself of one or more Affiliates or Cards that would have been subject to the terms of this Agreement had no such sale, transfer or divestiture occurred, Customer shall cause the continued observance by the entity acquiring such Affiliates or Cards of the terms of this Agreement relating to such Affiliates or Cards following such sale, transfer or divestiture.

SECTION 6. CONFIDENTIALITY. During the Term and for five (5) years thereafter, unless otherwise provided under the Rules or required by applicable law, each party will treat any information relating to this Agreement (other than the existence of this Agreement), and all terms and conditions of this Agreement as confidential, shall disclose such information only to those individuals with a reasonable need to know within its organizations (provided such individuals agree to be bound by the confidentiality obligations herein), and shall not disclose any such information to third parties, without the other party's prior written approval, except that either party may disclose same to its auditors, regulators, outside board members and outside counsel provided such persons are advised of, and observe the obligations of this Section 6. The parties acknowledge that, in the event of a breach of Section 6 of this Agreement, the non-breaching party will likely suffer irreparable damage that cannot be fully remedied by monetary damages. Accordingly, in addition to any remedy which the non-breaching party may possess pursuant to applicable law, the non-breaching party retains the right to seek and obtain injunctive relief against any such breach in any court of competent jurisdiction. The provisions of this Section 6 shall survive the termination of this Agreement.

SECTION 7. TERM. The term of this Agreement ("Term") shall commence as of the Effective Date and shall end upon the expiration of Year Seven.

SECTION 8. AUTHORITY. MasterCard and Customer each represents and warrants that it has all necessary corporate power and authority to enter into this Agreement and, when executed and delivered, this Agreement shall be each of MasterCard's and Customer's respective legal, valid and binding obligation enforceable in accordance with its terms. Heritage Trust Federal Credit Union represents and warrants to MasterCard that it has all corporate authority and power to bind all of its Affiliates that issue Cards to the obligations set forth in this Agreement.

SECTION 9. TAXES. All payments made by the parties under this Agreement shall be deemed inclusive of all taxes including, but not limited to, sales, use, occupancy, excise and

income taxes. The sole obligation to report and remit any taxes shall be that of the party to which the payment is made.

SECTION 10. REMEDIES. Except as set forth in Section 2(d), the remedies set forth herein are non-exclusive. In addition to these remedies, the parties shall be entitled to pursue any other remedies that they may have at law or in equity.

SECTION 11. NOTICES. All notices relating to this Agreement, must be in writing and will be deemed given upon hand delivery or upon receipt if sent by an overnight courier delivery service of general commercial use and acceptance (including, without limitation, DHL, FedEx or UPS) to the following addresses or such other address as may be later designated by notice given by such party:

If to Customer: Heritage Trust Federal Credit Union
200 Marymeade Lane
Summerville, South Carolina 29483
Attention: David D'Annunzio

with a copy to the office of the general counsel at the same address.

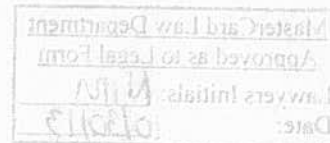
If to MasterCard: MasterCard International Incorporated
2000 Purchase Street
Purchase, New York 10577
Attention: Chris McWilton, President, North America

with a copy to the office of the general counsel at the same address.

SECTION 12. MISCELLANEOUS. A failure or delay of either party to enforce any provision of or exercise any right under this Agreement shall not be construed to be a waiver. No waiver by a party shall be effective unless expressly made in writing. If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable or invalid in any respect, such unenforceability or invalidity shall not affect any other provision of this Agreement, and this Agreement shall then be construed as if such unenforceable or invalid provisions had never been a part of this Agreement. The captions in this Agreement are included for convenience only and shall not affect the meaning or interpretation of this Agreement. This Agreement shall be binding upon each party's respective successors and assigns and each party shall cause such successor and assignee to be so bound; provided, however, that Customer shall not have the right to assign or transfer to any third party (including without limitation, by way of sale of any Cards subject to this Agreement, by voluntary or involuntary transfer, by operation of law or otherwise), nor shall any successor to Customer have or receive any of Customer's rights against MasterCard, or the benefits of this Agreement, without first obtaining the prior written consent of MasterCard. If any party acquires any interest in this Agreement or the subject matter hereof in any manner, whether by a change of Control, by acquiring any Cards subject to this

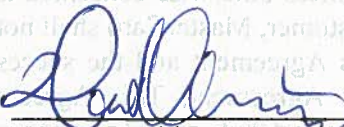
Agreement, by voluntary or involuntary transfer, by operation of law or otherwise, such interest shall be held subject to all of the terms of this Agreement and by taking or holding such interest, such party shall be conclusively deemed to have agreed to be bound by, and to comply with, all of the terms and obligations of this Agreement; provided, that, unless otherwise consented to in writing by MasterCard, in the event of a change of Control of Customer, MasterCard shall not be obligated to provide any Incentives or other benefits under this Agreement and the successor shall have no rights against MasterCard with respect to this Agreement. This Agreement evidences the entire agreement and understanding between MasterCard and Customer with respect to the transactions contemplated by this Agreement for Debit Cards and Credit Cards and supersedes all prior agreements to which MasterCard and Customer may be parties. This Agreement shall not be modified or amended in any respect except in a writing, duly executed by the parties. This Agreement and the respective rights and obligations of the parties hereto shall be governed by the laws of the State of New York without reference to its conflict-of-laws or similar provisions that would mandate or permit application of the substantive law of any other jurisdiction. The state and federal courts located in New York shall have exclusive jurisdiction over any and all disputes relating to this Agreement. This Agreement may be executed in one or more counterparts, each of which, taken together, shall constitute but one original document. As used in this Agreement, the terms defined in Exhibit A shall have the meaning assigned to them in Exhibit A.

[Signature page follows]



EXECUTED as of the latest date written below.

HERITAGE TRUST FEDERAL CREDIT UNION

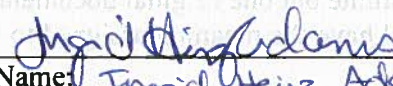
By: 

Name: David D'Annunzio

Title: CFO

Date: 10/24/13

MASTERCARD INTERNATIONAL INCORPORATED

By: 

Name: Ingrid Heinz Adams

Title: NA Markets Business Development Finance

Date: 10-30-13

MasterCard Law Department

Approved as to Legal Form

Lawyers Initials: NIM

Date: 10/30/13

EXHIBIT A

For purposes of this Agreement:

- (a) **"Acquired Institution"** means any entity with which Customer enters into an Acquisition Transaction.
- (b) **"Acquired Portfolio"** means Cards acquired through a merger, joint venture, portfolio acquisition or similar bulk acquisition of any kind (including without limitation the right to operate and manage any such portfolio) following the date of execution of this Agreement.
- (c) **"Acquired Volume"** means all MasterCard volume generated after the date of the consummation of an Acquisition Transaction by Cards that Customer acquired in such Acquisition Transaction that would be MasterCard Cards and Qualified Volume if, prior to such Acquisition Transaction, such Cards were issued, offered or managed by Customer.
- (d) **"Acquisition Grace Period"** means the twelve-month period commencing on (i) with respect to Acquired Volume not subject to Section 3(d), the date of the consummation of the applicable Acquisition Transaction, and (ii) with respect to Acquired Volume subject to Section 3(d), the date on which the MasterCard-branded debit cards or credit cards that generated such Acquired Volume are first included in this Agreement pursuant to Section 3(d) hereof.
- (e) **"Acquisition Transaction"** means the merger, acquisition, other business combination, or acquisition of an Acquired Portfolio, in each case, to which Customer is a party.
- (f) **"Affiliate"** means with respect to any person or entity, any other person or entity that, directly or indirectly through one or more intermediaries, Controls, or is Controlled by or is under common Control with, such person or entity.
- (g) **"ATM"** means automated teller machine.
- (h) **"Base Qualified Volume"** means for any of Year Two through Year Seven, the lesser of: (i) actual Qualified Volume generated in the Year of calculation or (ii) the highest amount of total Qualified Volume generated in any Year that precedes such Year.
- (i) **"Base Qualified Volume Support"** has the meaning ascribed to such term in Section 1(b) of this Agreement.
- (j) **"Card"** shall include, without limitation, (i) any bank card, credit card, charge card, travel and entertainment card, commercial card, debit card, ATM card, prepaid card, smart card, stored-value card, any co-branded card, virtual card, or any other payment card, code or device and (ii) the account associated with any of the same.

- (k) **"Cirrus,"** when used as a noun, means Cirrus System, LLC, and, when used as an adjective, refers to the Cirrus® brand or any successors or replacements to such brand.
- (l) **"Commitments"** has the meaning ascribed to it in Section 2 of this Agreement.
- (m) **"Competing Brand"** means Visa, Discover, Diners Club, American Express, JCB, China Union Pay, PayPal or any other brand that MasterCard reasonably determines to be in competition with MasterCard, Maestro or Cirrus.
- (n) **"Competing Card"** means any Card bearing a Competing Brand and providing the functionality associated with same or that is interchanged under a Competing Brand.
- (o) **"Control"** (including, with its correlative meanings, "Controlled by" or "common Control with") means the occurrence of one or more of the following events: (i) a purchase, lease or other acquisition of all or substantially all of the assets of a party; (ii) a purchase or other acquisition (including by way of merger, consolidation, share exchange or otherwise) of securities representing fifty (50%) percent or more of the voting power of a party; or (iii) possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interests, by contract, or otherwise).
- (p) **"Credit Card"** means a Card issued, managed or offered by Customer in the Territory that is attached to a credit line (i) that is extended to a homeowner that uses the homeowner's home as collateral for such line of credit that can be used to purchase goods and services and obtain cash advances on credit for which a cardholder is subsequently billed by the issuer for repayment of the credit extended, and (ii) does not access or is not otherwise primarily associated with a checking, savings, current, asset, deposit or share draft account or any other deposit account that is maintained by or on behalf of a cardholder with an issuer.
- (q) **"Cumulative Qualified Volume Amount"** has the meaning ascribed to it in Section 2(d) of this Agreement.
- (r) **"Customer"** has the meaning ascribed to it in the preamble.
- (s) **"Debit Card"** means any Card issued in the Territory that (i) solely accesses or is otherwise primarily associated with a deposit, a retail mutual fund, brokerage, prepaid, or other asset account issued, managed or offered by Customer and (ii) provides offline, signature-based functionality. For the avoidance of doubt, a Debit Card excludes gift cards offered or managed, but not issued by Customer.
- (t) **"Effective Date"** means the date of execution of this Agreement, as set forth on the signature page hereto.
- (u) **"Incentives"** has the meaning ascribed to it in Section 1 of this Agreement.

