



Regulatory Summary

April 2020 Release – Version 1

January 17, 2020

PRIVATE

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April 2020

TSYS Merchant Solutions received notification of changes to the operating regulations effective April 2020 by Visa®, Mastercard®, Discover® Network and American Express®. TSYS Merchant Solutions has reviewed and analyzed the changes and is providing the following summary. Our proprietary systems will be updated and certified by the required release dates. These updates may require changes to your authorization and/or settlement systems and your internal business processes and procedures. This is the first notice for the April release. Additional notices will be sent in February and March. Regulatory items listed below may not apply to all business types. This document provides information available as of the published date and **is subject to change**.

Each item includes an impact box. If there is an “x” in the authorization box, there may be an impact to your authorization platform requiring changes on your end or an update could be made for you by TSYS Merchant Solutions or your authorization vendor. If there is an “x” in the settlement box, there may be an impact to your settlement platform requiring changes to your systems or an update may be made on your behalf by TSYS Merchant Solutions or the vendor that completes your settlement. If there is not an “x” in the box, we are providing you this information for review, as there may be potential impact to your business in any item. Please review the changes and note any impact/action required – please work with your national account team to determine the specific impacts to your authorization and settlement processes. Please reference the table for information on authorization/settlement platforms.

| System | Batch Authorization Service | TransIT | Saratoga | Sierra | Summit | Direct Settle | DEX |
|---------------|-----------------------------|---------|----------|--------|--------|---------------|-----|
| Authorization | X | X | X | X | X | | X |
| Settlement | X | X | | | X | X | |

| Release Date | Impact | Key |
|--------------|-----------------|--------------------------|
| April 2020 | Authorization | Impact to authorizations |
| | Settlement | Impact to settlement |
| | Interchange | Impact to interchange |
| | Card Brand Fees | Impact to fees |
| | Disputes | Impact to chargebacks |

1. Visa®

Reminder: Requirement for Credit Voucher and Merchandise Return Authorization Messages

| Release Date | | Impact |
|------------------|-----------------|--------|
| October 19, 2019 | Authorization | X |
| | Settlement | |
| | Interchange | |
| | Card Brand Fees | X |
| | Disputes | X |

Visa updated their acceptance rules to allow businesses to send an authorization message on credit voucher and merchandise return transactions. The authorization messages will be identified by a value of 20 (Credit voucher or merchandise return authorization) in the Processing Code field.

Effective **October 19, 2019**, all businesses were required to send authorization messages on credit vouchers and purchase returns.

Beginning on **April 18, 2020**, issuers will be entitled to initiate chargebacks on merchandise return transactions when the merchant fails to obtain an authorization using Reason Code 71—Declined Authorization and Reason Code 72—No Authorization. The issuer holds liability for an authorized Visa merchandise return submitted for settlement. The merchant holds liability for an unauthorized Visa merchandise return submitted for settlement.

On **July 1, 2020**, merchandise return transactions will be included in the Visa zero floor limit and authorization misuse processing integrity fee assessments. Unauthorized merchandise returns submitted for settlement will be reported as Visa zero-floor limit non-compliance. Authorized merchandise returns that are not submitted for settlement or are not reversed will be reported as Visa authorization misuse non-compliance.

Client Impact: Please contact your Relationship Management team to verify your POS can support this mandate.

Visa Fee Program Update

| Release Date | | Impact |
|---------------|-----------------|--------|
| April 1, 2020 | Authorization | |
| | Settlement | |
| | Interchange | |
| | Card Brand Fees | X |
| | Disputes | |

Effective April 1, 2020, Visa will modify the Account Verification Fees, extend the Network Acquirer Processing Fee (NAPF) to include authorization reversals, and create a new fee for enhanced card not present transactions in the LAC region.

| Fee | Existing Rate | New Rate |
|--|---------------|----------|
| Visa Authorization Verification Fee – Domestic Debit | \$0.025 | \$0.030 |
| Visa Authorization Verification Fee – Domestic Credit | \$0.025 | \$0.035 |
| Visa Authorization Verification Fee – International | \$0.025 | \$0.070 |
| Visa Network Acquirer Processing Fee – Domestic Debit Authorization Reversal | n/a | \$0.0155 |
| Visa Network Acquirer Processing Fee – Domestic Credit Authorization Reversal | n/a | \$0.0195 |
| Visa Network Acquirer Processing Fee – International Debit Authorization Reversal | n/a | \$0.0355 |
| Visa Network Acquirer Processing Fee – International Credit Authorization Reversal | n/a | \$0.0395 |
| Visa LAC International Acquirer Fee - Enhanced CNP | n/a | 1.00% |

Visa will also extend the Acquirer Authorization Misuse Fee of \$0.09 to automated fuel dispensers (AFDs).