- (v) **"Incremental Qualified Volume"** means (i) for Year One, the excess, if any, of the Qualified Volume generated in Year One over the amount of Qualified Volume generated in the twelve month period immediately preceding the beginning of Year One, and (ii) for each Year other than Year One, the excess, if any, of Qualified Volume generated in such Year over the highest amount of Qualified Volume generated in any Year that precedes such Year.
- (w) **"Incremental Qualified Volume Support"** has the meaning ascribed to it in Section 1(c) of this Agreement.
- (x) **"Maestro,"** when used as a noun, means Maestro U.S.A., Inc., and, when used as an adjective, refers to the Maestro® brand or any successors or replacements to such brand.
- (y) **"Marketing Support"** has the meaning ascribed to it in Section 1(d) of this Agreement.
- (z) **"MasterCard"** when used as a noun, has the meaning ascribed to it in the preamble and, when used as an adjective, refers to the MasterCard® brand or any successors or replacements to such brand.
- (aa) **"MasterCard Advisors Support"** has the meaning ascribed to it in Section 1(e) of this Agreement.
- (bb) **"MasterCard Card"** means a MasterCard Credit Card or a MasterCard Debit Card.
- (cc) **"MasterCard Credit Card"** means a Credit Card bearing the name, logotype, hologram, or other service marks or devices of MasterCard and providing the functionality associated with same.
- (dd) **"MasterCard Debit Card"** means a Debit Card that bears on the front and back of such Debit Card the name, logotype, hologram, or other service marks or devices of MasterCard and that provides the offline, signature-based functionality associated with same.
- (ee) **"POS"** means the point of sale of goods and services to cardholders.
- (ff) **"Qualified Volume"** means offline, signature-based Volume generated by MasterCard Cards to the extent that such Volume undergoes the process of authorization, clearing and settlement by MasterCard, but excluding Volume attributable to Cards for which Customer or a third party receives, or has received, incentives under other agreements or arrangements with MasterCard.
- (gg) **"Rules"** means the MasterCard Rules, the Cirrus Worldwide Operating Rules, regional Maestro licensor rules, and any other directive, memorandum, policy, or other requirement imposed by MasterCard, Maestro, Cirrus, or any other of MasterCard's Affiliates and relating to MasterCard Cards as such rules, operating rules, licensor rules, directives, memoranda, policies, or other requirements may be amended from time to

- time.
- (hh) **"Sign-On Bonus"** has the meaning ascribed to it in Section 1(a) of this Agreement.
- (ii) **"Subject Year"** has the meaning ascribed to it in Section 3(e) of this Agreement.
- (jj) **"Term"** has the meaning ascribed to it in Section 7 of this Agreement.
- (kk) **"Territory"** means the United States.
- (ll) **"Volume"** means the US dollar amount of transactions for the purchase of goods and services (which shall exclude, the principal amount of any balance transfer, the amount of any cash advances, account fees, finance charges, transaction fees, delinquency fees, over-the-limit fees, and any other fees imposed by Customer or other entities) attributable to a Card account during the period of calculation.
- (mm) **"Year"** means Year One, Year Two, Year Three, Year Four, Year Five, Year Six or Year Seven, as applicable.
- **"Year One"** means the twelve-month period beginning on the first day of the calendar quarter immediately following the Effective Date.
 - **"Year Two"** means the twelve-month period beginning on the first day following the end of Year One.
 - **"Year Three"** means the twelve-month period beginning on the first day following the end of Year Two.
 - **"Year Four"** means the twelve-month period beginning on the first day following the end of Year Three.
 - **"Year Five"** means the twelve-month period beginning on the first day following the end of Year Four.
 - **"Year Six"** means the twelve-month period beginning on the first day following the end of Year Five.
 - **"Year Seven"** means the twelve-month period beginning on the first day following the end of Year Six.

Exhibit B

MasterCard Advisors Master Terms & Conditions

These terms and conditions supplement the Heritage Trust FCU Brand Agreement (the "Agreement") and shall apply to products or services (together, "Services") provided to Heritage Trust FCU ("Customer") by MasterCard Advisors, the professional services arm of MasterCard International Incorporated, and for which Customer has completed a Statement of Work (the "SOW") outlining the specific Services and/or deliverables ("Deliverables") and fees. In the event of a conflict between the Agreement, this Exhibit B and a specific SOW, the SOW shall prevail followed by Exhibit B. This Exhibit b shall be co-terminus with the term of the Agreement.

I. Customer Obligations.

1. **General.** Customer agrees that (a) it shall comply with all applicable laws, rules and regulations and all of the terms of this Exhibit B and any SOW; (b) it shall not hire or engage services of a (i) MasterCard supplier; or (ii) MasterCard employee involved in performing Services under an SOW for one (1) year after the Services are performed; provided that the restriction for (ii) shall not apply to a non-targeted general solicitation for employment; (c) in connection with Deliverables provided to Customer, Customer may not: (i) resell, publish, distribute, use for the benefit of, or in any way furnish to a third party any of the Deliverables; (ii) use Deliverables in a manner which would violate any applicable law, regulation, or any of MasterCard's policies or Rules; (iii) use such Deliverables in a manner so as to reverse engineer or aid any other party to reverse engineer data contained in the Deliverables; (iv) create any derivative works of or from the Deliverables without the express prior written consent of MasterCard; or (v) remove any identification, copyright or proprietary or other notices from the Deliverables or any copies thereof; (d) it shall not export any of the Deliverables to any country that the U.S. Government, or any agency thereof at the time of export, requires an export license or Governmental approval without first obtaining such license; and (e) the Deliverables shall not be used to benefit any payment card company that competes with MasterCard.
2. **Customer Data.** Customer represents and warrants to MasterCard that (a) it has the right to provide its cardholder or other data ("Customer Data") to MasterCard in connection with the Services, if applicable; (b) the individuals included in any Customer Data file will not be on any applicable "Do Not Contact" or "Do Not Solicit" list; (c) MasterCard's use, analysis, manipulation and processing of Customer Data pursuant to the Services is permitted under all applicable laws and regulations, and the terms of Customer's contracts with its cardholders; and (d) when applicable, Customer's cardholders have provided consent to the use of such Customer Data in the manner contemplated under an SOW. Customer grants MasterCard i) the right to use and transfer Confidential Transaction Data (as defined in the Rules) in connection with the Services and to use for evaluation, operation, improvement or marketing of MasterCard programs; and ii) a worldwide, royalty free, fully paid-up license to copy, distribute, display and use Customer's name, logotype, trademarks or other indicia provided by Customer where necessary for the purpose of performing its obligations under an SOW and in advertising and marketing materials. MasterCard may use aggregated data resulting from the Services in anonymous case studies and use, publish display and distribute the same for its marketing purposes.
3. **Customer Indemnification.** Customer agrees to indemnify, defend and hold MasterCard and its officers, directors, employees, agents, and representatives harmless from any and all damages, losses, penalties, fines, costs, expenses (including, but not limited to, reasonable attorneys' fees) ("Losses") related to third party claims, regulatory actions or investigations, resulting from, relating to or caused by (a) Customer's failure to comply with the terms of this Exhibit B or any SOW, (b) the combination or use of the Deliverables with any materials not provided by MasterCard; (c) any modifications or customizations of the Deliverables; (d) Customer's use or distribution of the Deliverables; (e) any materials provided by Customer to MasterCard to include in the Deliverables; or (g) Customer's breach of any of its obligations, representations or warranties under this Exhibit B.
4. **Confidentiality, Privacy and Data Protection.** The confidentiality section of the Agreement shall apply to this Exhibit B. In addition, Customer acknowledges and agrees that all information provided by MasterCard in connection with Services shall be deemed to be MasterCard confidential information and Customer shall maintain the confidentiality of any information that it is provided in connection with the Services. Customer further agrees to comply with all Privacy and Information Security Requirements to the extent applicable in connection with Services offered under an SOW. "Privacy and Information Security Requirements" means all applicable international, federal, state, provincial and local laws, rules, regulations, directives and governmental requirements relating in any way to the privacy, confidentiality or security of personal cardholder data, including, without limitation: Directive 95/46/EC; the Gramm-Leach-Bliley Act; laws regulating unsolicited email communications; security breach notification laws; laws imposing minimum security requirements; laws requiring the secure disposal of records containing certain personal data; and all other similar international, federal, state, provincial, and local requirements.

II. MasterCard Obligations.

1. **Limited License.** So long as Customer is in compliance with all of its obligations under this Exhibit B, the applicable SOW, and the relevant terms of the Agreement, MasterCard grants Customer a limited, non-exclusive right to use the Deliverables provided in

connection with Services and the underlying data and information contained in the Deliverables, without the right to assign, transfer or sublicense the Deliverables in any way. The parties acknowledge and agree that MasterCard owns all right, title and interest in and to the Deliverables, the underlying data and information contained in the Deliverables (except for any Customer Data), and any MasterCard Technologies contained therein. "MasterCard Technologies" means certain proprietary capabilities, technologies, logic, methodologies, source code, know-how, intellectual property, data and/or algorithms that MasterCard uses to perform services or provide Deliverables in connection with the Services.

2. **MasterCard Indemnification.** MasterCard agrees to indemnify, defend and hold Customer harmless from any and all Losses related to third party claims, regulatory actions or investigations, resulting from, relating to or caused by MasterCard's gross negligence or willful misconduct in performing Services.

3. **Disclaimer of Warranties and Limitation of Liability**

NOTWITHSTANDING ANY OTHER PROVISION TO THE CONTRARY SET FORTH IN THESE TERMS, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER UNDER ANY LEGAL THEORY, INCLUDING WITHOUT LIMITATION, TORT, CONTRACT, OR STRICT LIABILITY, FOR ANY SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES, INCLUDING FOR LOSS OF PROFITS, GOODWILL, OR ECONOMIC LOSS, REGARDLESS OF WHETHER A PARTY KNEW OR SHOULD HAVE KNOWN OF THE POSSIBILITY OF SUCH DAMAGES; PROVIDED, HOWEVER, THAT MASTERCARD'S WAIVER OF ITS RIGHT TO RECEIVE SPECIAL, INDIRECT, INCIDENTAL, CONSEQUENTIAL, PUNITIVE OR EXEMPLARY DAMAGES SHALL NOT APPLY IN THE EVENT CUSTOMER BREACHES ITS CONFIDENTIALITY OBLIGATIONS.

TO THE FULL EXTENT PERMISSIBLE BY APPLICABLE LAW, MASTERCARD DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF ACCURACY, MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

MasterCard's maximum liability for any claims under an SOW is limited to the fees set forth in the particular SOW under which the claim arose.

III. **Other Terms.**

1. **Force Majeure.** Neither party shall be liable for loss or damage or be deemed to be in default if any failure to perform its obligations results from or is attributable to any act of God, natural disaster, fire, strike, embargo, war, threat of terrorism, insurrection, strike, riot or other cause beyond the reasonable control of the party; provided however that the foregoing shall not be deemed to excuse any failure to exercise prudence or diligence in the conduct of such Party's affairs.

2. **Incorporation of Other Terms** – Sections 6(Confidentiality), 7 (Term and Termination) and 12 (Miscellaneous) of the Agreement shall be incorporated into this Exhibit B in their entirety.

**AMENDMENT TO
BRAND AGREEMENT**

THIS AMENDMENT TO BRAND AGREEMENT (this "Amendment") is effective as of the last date of signature below (the "Amendment Effective Date"), and is entered into by and among **Mastercard International Incorporated**, a Delaware corporation with its principal place of business at 2000 Purchase Street, Purchase, NY 10577 ("Mastercard") and **Heritage Trust Federal Credit Union**, a community charter organized under the laws of the State of South Carolina, with its principal offices at 200 Marymeade Lane, Summerville, South Carolina 29483, for itself and on behalf of its Affiliates (collectively "Customer"). Mastercard and Customer may be referred to herein singularly as a "Party" or collectively as the "Parties." All capitalized terms not otherwise defined in this Amendment shall have the meanings assigned to them in the Agreement.

WHEREAS, Mastercard and Customer are parties to that certain Brand Agreement, effective as of October 30, 2013 (as previously amended, the "Agreement");

WHEREAS, the Parties desire to amend the Agreement to modify the time period in which certain Mastercard Advisors Support will be available; and

WHEREAS, the Parties are entering into this Amendment for the purposes of effecting the foregoing modifications to the Agreement.

NOW, THEREFORE, in consideration of the promises, mutual covenants and agreements herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree, as follows:

1. **Amendments to Agreement.**
 - a. **Marketing Support.** Section 1(d) of the Agreement shall be modified by inserting the following sentence at the end of the section: "Notwithstanding the foregoing, [REDACTED] of the Marketing Support available for Year Six may be carried forward into the first six (6) months of the following Year (the "Carry Forward Period"); provided that in the event that such amount is not used during the Carry Forward Period, any unused amount will be forfeited, and Mastercard will have no obligation to make any rebate or other consideration to Customer therefor."
 - b. **Mastercard Advisors Support.** Section 1(e) of the Agreement shall be modified by inserting the following sentence at the end of the section: "Notwithstanding the foregoing, [REDACTED] of the Mastercard Advisors Support available for Year Six may be carried forward into the Carry Forward Period; provided that in the event that such amount is not used during the Carry Forward Period, any unused amount will be forfeited, and Mastercard will have no obligation to make any rebate or other consideration to Customer therefor."

2. **Agreement; No Other Amendment; Reaffirmation.** Except as amended hereby, the Agreement contains the entire agreement of the Parties and shall remain in full force and effect according to its terms and shall be read and construed as if the terms of this Amendment were included therein. The Parties hereby acknowledge and agree that each shall be bound and obligated to perform all of its respective obligations under the Agreement as amended hereby, and that all references in such document to the Agreement shall mean and include the Agreement as amended hereby. Without limiting the generality of the foregoing, the Parties hereby reaffirm and agree to all other representations, warranties, obligations, conditions and agreements contained in the Agreement.

3. **Counterparts.** This Amendment may be executed in counterparts, each of which shall constitute an original and all of which when taken together shall constitute one and the same instrument. This Amendment may be executed and delivered by facsimile or PDF transmission. If executed and delivered by facsimile or PDF transmission, the Parties covenant to use best efforts to deliver an original signature to the other Party by mail promptly following such execution and delivery.

4. **Incorporation by Reference.** This Amendment shall incorporate by reference the terms of the Agreement as if fully set forth herein, including without limitation those regarding the construction of this Amendment in accordance with the laws governing the State of New York as if both Parties were residents of such state.

IN WITNESS WHEREOF, Mastercard and Customer have caused this Amendment to the Agreement to be executed and delivered by their duly authorized officers as of the latest date written below:

MASTERCARD INTERNATIONAL INCORPORATED

By: _____

Name: _____

Title: _____

Date: _____

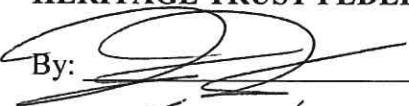
Mastercard Law Department

Approved as to Legal Form

Lawyer's Initials: **MCs**

Date: 1.3.20

HERITAGE TRUST FEDERAL CREDIT UNION

By:  _____

Name: JASON LEE

Title: President

Date: 6/15/20

*** Mastercard International Incorporated v. South Carolina Department of Revenue ***

*** Docket No. 20-ALJ-17-0008-GG ***

This Agreement is dated as of October 1, 2007 and governs the undersigned Company's participation in MasterCard's *Make It Happen*™ Enhanced Credit Card Program (the "Program").

How the Program works. In consideration for the Company's fulfillment of its obligations under this Agreement, MasterCard will provide the Company with the following benefits, as more fully explained below:

- Tiered Volume Support
- Card Issuance Support
- Marketing Signing Bonus Fund

Tiered Volume Support. Provided Company has fulfilled its obligations under this Agreement, following the end of each Year MasterCard will provide Company with tiered volume support based on the Growth Rate achieved in such Year in accordance with the following schedule:

Between		
Between		
Between		

Card Issuance Support. Provided Company has fulfilled its obligations under this Agreement, following the end of each Year, MasterCard will provide Company with card issuance support based on the number of qualified New Cards and qualified Converted Cards issued in such Year in accordance with the following schedule:

New Card	US
Converted Card	US

Marketing Signing Bonus Fund. Provided Company has fulfilled its obligations under this Agreement, MasterCard will provide Company within sixty (60) days of the upon mutual execution of this agreement with a one-time Credit Card Marketing Signing Bonus.

Company credit Cards issued by the Company during the previous 12-month period prior to the date first written above, as indicated on the following schedule:

To qualify for such Marketing Signing Bonus Fund Company shall participate in no fewer than _____ Marketing Promotions during the first Year.

Company's Specific Obligations. In addition to its other obligations under this Agreement, Company agrees to do the following:

- **No Conversion.** Company shall not convert any MasterCard-branded Credit Card issued by it before or during the Term (defined below) to any Competing Brand. Company shall ensure that no MasterCard-branded Credit Card issued by Company Affiliates on account of whose Credit Cards MasterCard has paid Card Issuance Support is converted to any Competing Brand.

Definitions. As used in this Agreement:

- **Company Affiliate** means an affiliate member of MasterCard sponsored into MasterCard by the Company.
- **Competing Brand** means Visa, American Express, Diners Club, JCB, Carte Blanche, or any other brand that MasterCard reasonably determines to be in competition with MasterCard, Maestro, Cirrus, or Mondex.
- **Converted Card** means each MasterCard-branded credit card issued by Company or a Company Affiliate, which card is issued as a replacement of a Credit Card under a Competing Brand.
- **Credit Card** means a bankcard with an account that is attached to a credit line that can be used to purchase goods and services to obtain cash advances on credit for which the cardholder is subsequently billed by Company or its Affiliate.
- **Growth Rate** means the growth (expressed as a percentage rounded down the one decimal place) in Qualified Volume in the subject Year over the previous Year's Qualified Volume.
- **Marketing Promotion** means any consumer promotion that is agreed to and supported by the Company and MasterCard including advertising, direct mail, in-branch merchandising and/or web-based communication.
- **New Card** means each MasterCard-branded Credit Card issued by Company or a Company Affiliate, which card is issued for the first time to a cardholder in response to a consumer request to provide MasterCard functionality.
- **Qualified Volume** means the US-dollar amount of all MasterCard-branded Qualified Transactions initiated with MasterCard Credit Cards issued by Company and Company Affiliates, but excluding (1) volume that is not assessable by MasterCard, (2) volume associated with fees imposed by Company or Company Affiliates, (3) volume generated in connection with an ATM withdrawal, cash advance, balance transfer, or the like, (4) volume for which MasterCard has paid or is obligated to pay incentives under other agreements or arrangements, and (5) volumes attributable to card programs acquired by

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Mr. William B. Reynard
Sharonview Federal Credit Union
14301-A South Lakes Drive
Charlotte, NC 29215

December 21, 2007

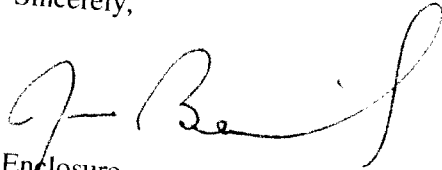
Dear Mr. Reynard:

On behalf of the MasterCard® Relationship Plus Team, I'd like to extend our appreciation for your renewing the Make It Happen! Enhanced Credit Agreement. An executed copy is enclosed for your records.