Client Impact: These changes will be reflected in the Interchange Summary, which will be published in April in conjunction with the release. Please contact your Relationship Management team with any questions.

Changes to Interchange Fee Programs for Visa Consumer Transactions

| Release Date | | Impact |
|----------------|-----------------|--------|
| April 17, 2020 | Authorization | |
| | Settlement | |
| | Interchange | X |
| | Card Brand Fees | |
| | Disputes | |

Effective April 17, 2020, Visa will implement new Non-Qualified Consumer Credit interchange programs that will apply to transactions that do not qualify for Custom Payment Service (CPS).

| New Fee Program | Rate |
|---|----------------|
| Visa Non-Qualified Consumer Credit | 3.15% + \$0.10 |
| Visa Non-Qualified Consumer Credit Fuel Cap | 0.00% + \$1.10 |
| VS VIN Travel | 2.30% + \$0.10 |

Because of the new fee programs, the following Electronic and Standard interchange fees will no longer apply to Visa consumer credit transactions:

| Existing Fee Program | Rate |
|------------------------------|----------------|
| Standard Credit | 2.70% + \$0.10 |
| EIRF Credit | 2.30% + \$0.10 |
| Signature Preferred Standard | 2.95% + \$0.10 |
| Visa Infinite - Standard | 2.95% + \$0.10 |

Visa is also introducing new Supermarket Programs for consumer credit transactions at MCC 5411.

| Existing Fee Program – Visa Traditional | Rate | New Fee Program | Rate |
|---|----------------|-----------------|----------------|
| CPS Supermarket Credit | 1.22% + \$0.10 | VT SPMKT | 1.50% + \$0.07 |
| CPS Small Ticket Credit | 1.65% + \$0.04 | VT SPMKT | 1.50% + \$0.07 |

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| Existing Fee Program – Visa Rewards | Rate | New Fee Program | Rate |
|-------------------------------------|----------------|-----------------|----------------|
| CPS Rewards 1 | 1.65% + \$0.10 | VTR SPMKT | 1.50% + \$0.07 |
| CPS Small Ticket Credit | 1.65% + \$0.04 | VTR SPMKT | 1.50% + \$0.07 |

| Existing Fee Program – Visa Signature and Visa Infinite (No Spend) | Rate | New Fee Program | Rate |
|--|----------------|-----------------|----------------|
| CPS Rewards 1 | 1.65% + \$0.10 | VS VIN SPMKT | 1.65% + \$0.07 |
| CPS Small Ticket Credit | 1.65% + \$0.04 | VS VIN SPMKT | 1.65% + \$0.07 |

| Existing Fee Program – Visa Signature Preferred and Visa Infinite (Spend) | Rate | New Fee Program | Rate |
|---|----------------|-----------------|----------------|
| Signature Preferred - Retail | 2.10% + \$0.10 | VSP VIQ SPMKT | 2.00% + \$0.07 |
| Visa Infinite - Retail | 2.10% + \$0.10 | VSP VIQ SPMKT | 2.00% + \$0.07 |

Client Impact: These changes will be reflected in the Interchange Summary, which will be published in April in conjunction with the release. Please contact your Relationship Management team with any questions.

Changes to Interchange Fee Programs for Visa Business and Commercial Transactions

| Release Date | | Impact |
|----------------|-----------------|--------|
| April 17, 2020 | Authorization | |
| | Settlement | |
| | Interchange | X |
| | Card Brand Fees | |
| | Disputes | |

Effective April 17, 2020, Visa will implement changes to modify the fee item descriptors and rates for select existing Business, Corporate, and Purchasing interchange fee programs.

| Fee Program | Existing Fee Program Descriptor | New Fee Program Descriptor | Existing Rate |
|---------------------------|---------------------------------|----------------------------|----------------|
| Business Standard - Debit | US BUS STD DB | NON QUAL BUS DB | 2.95% + \$0.10 |

Regulatory Summary

| Fee Program | Existing Fee Program Descriptor | New Fee Program Descriptor | Existing Rate |
|-------------------------------|---------------------------------|----------------------------|----------------|
| Commercial Standard - Prepaid | US COMM STD PP | NON QUAL COMM PP | 2.95% + \$0.10 |
| Corporate - Standard | US CORP STD | NON QUAL CORP CR | 2.95% + \$0.10 |
| Corporate – Standard w/Data | US CORP STD DATA | NON QUAL CRP DATA | 2.95% + \$0.10 |
| Purchasing – Standard | US PURCH STD | NON QUAL PURCH CR | 2.95% + \$0.10 |
| Purchasing – Standard w/Data | US PUR STD DATA | NON QUAL PUR DATA | 2.95% + \$0.10 |