We feel that our partnership with Sharonview Federal Credit Union is affirmed given the terms of the agreement, which include both card issuance and growth-based support. Recognize that our goal is to help you derive the greatest possible benefits from the agreement and that your Relationship Plus Account Executive, Joanne, will continue to serve you in pursuit of this goal.

Your Relationship Plus Team is committed to supporting your business objectives and monitoring our progress now and in the future. To this end, if I can be of assistance please don't hesitate to call me at (914) 249-6727. And once again, thank you for your consideration.

Sincerely,



Enclosure

cc: Joanne Bast-Wittke, Relationship Plus Representative
Lucas Ely, Relationship Plus Account Executive

*** Mastercard International Incorporated v. South Carolina Department of Revenue ***
This Agreement is dated as of Jan 01 2003, and governs the undersigned Company's participation in MasterCard's *Make It Happen*™ program (the "Program").

How the Program works. In consideration for the Company's fulfillment of its obligations under this Agreement, MasterCard will provide the Company with the following benefits, as more fully explained below:

- Tiered Transaction Support
- Tiered Volume Support
- Card Issuance Support
- Marketing Matching Funds

Tiered Transaction Support. Provided Company has fulfilled its obligations under this Agreement, following the end of each Year MasterCard will provide Company with tiered transaction support based on the number of Qualified Transactions generated in such Year in accordance with the following schedule:

If the Transaction Growth Rate in the Year measured is...	...then the tiered transaction support for such Year will be a US-dollar amount equal to this percentage of total Qualified Transactions generated in such Year
Between [redacted]	[redacted]
Between [redacted]	[redacted]
Between [redacted]	[redacted]
[redacted] or over	[redacted]

Tiered Volume Support. Provided Company has fulfilled its obligations under this Agreement, following the end of each Year MasterCard will provide Company with tiered volume support based on the Growth Rate achieved in such Year in accordance with the following schedule:

If the Volume Growth Rate in the Year measured is...	...then the tiered volume support for such Year will be a US-dollar amount equal to this percentage of Incremental Volume generated in such Year
Between [redacted]	[redacted]
Between [redacted]	[redacted]
Between [redacted]	[redacted]
[redacted] or over	[redacted]

Card Issuance Support. Provided Company has fulfilled its obligations under this Agreement, following the end of each Year, MasterCard will provide Company with card issuance support based on the number of qualified New Cards and qualified Converted Cards issued in such Year in accordance with the following schedule:

For each...issued in such Year	MasterCard will pay Company...
New Card	US\$ [redacted]
Converted Card	US\$ [redacted]

To be deemed a *qualified* New Card or a *qualified* Converted Card, the issuer of such card must issue all of its debit cards exclusively under the MasterCard brand and may not issue any Visa-branded debit cards.

Marketing Matching Funds. Provided Company has fulfilled its obligations under this Agreement, following the end of each Year, MasterCard will provide Company with card marketing matching funds equal to the lesser of [redacted]

[redacted] debit card Payment programs [redacted]
Schedule: [redacted]

To qualify for the matching funds, Company shall participate in no fewer than [redacted] marketing promotions in each program year.

Company's Specific Obligations. In addition to its other obligations under this Agreement, Company agrees to do the following:

- **Exclusivity.** Company shall ensure that all debit cards issued by Company and all debit cards issued by any Company Affiliates on account of whose New Cards or Converted Cards MasterCard has paid card issuance support are issued exclusively as MasterCard-branded cards.
- **No Conversion.** Company shall not convert any MasterCard-branded debit card issued by it before or during the Term (defined below) to any brand MasterCard deems to be in competition with MasterCard, Maestro, Cirrus, or Mondex. Company shall ensure that no MasterCard-branded debit card issued by Company Affiliates on account of whose cards MasterCard has paid card issuance support is converted to any brand MasterCard deems to be in competition with MasterCard, Maestro, Cirrus, or Mondex.

Definitions. As used in this Agreement:

- **Company Affiliate** means an affiliate member of MasterCard sponsored into MasterCard by the Company.
- **Converted Card** means each MasterCard-branded debit card issued by Company or a Company Affiliate, which card (1) is issued as a replacement of a Visa-branded debit card and (2) generates at least six purchase transactions before the close of the Year measured.
- **Growth Rate** means the growth (expressed as a percentage rounded down the one decimal place) in Qualified Volume or Transactions in one Year over the previous Year's Qualified Volume or Transactions.
- **Marketing Promotion** means any consumer promotion that is agreed to and supported by the company and MasterCard including advertising, direct marketing, in-branch merchandising and/or web-based communication.

*** Docket No. 20-AJ-170008-CC ***
Mastercard International Incorporated v. South Carolina Department of Revenue ***

- **New Card** means each MasterCard or debit card issued by Company or a Company Affiliate, which card (1) is issued for the first time to a cardholder in response to a consumer request or as a replacement for an ATM card that does not provide MasterCard functionality and (2) generates at least six purchase transactions before the close of the Year measured.
- **Qualified Volume** means the US-dollar amount of all MasterCard-branded transactions initiated with MasterCard cards issued by Company and Company Affiliates, but excluding (1) volume that is not assessable by MasterCard, (2) volume associated with fees imposed by Company or Company Affiliates, (3) volume generated in connection with an ATM withdrawal, cash advance, balance transfer, or the like, (4) volume for which MasterCard has paid or is obligated to pay incentives under other agreements or arrangements, and (5) volumes attributable to card programs acquired by Company in the course of a card portfolio acquisition or a business combination.
- **Qualified Transaction** means a MasterCard-branded purchase transaction cleared and settled by MasterCard and no other entity.
- **Year** means any calendar year occurring entirely within the Term of this Agreement
- **Program Year** means the twelve (12) months following the date of the signed agreement.

Reporting. In addition to any reporting required under the Rules, Company shall provide such reports and information as MasterCard may from time to time request to determine whether Company is meeting its obligations under this Agreement.

Continued observance. To the extent that during the Term Company or Company Affiliates in any way divests itself of one or more affiliates or debit cards that would have been subject to (or are the subject of) the terms of this Agreement had no such divestiture occurred, Company shall ensure (by means reasonably satisfactory to MasterCard) the continued observance by the entity acquiring such affiliates or debit cards of the terms of this Agreement relating to such affiliates or debit cards following such divestiture.

Confidentiality. During the Term and for five years thereafter Company will treat any information relating to this Agreement, the existence of this Agreement, and all terms and conditions of this Agreement as confidential, shall be disclose such information only to those individuals with a reasonable need to know within its organization (provided such individuals agree to be bound by the confidentiality obligations herein), and shall not disclose any such information to third parties, without MasterCard's prior written approval, except that either party may disclose same to its auditors, regulators, outside board members and outside counsel provided such persons are advised of, and observe the obligations of this paragraph. The parties acknowledge that, in the event of a breach of this paragraph, the non-breaching party will likely suffer irreparable damage that cannot be fully remedied by monetary damages. Accordingly, in addition to any remedy which the non-breaching

party may possess pursuant to applicable law, the non-breaching party retains the right to seek and obtain injunctive relief against any such breach in any court of competent jurisdiction.

Term. The term of this Agreement ("Term") shall be for five years commencing on Jan 01 2003.

Miscellaneous. A failure or delay of either party to enforce any provision of or exercise any right under this Agreement shall not be construed to be a waiver. No waiver by a party shall be effective unless expressly made in writing. If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable or invalid in any respect, such unenforceability or invalidity shall not affect any other provision of this Agreement, and this Agreement shall then be construed as if such unenforceable or invalid provisions had never been a part of this Agreement. The captions in this Agreement are included for convenience only and shall not affect the meaning or interpretation of this Agreement. This Agreement may not be assigned except upon written consent of MasterCard. This Agreement shall be binding upon, and inure to the benefit of, each party's respective successors and assigns. This Agreement evidences the entire agreement and understanding between MasterCard and Company with respect to the transactions contemplated by this Agreement and supersedes all prior agreements between the parties. This Agreement and the respective rights and obligations of the parties hereto shall be governed by the laws of the State of New York without reference to its conflict-of-laws or similar provisions that would mandate or permit application of the substantive law or any other jurisdiction. This Agreement may be executed in one or more counterparts, each of which, taken together, shall constitute but one original document. This Agreement supplements (and does not replace) Company's obligations under the MasterCard, Maestro, and Cirrus rules.

Executed as of the date first written above.

MasterCard:
MASTERCARD INTERNATIONAL INCORPORATED

By: [Signature]
 Name: PAUL W. WATKINS
 Title: Vice President

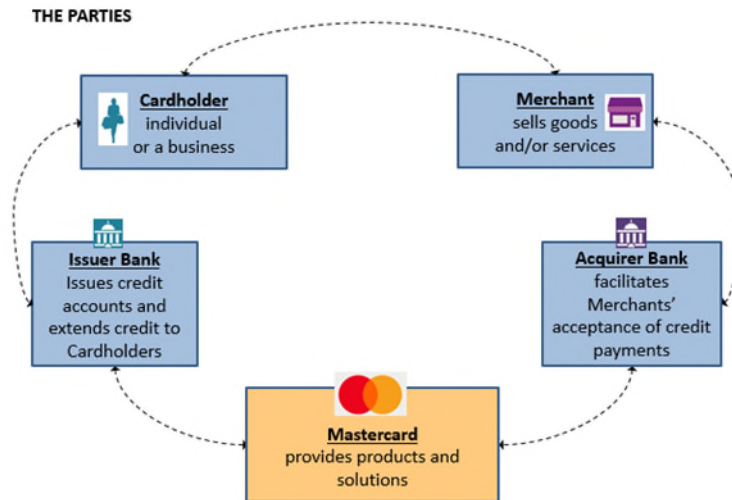
Company: The Palmetto Bank
 FULL LEGAL NAME OF COMPANY

By: [Signature]
 Name: JAMES W. WATKINS
 Title: SVP



2736

Fig. 1



Mastercard Incorporated and subsidiaries (“Mastercard”) is a global payments company headquartered in New York and organized under the laws of Delaware. Mastercard provides credit card processing and related services (discussed below) to its customers. For purposes of credit card processing, Mastercard has two types of customers: “Issuer Banks” and “Acquirer Banks.”¹ Issuer Banks extend credit to consumers, whether individuals or businesses (together, “Cardholders”). Acquirer Banks enable sellers (“Merchants”) to accept credit or debit card payments in lieu of cash or check.² The parties sometimes contract with “Third Party Processor.” References throughout this document to Issuer Banks and to Acquirer Banks include references to any Third Party Processors that the Banks have engaged.



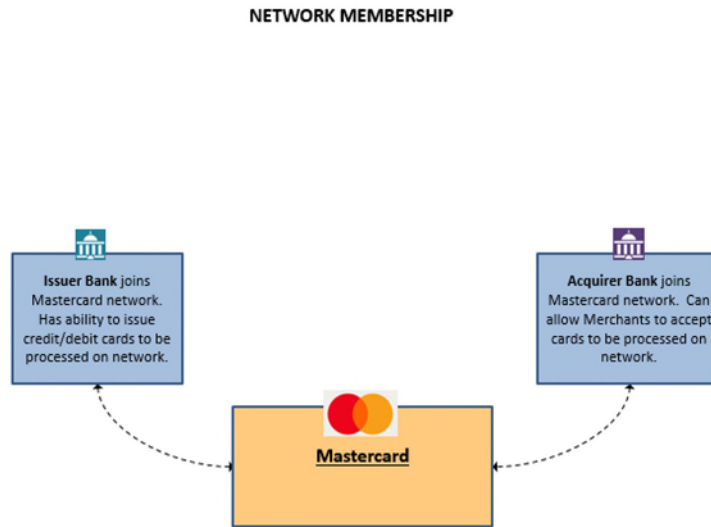
The next two figures demonstrate how the relationships shown above are formed.

¹ Some entities in the Mastercard group perform other activities for other customers. The activities described herein are Mastercard's core activities.

² The term “credit or debit card” used throughout this document includes digitized uses of Cardholder accounts for payment, such as eWallets, smart devices, etc., where no physical card is used.

³ The arrangement shown in Figure 1 is often referred to as a “four party” system, meaning that in addition to the network (e.g., Mastercard) there are four other parties. This can be contrasted with a “three party” system, like that of American Express or Discover, in which the network (e.g., American Express) is the card-issuing bank and the processing network; the other three parties remain the same. Thus, while Mastercard is not a bank, other network organizations (like American Express) may be.

Fig. 2



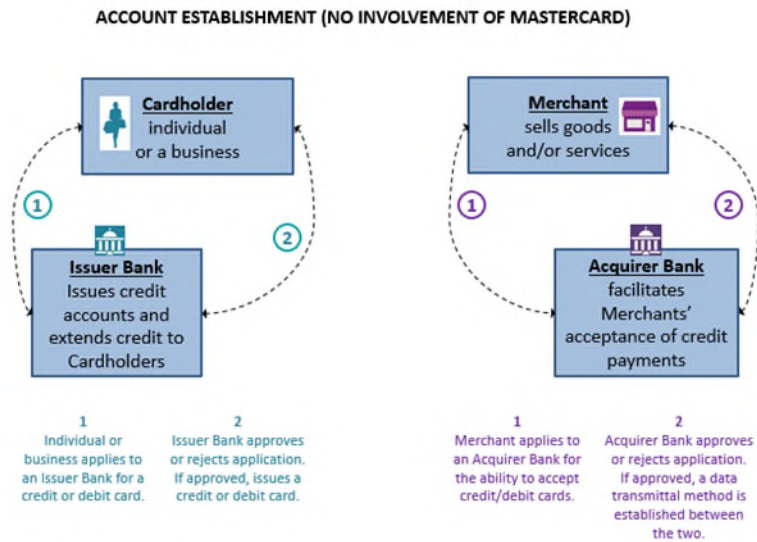
To become a member of the Mastercard network, an Issuer Bank or an Acquirer Bank enters into an agreement with Mastercard. The agreement includes an obligation to abide by the Mastercard Rules, a several hundred-page document that dictates how the parties will interact with one another. The Rules include the various requirements and obligations that create the guarantee that an Acquirer Bank will receive the purchase price of a good or service (less certain fees) so long as the Acquirer Bank followed certain protocols in its processing of the transaction—even if the transaction is later determined to be fraudulent or the Cardholder later defaults on payment. In either situation, the Issuer Bank itself bears the financial burden of the transaction (which creates a substantial incentive for the Issuer Bank to make good authorization decisions).

Mastercard imposes a fee for membership in the Mastercard network called an “assessment fee.” The benefits of membership include the right to obtain transaction processing from Mastercard as well as Mastercard’s worldwide advertising and marketing campaigns and its incentives programs. Find additional discussion of assessment fees and cross-border fees accompanying Figure 9, below.



It is worth noting that Mastercard never receives any assessment fees from Cardholders or Merchants.

Fig. 3

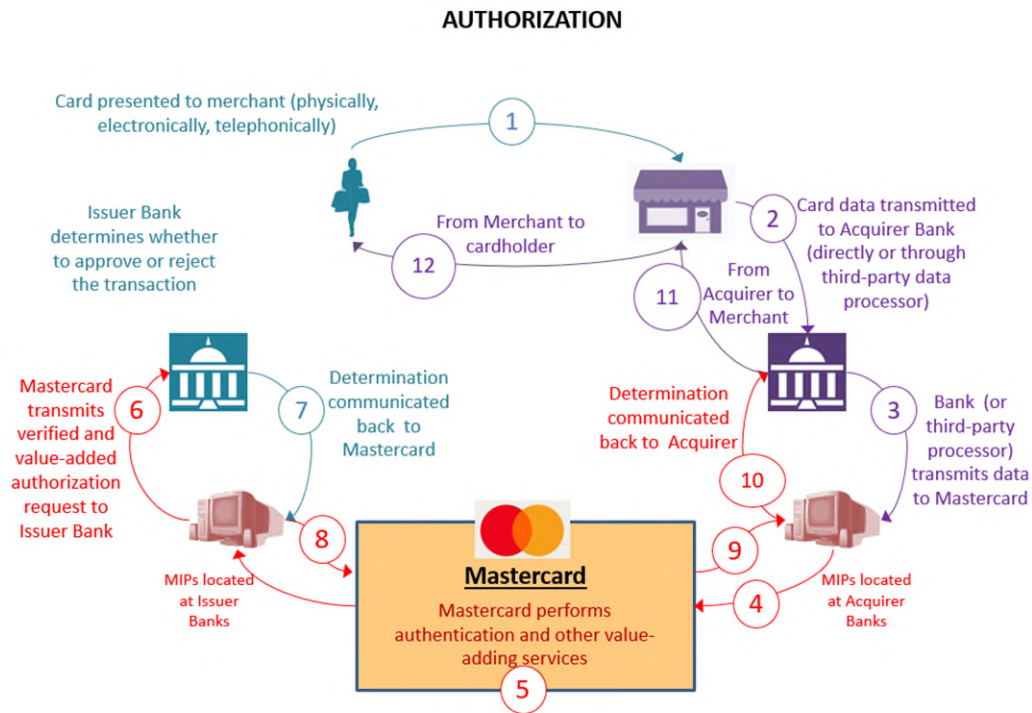


Before a consumer can make a purchase using a credit card, it must obtain one from a bank. Consumers, whether individuals or businesses, apply to an Issuer Bank for a credit card. The Issuer Bank—*without any involvement from Mastercard*—determines whether the consumer is creditworthy and, if so, how much credit to extend. Mastercard is not involved with the extension of credit and, in fact, does not even know the identity of a Cardholder associated with a particular card number.

Before a Merchant can accept payment for a good or service via a credit or debit card, it must apply to an Acquirer Bank for an account. The Acquirer Bank—*without any involvement from Mastercard*—determines whether or not to “acquire” the accounts of the particular Merchant.



Fig. 4



The primary products and services Mastercard provides to its customers are authorization, clearing, and settlement.

Mastercard's involvement in "authorization" begins a few steps after a Cardholder attempts to make a payment using a credit or debit card. [REDACTED]

[1] Prior to Mastercard's involvement, the Cardholder who wants to make a payment presents his or her card payment information to a Merchant by providing the physical card⁴ or providing the card number electronically or orally.

[2] Next, the Merchant relays certain transaction information to the Acquirer Bank, either directly or through a Third Party Processor. This includes the card number, amount of the attempted payment, and certain other information related to the transaction. [REDACTED]

⁴ The "swipe machine" that often sits next to a cash register that is used for a card swipe or card insertion is the property of the Merchant, the Acquirer Bank, or a Third Party Processor. It is not property of Mastercard and does not physically connect to the Mastercard network.