Visa is introducing a new Business Spend Assessment Tier for annual spend ranges of \$250,000 or more. The new annual spend tiers are now as follows:

| Tiers | Annual Spend Ranges |
|-----------------|------------------------------|
| Business Tier 1 | \$19,999.99 or less |
| Business Tier 2 | \$20,000.00 to \$39,999.99 |
| Business Tier 3 | \$40,000.00 to \$99,999.99 |
| Business Tier 4 | \$100,000.00 to \$249,999.99 |
| Business Tier 5 | \$250,000.00 or more |

| Existing Fee Program | Existing Rate | New Fee Program Descriptor | New Rate |
|----------------------------|----------------|----------------------------|----------------|
| Business Standard Tier 1 | 2.95% + \$0.10 | NON QUAL BUS CR | 3.15% + \$0.20 |
| Business Standard Tier 2 | 2.95% + \$0.20 | NON QUAL BUS CR | 3.15% + \$0.20 |
| Business Standard Tier 3 | 2.95% + \$0.20 | NON QUAL BUS CR | 3.15% + \$0.20 |
| Business Standard Tier 4 | 2.95% + \$0.25 | NON QUAL BUS CR | 3.15% + \$0.20 |
| Business Electronic Tier 1 | 2.40% + \$0.10 | US BUS TR1 TRVL | 2.35% + \$0.10 |
| Business Electronic Tier 2 | 2.75% + \$0.15 | US BUS TR2 TRVL | 2.50% + \$0.10 |

Regulatory Summary

| Existing Fee Program | Existing Rate | New Fee Program Descriptor | New Rate |
|----------------------------|----------------|----------------------------|----------------|
| Business Electronic Tier 3 | 2.85% + \$0.20 | US BUS TR3 TRVL | 2.55% + \$0.10 |
| Business Electronic Tier 4 | 2.95% + \$0.20 | US BUS TR4 TRVL | 2.65% + \$0.10 |
| n/a | n/a | US BUS TR5 TRVL | 2.70% + \$0.10 |
| Business CNP Tier 1 | 2.25% + \$0.10 | US BUS TR1 PRD1 | 2.65% + \$0.10 |
| Business CNP Tier 2 | 2.45% + \$0.15 | US BUS TR2 PRD1 | 2.80% + \$0.10 |
| Business CNP Tier 3 | 2.60% + \$0.20 | US BUS TR3 PRD1 | 2.85% + \$0.10 |
| Business CNP Tier 4 | 2.70% + \$0.20 | US BUS TR4 PRD1 | 2.95% + \$0.10 |
| n/a | n/a | US BUS TR5 PRD1 | 3.00% + \$0.10 |
| Business Retail Tier 1 | 2.20% + \$0.10 | US BUS TR1 PRD2 | 1.90% + \$0.10 |
| Business Retail Tier 2 | 2.30% + \$0.10 | US BUS TR2 PRD2 | 2.05% + \$0.10 |
| Business Retail Tier 3 | 2.40% + \$0.10 | US BUS TR3 PRD2 | 2.10% + \$0.10 |
| Business Retail Tier 4 | 2.50% + \$0.10 | US BUS TR4 PRD2 | 2.20% + \$0.10 |
| n/a | n/a | US BUS TR5 PRD2 | 2.25% + \$0.10 |

| Fee Program | Existing Rate | New Rate |
|--------------------------------------|----------------|----------------|
| Corporate – Fuel Level 2 | 2.05% + \$0.10 | 2.20% + \$0.10 |
| Purchasing – Fuel Level 2 | 2.05% + \$0.10 | 2.20% + \$0.10 |
| Business Level 2 – Tier 1 | 2.05% + \$0.10 | 1.90% + \$0.10 |
| Business Level 2 – Tier 3 | 2.05% + \$0.10 | 2.10% + \$0.10 |
| Business Level 2 – Tier 5 | n/a | 2.25% + \$0.10 |
| Commercial Business Utility – Tier 5 | n/a | 0.00% + \$1.50 |

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Visa is also discontinuing the Business Card Business-to-Business Fee program. Visa Business credit transactions from B2B merchants will qualify for the appropriate fee program based on transaction data.

| Fee Descriptor | Rate | Action |
|----------------|----------------|--------------|
| US BUS TR1 B2B | 2.10% + \$0.10 | Discontinued |
| US BUS TR2 B2B | 2.25% + \$0.10 | Discontinued |
| US BUS TR3 B2B | 2.40% + \$0.10 | Discontinued |
| US BUS TR4 B2B | 2.50% + \$0.10 | Discontinued |

Client Impact: These changes will be reflected in the Interchange Summary, which will be published in April in conjunction with the release. Please contact your Relationship Management team with any questions.