[3] Next, the Acquirer Bank (or third-party processor) relays the transaction data to Mastercard via a Mastercard Interface Processor ("MIP") located at the Acquirer Bank's processing center. A MIP is a desktop computer that is the actual access point to Mastercard's physical network.

[4 & 5] Through 2013, many transaction authorization requests would be routed directly from the MIP at the Acquirer Bank location to another MIP physically residing at the Issuer Bank location and connecting the Issuer Bank's processing hardware to the Mastercard network. Some authorization requests would be routed from the MIP at the Acquirer Bank to Mastercard's global technology center in Missouri so various optional fraud detection and decision intelligence processes could be applied, then the authorization request—now enhanced with Mastercard data regarding the quality of the approval request—would be relayed to the MIP at the Issuer Bank's processing center.

Since 2014, all authorization requests are routed from the MIP at the Acquirer Bank's processing location to Mastercard's global technology center in Missouri so that various processes can be applied before the enhanced request is related to the MIP at the Issuer Bank's processing center.

[6] The MIP at the Issuer Bank's processing center relays the authorization message to the Issuer Bank.

[7] The Issuer Bank makes a decision as to whether to approve the authorization request or to reject it.

[8 – 12] The Issuer Bank's approval or rejection would get relayed back through the reverse path (Issuer Bank→Mastercard→Acquirer Bank or third-party processor→Merchant→Cardholder).

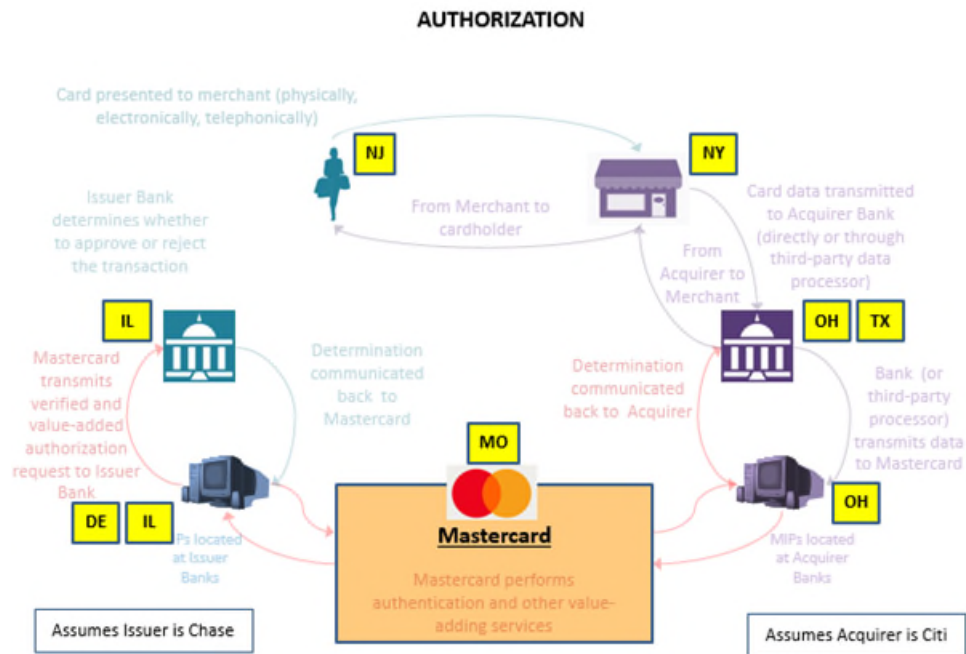
Once an Issuer Bank approves an authorization request, the Issuer Bank is financially liable for the amount of the purchase,⁵ even if the card is later determined to have been stolen or even if the Cardholder defaults and never pays for the goods or services in full.

The fees Mastercard charges for the activities just described are referred to as authorization fees. It is worth noting that Mastercard never receives any authorization fees or payments from Cardholders or Merchants.



⁵ Assuming the Merchant and Acquirer followed normal protocol for obtaining the transaction information.

Fig. 5A



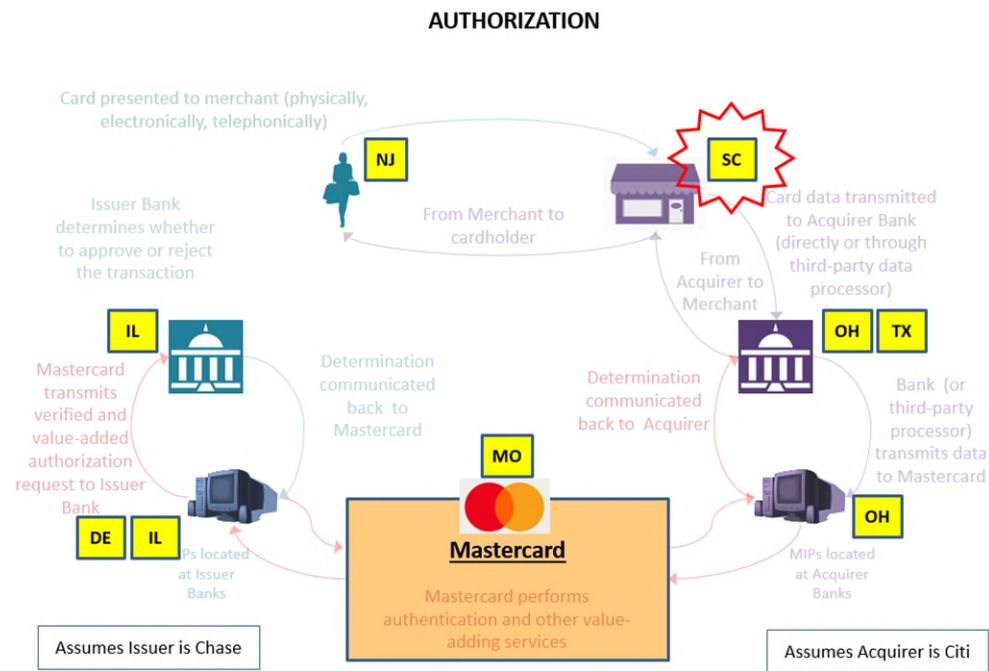
The illustration above approximates the locations where the various steps in the authorization process would likely occur if a Cardholder made a purchase in New York in 2014 or later (the authorization may have gone straight from the MIP located at the Acquirer Bank to the MIP located at the Issuer Bank prior to 2013). The illustration makes the following assumptions: the Cardholder has a New Jersey billing address; the Merchant is a national coffee chain and this particular location is in New York; the Acquirer Bank is Citi (which is headquartered in New York but has its processing centers in Ohio and Texas); the Issuer Bank is Chase (which is headquartered in New York but has its processing centers in Delaware and Illinois).

In this example, the Cardholder “swipes” its card at the Merchant in New York. The Merchant transmits the transaction data to Citi, who will receive the data at its processing center in either Ohio or Texas. [REDACTED]

Next, Citi will relay the transaction data to the MIP located at its processing center in either Ohio or Texas. [REDACTED] The MIP will transmit the transaction data directly to a MIP at one of Chase’s processing centers (Delaware or Illinois) for most transactions prior to 2014 or, since 2014, to Mastercard’s global technology center in Missouri, which will then transmit enhanced transaction data to the MIP at one of Chase’s processing centers (Delaware or Illinois), for transactions beginning in 2014.

The MIP at the Issuer Bank location will relay the transaction to the Issuer Bank for approval or rejection. The approval or rejection decision will be relayed back through the reverse path.

Figure 5B

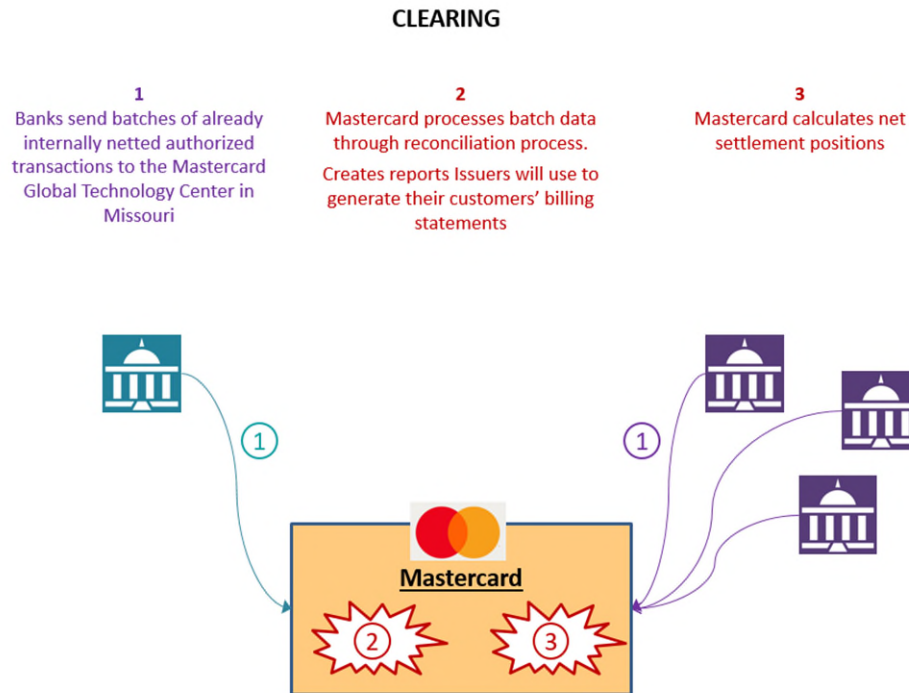


Now assume the same Cardholder flew to South Carolina that same day and purchased another cappuccino from the same national coffee chain using the same credit card after the plane landed.

The only change in the picture above would be that the Merchant would be located in South Carolina. While step 2 would differ because the transaction data would be routed from the Merchant in South Carolina (not New York) to its Bank's processing center (still Ohio or Texas), each of the steps involving Mastercard (its MIPs and global technology center in Missouri) would be identical.

Stated another way, Mastercard's activities for U.S. transactions—what they are and where they occur—do not vary based on where a Cardholder makes a purchase or the Merchant's location.

Fig. 6



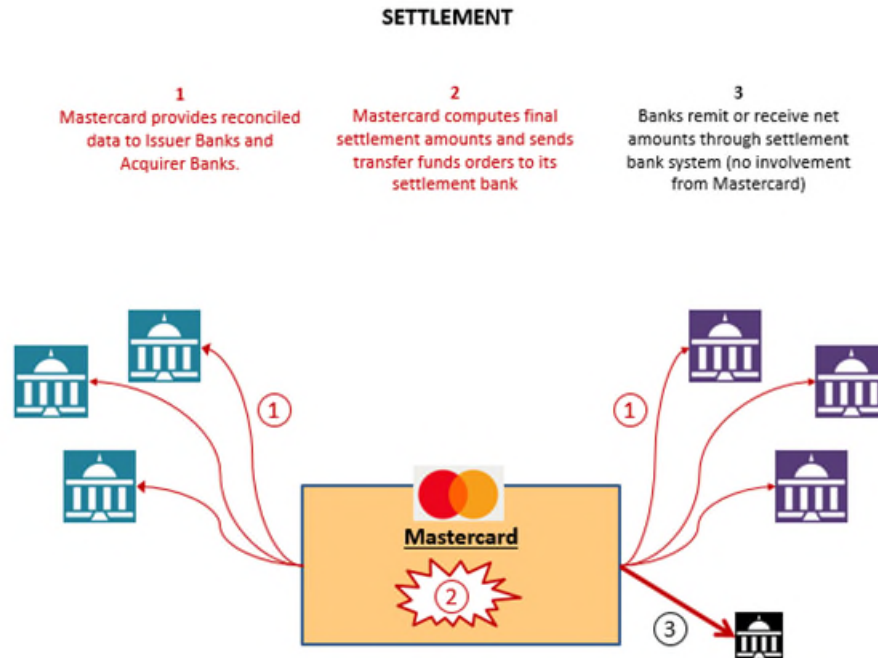
Two other services Mastercard provides are “clearing” and “settlement.” “Clearing” is the process through which Mastercard receives batches of data regarding previously authorized transactions to determine the amounts due to and from the various Issuer and Acquirer Banks. Various pieces of information are gathered and analyzed, then various reports are sent to the banks.

Clearing produces reports sent to Banks that the Banks in turn use to provide billing and other statements to their customers. Clearing also calculates net settlement positions for each Bank, which are the amounts each Bank owes or is owed at the end of each settlement cycle.

Mastercard charges fees to both the Acquirer Bank and Issuer Bank for clearing services. It is worth noting that Mastercard never receives clearing fees or payments from Cardholders or Merchants.

[REDACTED]

Fig. 7



“Settlement” is the process after Clearing whereby Mastercard determines the amount due to or from each Bank and effectuates the movement of funds.

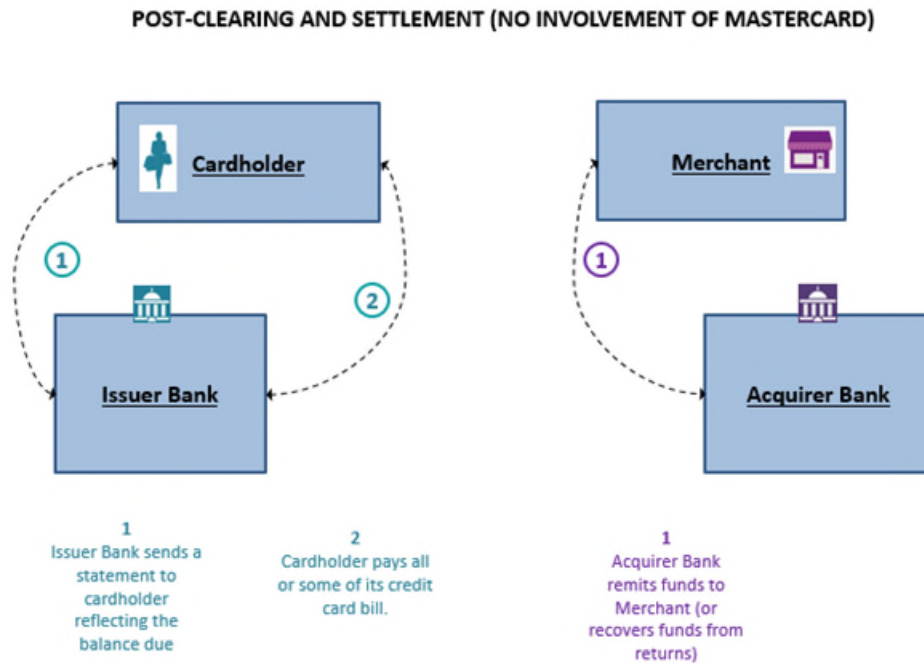
Once net settlement positions are calculated for each Issuer and Acquirer Bank, Mastercard sends settlement instructions to a third-party bank (i.e., the settlement bank) to debit or credit the banks as appropriate.

The goal is for each bank to receive one transfer of money per cycle, even though hundreds of thousands of separate payments may have been authorized. This is because a primary driver of the Mastercard network is efficiency. Each purchase transaction *could* be settled on an individual basis, but the bank transaction fees would often outsize the purchase transactions. Acquirer Banks *could* directly contact the Issuer Bank for every authorization request—but that would require huge expenditures and investments for them to do so. Similarly, Issuer Banks could enhance their fraud detection artillery—but that would require huge expenditures and investments as well. Rather, Mastercard’s network provides the efficiencies the Banks otherwise lack, including the reduction of bank money transfer fees.

Mastercard charges fees to both the Acquirer Bank and Issuer Bank for settlement services. It is worth noting that Mastercard never receives settlement fees or payments from Cardholders or Merchants.



Fig. 8

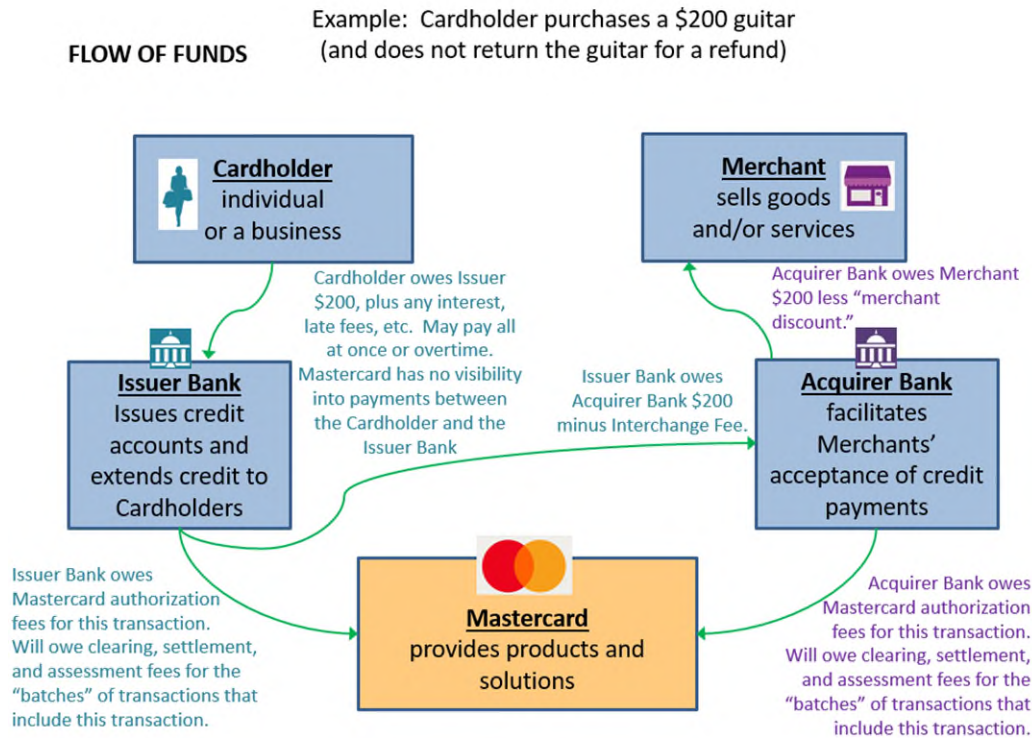


This image is included to complete the transaction cycle.

Within a few days of authorization of a transaction, the Acquirer Bank will remit the total of a Merchant's transaction amount (any refunds will be netted against payments) less a "merchant discount," which includes the bank fees, to the Merchant. Mastercard is not involved in the Merchant payment process.

At the end of a billing cycle (often monthly), an Issuer Bank will send a billing statement to the Cardholder. The Cardholder will then pay some, all, or none of the balance shown. The Cardholder's payments go directly to the Issuer Bank. Mastercard is not involved in the Cardholder payment process.

Figure 9.



Similarly, fees are not transferred on a transaction-by-transaction basis for the same reason. Rather, amounts owed to or from the Banks are taken into account in the Settlement process and added to or deducted from the transaction amounts.

Mastercard does not earn interest or late fees from Cardholders or receive merchant discount from Merchants. Interest and fees from Cardholders are earned by Issuer Banks; merchant discount is earned by Acquirer Banks.