Updated Policy for Subscription Merchants Offering Free Trials or Introductory Promotions

| Release Date | | Impact |
|----------------|-----------------|--------|
| April 18, 2020 | Authorization | X |
| | Settlement | |
| | Interchange | |
| | Card Brand Fees | |
| | Disputes | X |

Effective April 18, 2020, Visa is updating its rules related to transactions at merchants that offer free trials or introductory offers as part of an ongoing subscription service. The changes apply to businesses selling either physical or digital goods or services:

Express Consent: At the time of enrollment, merchants must require the cardholder to expressly consent to entering an ongoing subscription service for recurring payments.

Enhanced Notification: At the time of enrollment, merchants must send an electronic copy (i.e., email or SMS / text, if agreed with the cardholder) of the terms and conditions of the subscription service to the cardholder, even if no amount was due at the time. This must include:

- Confirmation that the cardholder has agreed to a subscription, unless the cardholder cancels.
- The start date of the subscription.
- Details of the goods / services.
- Ongoing transaction amount and billing frequency / date.
- Link or other simple mechanism to enable the cardholder to easily cancel any subsequent transactions online.

Merchants must also send an electronic reminder notification (i.e., email or SMS / text) a link to online cancellation at least seven (7) days before initiating a recurring transaction if:

- A trial period, introductory offer or promotional period has expired.
- The nature of the recurring agreement has changed (for example, the price or billing period).

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Explicit Transaction Receipts: Merchants must disclose the following on transaction receipts upon establishment of the agreement:

- Length of any trial period, introductory offer or promotional period, including clear disclosure that the cardholder will be charged unless the cardholder takes steps to cancel any subsequent transactions.
- Transaction amount and date for the initial transaction (even if no amount is due) and for subsequent recurring transactions.
- A link or other simple mechanism to enable the cardholder to easily cancel any subsequent transactions online via SMS / text message.

Easier Cancellation/Modification: Merchants must provide an easy way to cancel the subscription or payment method online, regardless of how the cardholder initially interacted with the merchant. For example, the ease of cancellation should be similar to “unsubscribing” from an email distribution list.

Statement Descriptor: An additional descriptor indicating a trial period-related transaction will be required in the Merchant Name field for the first financial transaction at the end of the trial period. This descriptor (e.g., “trial,” “trial period,” “free trial”) will then appear on cardholder statements, online banking, mobile apps and SMS / text alerts. Additionally, the Recurring Payment Indicator will be required to be populated for the first transaction, even if the amount is not equal to the usual / ongoing obligation (this is currently optional).

Expanded Dispute Rights: Issuers will be able to raise disputes under the expanded Condition 13.5—Misrepresentation, for transactions where merchandise or digital goods have been purchased (i) through a trial period or (ii) as a one-off purchase, and the cardholder was not clearly advised of further billing after the purchase date.

Additionally, specific documentation requirements will be implemented to protect merchants that have acted appropriately, provided they can prove:

- (i) the cardholder expressly agreed to future transactions at the time of the initial interaction; and
- (ii) the merchant electronically notified the cardholder (based on the details the cardholder provided) before processing new transactions following the trial / promotional period.

Note: Existing Dispute Condition 13.2—Cancelled Recurring Transaction will continue to apply when the cardholder expressly withdrew their permission to charge their account for recurring transactions, or the merchant was advised that the cardholder’s account was closed. The expanded Dispute Condition 13.5—Misrepresentation will apply specifically when the cardholder claims to have never agreed to a recurring / subscription arrangement with the merchant.

Client Impact: Visa also expanded its rules around Negative Option and Up-Selling merchants to require additional cardholder disclosure and consent requirements. Negative Option is a scenario that requires a cardholder to expressly reject the merchant’s offer of additional goods and/or services during the transaction process, or expressly decline to participate in future transactions (e.g., via a pre-selected check-box that the cardholder must un-check). Up-Selling is defined by Visa as a seller of goods or services different from, and not affiliated with or a subsidiary of, the initial merchant with whom the cardholder initiates the transaction, which the cardholder must expressly agree to by way of “click to accept” (for example, purchasing an insurance or maintenance service to be supplied by an unrelated entity to the seller of the goods). Please contact your Relationship Management team with any questions.

Updated Dispute Resolution Rules

| Release Date | | Impact |
|----------------|-----------------|--------|
| April 18, 2020 | Authorization | |
| | Settlement | |
| | Interchange | |
| | Card Brand Fees | |
| | Disputes | X |

Effective for pre-arbitration attempts processed on or after April 18, 2020, for EMV Liability Shift Counterfeit Fraud and Other Fraud – Card Present Environment, Visa will allow acquirers to provide additional types of compelling evidence for card-present U.S. domestic key-entered transactions processed at non-chip terminals, including:

- Evidence of another payment on the same card that was undisputed. For example, evidence, such as a transaction receipt, demonstrating the cardholder’s card was used in a transaction the week before and was not disputed.
- Evidence of the cardholder’s identification and signed copy of the receipt, contract or invoice that links the identification presented by the cardholder. For example, a signed contract and the cardholder’s ID information showing the cardholder agreed to pay for the disputed transaction.

Client Impact: Please contact your Relationship Management team with any questions.

Updated EMV Liability Shift Dates for Automated Fuel Dispensers and ATM Transactions

| Release Date | | Impact |
|-----------------|-----------------|--------|
| October 1, 2020 | Authorization | |
| | Settlement | |
| | Interchange | |
| | Card Brand Fees | |
| | Disputes | X |

The EMV liability shift for U.S. domestic automated fuel dispenser (AFD) transactions has been delayed until October 1, 2020.

As a reminder, the liability shift date of October 1, 2017 for counterfeit international transactions at AFD businesses, as well as ATM transactions, if such business has not adopted contact chip terminals, remains unchanged.

Client Impact: Please contact your Relationship Management team with any questions.

2. Mastercard® Worldwide

Transaction Integrity Class Field

| Release Date | | Impact |
|----------------|-----------------|--------|
| April 17, 2020 | Authorization | X |
| | Settlement | X |
| | Interchange | X |
| | Card Brand Fees | |
| | Disputes | |

Mastercard is requiring the Transaction Integrity Class field, which will be used for interchange qualification, to be passed in authorization and settlement. The TIC value will be assigned by Mastercard in the authorization response message and must be sent on all U.S. domestic purchase transactions. Valid values for the TIC field are as follows:

| Card Presence | Description | Value |
|------------------------------------|--|-------|
| Card and Cardholder Present | EMV/Token in a Secure, Trusted Environment | A1 |
| Card and Cardholder Present | EMV/Chip Equivalent | B1 |
| Card and Cardholder Present | Mag Stripe | C1 |
| Card and Cardholder Present | Key Entered | E1 |
| Card and Cardholder Present | Unclassified | U0 |
| Card and/or Cardholder Not Present | Digital Transactions | A2 |
| Card and/or Cardholder Not Present | Authenticated Checkout | B2 |
| Card and/or Cardholder Not Present | Transaction Validation | C2 |
| Card and/or Cardholder Not Present | Enhanced Data | D2 |
| Card and/or Cardholder Not Present | Generic Messaging | E2 |
| Card and/or Cardholder Not Present | Unclassified | U0 |

Client Impact: TSYS has been fully prepared to support this field as of February 2018. Businesses should ensure that their systems are ready for the TIC field in advance of the mandate, as a lack of readiness will result in financial impact due to qualification downgrades. Please contact your Relationship Management team with any questions.

Mastercard Masterpass Sunset

| Release Date | | Impact |
|----------------|-----------------|--------|
| March 31, 2020 | Authorization | X |
| | Settlement | |
| | Interchange | |
| | Card Brand Fees | |
| | Disputes | |

Effective March 31, 2020, Mastercard will sunset legacy Masterpass versions 7 and below. Masterpass participants must choose between the following options before February 15, 2020 in order to complete the update:

- 1) Masterpass partners can choose to upgrade from Masterpass to the new Mastercard Secure Remote Commerce Program.
- 2) Masterpass partners can choose not to upgrade to SRC and remove any Masterpass references from their website – including the Masterpass button, text references, links, etc.

Masterpass buttons that remain on a merchant website after March 31, 2020, will display an error message to customers when clicked.

Client Impact: Mastercard believes they have been in contact directly with all current Masterpass participants. If you support Masterpass, and have not been contacted directly by Mastercard, please contact your Relationship Management team.

Mastercard Purchase Return Authorization

| Release Date | | Impact |
|----------------|-----------------|--------|
| April 17, 2020 | Authorization | X |
| | Settlement | |
| | Interchange | |
| | Card Brand Fees | |
| | Disputes | X |

Effective April 17, 2020, Mastercard will require Acquirers to support purchase return authorizations. Merchant participation at this time is optional.

Client Impact: TSYS Authorization systems will be ready to support Mastercard purchase return authorizations in April. Please contact your Relationship Management team with any questions

Updated Chip Liability Shift Delays for U.S. Region AFD Merchants

| Release Date | | Impact |
|-----------------|-----------------|--------|
| October 1, 2020 | Authorization | |
| | Settlement | |
| | Interchange | |
| | Card Brand Fees | |
| | Disputes | X |

The chip liability shift for Mastercard and Maestro U.S. domestic contact and contactless chip/PIN transactions processed at Automated Fuel Dispenser (AFD) terminals is effective October 1, 2020.

Client Impact: Please contact your Relationship Management team with any questions.