Mastercard's fees roll up to the following five categories (and listed subcategories):

- Domestic assessment fees – Fees charged to Issuer and Acquirer Banks for membership in the Mastercard network. The fees are computed based on volume for domestic transactions, based on the number of cards issued, or specific amounts for specific purposes. Assessment fees are paid by Banks for the maintenance and further development of the infrastructure necessary for Mastercard to maintain the integrity of its global

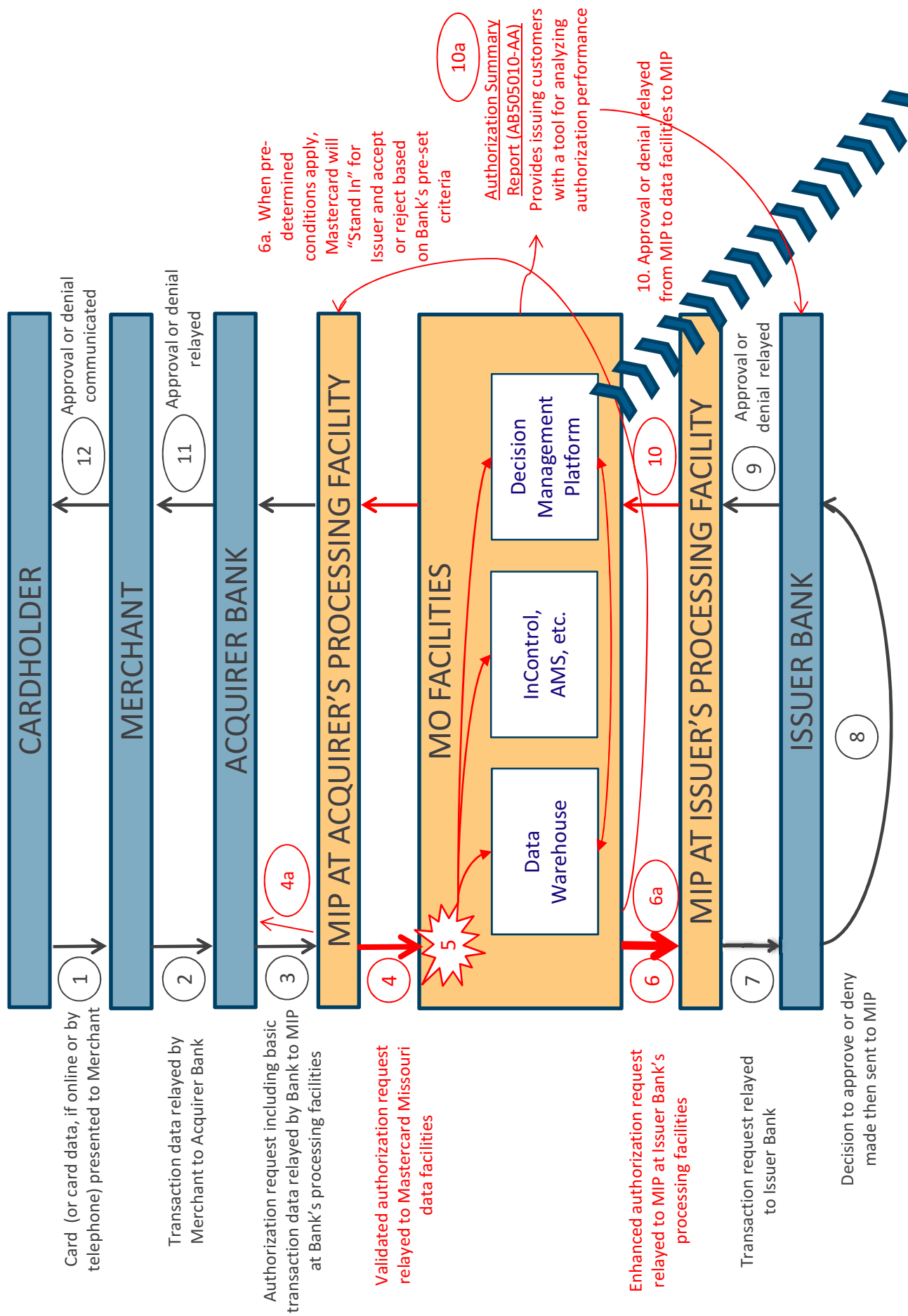
payment network and for the effectiveness and efficiency of the payment system. Assessment fees also cover maintenance and improvement of the global payment network infrastructure (e.g., hardware and software); establishment and enforcement of the Rules which establish standards and procedures for the acceptance and settlement of transactions between member Banks; coordination of advertising and marketing to promote global acceptance Mastercard products and services; and assistance to law enforcement agencies to deter and prosecute counterfeiting, fraud, and other criminal acts that adversely affect the payments services industry.

- Cross-border volume fees – Like assessment, these are volume-based fees charged to Issuer and Acquirer Banks, but these fees are incurred when the Merchant country and the Issuer Bank country are different (i.e., “cross border”)
- Transaction processing fees – Revenue earned on domestic and cross-border transactions, primarily based on the number of transaction (i.e., per-transaction fees):
 - Authorization (various charges for the activities described above)
 - Clearing (various charges for the activities described above)
 - Settlement (various charges for the activities described above)
 - Debit Switching – transaction fees for debit card-based transaction processing
- Other Revenues
 - Safety and security services fees: charged for products and services Mastercard offers to prevent, detect and respond to fraud and to ensure the safety of transactions.
 - Loyalty and reward solutions fees: charged to Issuer Banks for benefits provided to Cardholders, such as access to a global airline lounge network, global and local concierge services, individual insurance coverages, and emergency card replacement.
 - Program management services fees: related to services provided to Issuer Banks, including foreign exchange margin, commissions, load fees, and ATM withdrawal fees.
 - Transaction enhancement service fees: charged for various optional and required services, such as InControl and Decision Intelligence.
 - Consulting, data analytic, and research fees: primarily generated by MasterCard Advisors, the Company's professional advisory services group.
- Rebates and Incentives – Provided to certain Mastercard customers and recorded as contrarevenue. There are several types of rebates and incentives based on specific

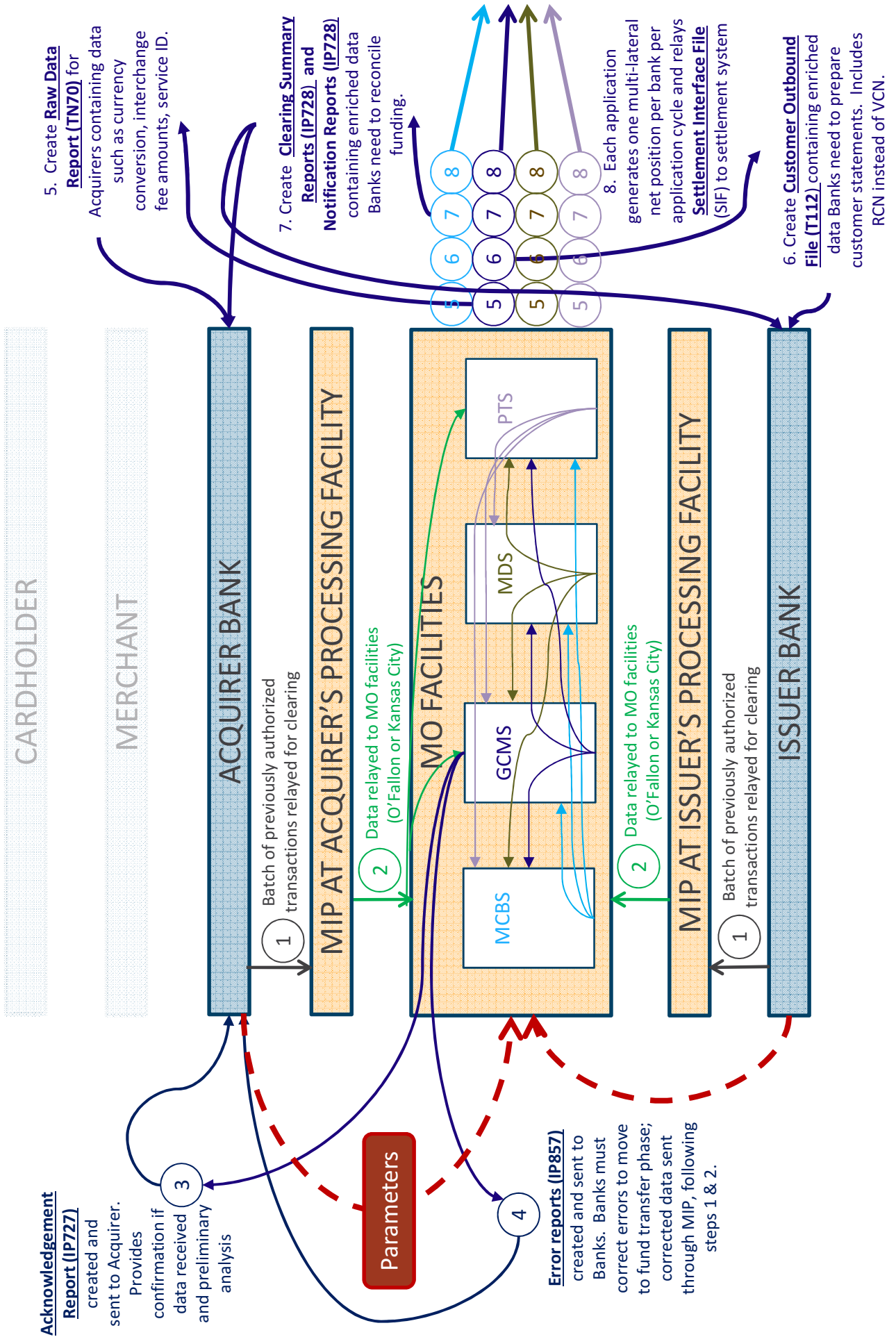
arrangements with individual Banks. As such, the metrics vary widely. They can be based on the dollar volume of activity, the number of transactions, or another metric.



AUTHORIZATION



CLEARING



SETTLEMENT