Revised Standards for Partial Authorization Support

| Release Date | | Impact |
|------------------|-----------------|--------|
| October 20, 2020 | Authorization | X |
| | Settlement | |
| | Interchange | |
| | Card Brand Fees | |
| | Disputes | |

Effective October 20, 2020, a newly deployed POS Terminal that is EMV certified and identified with any of the MCCs below, must support partial authorization approval for all card present transactions conducted with a Mastercard or Maestro branded prepaid or debit card.

| MCC | Description |
|------|---|
| 5310 | Discount Stores |
| 5311 | Department Stores |
| 5411 | Grocery Stores, Supermarkets |
| 5541 | Service Stations |
| 5542 | Automated Fuel Dispenser |
| 5621 | Women's Ready to Wear Stores |
| 5691 | Men's and Women's Clothing Stores |
| 5723 | Electronic Sales |
| 5812 | Eating Places, Restaurants |
| 5814 | Fast Food Restaurants |
| 5912 | Drug Stores, Pharmacies |
| 5999 | Miscellaneous and Specialty Retail Stores |

Client Impact: This will be mandated for all POS Terminals for the above MCCs in 2023. Please contact your Relationship Management team with any questions.

3. Discover® Network

TSYS Merchant Solutions has received the following information on upcoming Regulatory changes for Discover. You may have received these requirements separately from your contacts at Discover. TSYS Merchant Solutions' proprietary systems will have the changes in place and tested prior to the required dates. We are working with our vendors to determine the dates their changes will be made. Please contact your Technical Support Analyst or national account team with questions. We will assist you with the information we have access to, however, it may be necessary for you to contact your representatives at the respective organizations for additional details. The changes are as follows:

Discover Rate Changes

| Release Date | | Impact |
|----------------|-----------------|--------|
| April 17, 2020 | Authorization | |
| | Settlement | |
| | Interchange | X |
| | Card Brand Fees | |
| | Disputes | |

Discover is modifying several interchange rates for all card products:

| Interchange Program | Existing Rate | New Rate |
|---|---------------|--------------|
| DS PSL Restaurant Debit | 1.10% + 0.16 | 1.14% + 0.15 |
| DS PSL Retail Rewards | 1.71% + 0.10 | 1.72% + 0.10 |
| DS PSL Retail Premium | 1.71% + 0.10 | 1.74% + 0.10 |
| DS PSL Supermarkets/Whs Clubs Rewards | 1.60% + 0.10 | 1.62% + 0.10 |
| DS Card Not Present Rewards | 2.00% + 0.10 | 2.02% + 0.10 |
| DS PSL Emerging Markets Rewards | 1.45% + 0.05 | 1.50% + 0.05 |
| DS PSL Emerging Markets Premium | 1.45% + 0.05 | 1.50% + 0.05 |
| DS PSL Express Services Premium | 1.95% + 0.00 | 1.97% + 0.00 |
| DS PSL Hotels/Car Rentals Rewards | 1.90% + 0.10 | 1.92% + 0.10 |
| DS Hotel/Car Rental Premium Plus | 2.40% + 0.10 | 2.57% + 0.10 |
| DS PSL Key Entry Rewards | 2.00% + 0.10 | 2.02% + 0.10 |
| DS PSL Key Entry Premium | 2.00% + 0.10 | 2.02% + 0.10 |
| DS PSL Passenger Trans Rewards | 1.90% + 0.10 | 1.92% + 0.10 |
| DS Retail Core | 1.56% + 0.10 | 1.57% + 0.10 |
| DS Retail Premium Plus | 2.15% + 0.10 | 2.17% + 0.10 |
| DS Card Not Present Premium Plus | 2.40% + 0.10 | 2.45% + 0.10 |
| DS Key Entry Premium Plus | 2.40% + 0.10 | 2.45% + 0.10 |
| DS PSL - Supermarkets/Whs Clubs Prepaid | 1.10% + 0.16 | 1.12% + 0.16 |
| DS PSL - Retail Prepaid | 1.10% + 0.16 | 1.12% + 0.16 |
| DS PSL - Restaurants Prepaid | 1.10% + 0.16 | 1.14% + 0.15 |
| DS Card Not Present Prepaid | 1.75% + 0.20 | 1.76% + 0.20 |

Regulatory Summary

| Interchange Program | Existing Rate | New Rate |
|------------------------------------|---------------|--------------|
| DS Key Entry Prepaid | 1.75% + 0.20 | 1.76% + 0.20 |
| DS Commercial Electronic Prepaid | 2.30% + 0.10 | 2.35% + 0.10 |
| DS Comm Elec Debit | 2.30% + 0.10 | 2.35% + 0.10 |
| DS Comm Executive Electronic | 2.30% + 0.10 | 2.35% + 0.10 |
| DS E-Commerce Rewards | 2.00% + 0.10 | 2.02% + 0.10 |
| DS Card Not Present Premium | 2.00% + 0.10 | 2.02% + 0.10 |
| DS E-Commerce Premium | 2.00% + 0.10 | 2.02% + 0.10 |
| DS E-Commerce Premium Plus | 2.40% + 0.10 | 2.45% + 0.10 |
| DS E-Commerce Prepaid | 1.75% + 0.20 | 1.76% + 0.20 |
| DS E-Commerce Secured Rewards | 2.00% + 0.10 | 1.90% + 0.10 |
| DS E-Commerce Secured Premium | 2.00% + 0.10 | 1.95% + 0.10 |
| DS E-Commerce Secured Core | 1.89% + 0.10 | 1.80% + 0.10 |
| DS E-Commerce Secured Premium Plus | 2.40% + 0.10 | 2.35% + 0.10 |

Client Impact: These changes will be reflected in the Interchange Summary, which will be published in April in conjunction with the release. Please contact your Relationship Management team with any questions.

Discover Assessment Fee Increase

| Release Date | | Impact |
|----------------|-----------------|--------|
| April 17, 2020 | Authorization | |
| | Settlement | |
| | Interchange | |
| | Card Brand Fees | X |
| | Disputes | |

Effective April 17, 2020, Discover is increasing the assessment fee on gross sales volume.

| Fee Program | Existing Rate | New Rate |
|-------------------------|---------------|----------|
| Discover Assessment Fee | 0.13% | 0.14% |

Client Impact: Please contact your Relationship Management team with any questions.

New Discover Micro Interchange Fee Program

| Release Date | | Impact |
|----------------|-----------------|--------|
| April 17, 2020 | Authorization | |
| | Settlement | |
| | Interchange | X |
| | Card Brand Fees | |
| | Disputes | |

Effective April 17, 2020, Discover is introducing new Micro Fee Items applicable on all current US Consumer Interchange Programs. The Micro Ticket applies to consumer card sales less than or equal to \$5.00.

| Fee Item Name | Rate |
|------------------------------|----------------|
| DS Micro Ticket Debit | 1.80% + \$0.00 |
| DS Micro Ticket Prepaid | 1.80% + \$0.00 |
| DS Micro Ticket Core | 1.95% + \$0.00 |
| DS Micro Ticket Rewards | 1.95% + \$0.00 |
| DS Micro Ticket Premium | 1.97% + \$0.00 |
| DS Micro Ticket Premium Plus | 2.05%+ \$0.05 |
| DS REGF Micro Ticket Debit | 0.05%+ \$0.22 |
| DS REGF Micro Ticket Prepaid | 0.05%+ \$0.22 |
| DS REG Micro Ticket Debit | 0.05%+ \$0.21 |
| DS REG Micro Ticket Prepaid | 0.05%+ \$0.21 |

Client Impact: These changes will be reflected in the Interchange Summary, which will be published in April in conjunction with the release. Please contact your Relationship Management team with any questions.

New Discover Fees

| Release Date | | Impact |
|----------------|-----------------|--------|
| April 17, 2020 | Authorization | |
| | Settlement | |
| | Interchange | |
| | Card Brand Fees | X |
| | Disputes | |

Effective April 17, 2020, Discover is introducing a new Program Integrity Fee for all transactions submitted or downgraded to the Mid Submission Level and U.S. Base Submission Level Programs for card sales.

Discover is also introducing a new Ticket Retrieval Fee for each Ticket Retrieval Request.

| Fee Program | Existing Rate |
|-------------------------------|---------------|
| Discover Integrity Fee | \$0.05 |
| Discover Ticket Retrieval Fee | \$1.00 |

Client Impact: Please contact your Relationship Management team with any questions.

Discover Purchase Return Authorization

| Release Date | | Impact |
|----------------|-----------------|--------|
| April 17, 2020 | Authorization | X |
| | Settlement | |
| | Interchange | |
| | Card Brand Fees | |
| | Disputes | X |

Effective April 17, 2020, Discover will require Acquirers to support purchase return authorizations. Merchant participation at this time is optional.

Client Impact: TSYS Authorization systems will be ready to support Discover purchase return authorizations in April. Please contact your Relationship Management team with any questions.

4. American Express OptBlueSM

TSYS Merchant Solutions has received the following information on upcoming Regulatory changes for American Express. You may have received the requirements directly from American Express or from their web site:

<https://www209.americanexpress.com/merchant/marketing-data/pages/home>.

TSYS Merchant Solutions' proprietary systems will have the changes in place and tested prior to the required dates. We are working with our vendors to determine the dates their changes will be made. Please contact your Technical Support Analyst or national account team with questions. We will assist you with the information we have access to, however, it may be necessary for you to contact your American Express representative for additional details. The changes are as follows:

OptBlue Rate Changes

| Release Date | | Impact |
|----------------|-----------------|--------|
| April 17, 2020 | Authorization | |
| | Settlement | |
| | Interchange | X |
| | Card Brand Fees | |
| | Disputes | |

Effective April 17, 2020, American Express is moving MCC 8661 – Religious Organizations to the Emerging Market Interchange Program and making the following rate changes to the Restaurant and Service & Professional Service Interchange Programs:

| Program | Previous Rate | New Rate | New Tier Volume |
|------------------------------------|---|---|--|
| Religious Organizations (8661 MCC) | Tier 1: 1.50% + \$0.10 Tier 2: 1.85% + \$0.10 Tier 3: 2.30% + \$0.10 | Tier 1: 1.43% + \$0.10 Tier 2: 2.05% + \$0.10 Tier 3: 2.70% + \$0.10 | Tier 1: < or = \$1,200.00 Tier 2: \$1200.01-\$4,000 Tier 3: > \$4,000 |
| Restaurant | Micro: 1.60% + \$0.04 Tier 1: 1.85% + \$0.10 Tier 2: 2.50% + \$0.10 Tier 3: 2.85% + \$0.10 | Micro: 2.00% + \$0.02 Tier 1: 1.60% + \$0.04 Tier 2: 1.85% + \$0.10 Tier 3: 2.50% + \$0.10 Tier 4: 2.85% + \$0.10 | Micro: < or = \$5.00 Tier 1: \$5.01-\$15.00 Tier 2: \$15.01-\$30.00 Tier 3: \$30.01-\$150.00 Tier 4: >\$150.00 |
| Service & Professional Service | Micro: 1.60% + \$0.04 Tier 1: 1.70% + \$0.10 Tier 2: 2.00% + \$0.10 Tier 3: 2.40% + \$0.10 | Micro: 2.00% + \$0.02 Tier 1: 1.60% + \$0.04 Tier 2: 1.70% + \$0.10 Tier 3: 2.00% + \$0.10 Tier 4: 2.40% + \$0.10 | Micro: < or = \$5.00 Tier 1: \$5.01-\$15.00 Tier 2: \$15.01-\$250.00 Tier 3: \$250.01 - \$3,000 Tier 4: >\$3,000 |

Client Impact: These rates and tier volumes changes will be reflected in the Interchange Summary, which will be published in April in conjunction with the release. Please contact your Relationship Management team with any questions.

OptBlue Fee Changes

| Release Date | | Impact |
|----------------|-----------------|--------|
| April 17, 2020 | Authorization | |
| | Settlement | |
| | Interchange | |
| | Card Brand Fees | X |
| | Disputes | |

Effective April 17, 2020, American Express is updating pricing for the Network Fee on gross sales dollar volume and the Inbound Fee applied on any charge made using a card that was issued outside of the United States.

| Fee Name | Previous Rate | New Rate |
|------------------|---------------|----------|
| AMEX Network Fee | 0.15% | 0.16% |
| AMEX Inbound Fee | 0.40% | 1.00% |

Client Impact: These rates will be reflected in the Interchange Summary, which will be published in April in conjunction with the release. Please contact your Relationship Management team with any questions.

5. ACH

Updated ACH Security Framework

| Release Date | | Impact |
|--------------------------------|-----------------|--------|
| June 30, 2020 June 30, 2021 | Authorization | |
| | Settlement | |
| | Interchange | |
| | Card Brand Fees | |
| | Disputes | |

The existing ACH Security Framework requires Originators, Third-Party Service Providers, and Third-Party Senders to establish, implement and update security policies, procedures and systems related to the initiation, processing and storage of ACH entries. These policies, procedures, and systems must protect the confidentiality and integrity of Protected Information; protect against anticipated threats or hazards to the security or integrity of Protected Information; and protect against unauthorized use of information that could result in substantial harm to a natural person.

The new Supplementing Data Security Requirements rule expands the existing ACH Security Framework to explicitly require large Originators, Third-Party Service Providers, and Third-Party Senders to protect account numbers used in the initiation of ACH entries by rendering them unreadable when stored electronically.

Note: The rule applies only to account numbers collected for or used in ACH transactions and does not apply to the storage of paper authorizations.

Any Originator, Third-party Service Provider or Third-Party Sender that originates 6 million or more ACH transactions in calendar year 2019 will need to be compliant by June 30, 2020. Any Originator, Third-party Service Provider or Third-Party Sender that originates 2 million or more ACH transactions in calendar year 2020 will need to be compliant by June 30, 2021.

Client Impact: Please contact your Relationship Management team with any questions.