

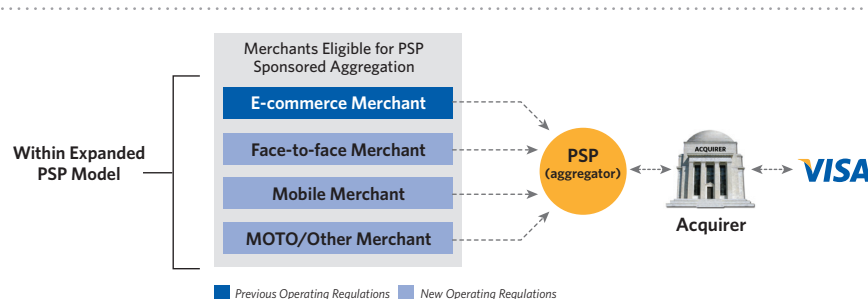
Introducing Visa's New Payment Service Provider Model

An Expanded Framework for Merchant Aggregation

Effective 1 July 2011, Visa has extended its merchant aggregation model to cover **all** commerce types, including the merchant face-to-face environment. The new Payment Service Provider (PSP) model enables merchant aggregation beyond the e-commerce channel, helping to increase card acceptance for merchants who do not have a traditional acquiring relationship.

The PSP operating rules, which apply to all Visa Inc. regions (AP, Canada, CEMEA, LAC, and US)*, define participant roles and obligations.

- A PSP contracts with an acquirer to provide payment services to a sponsored merchant.
- A sponsored merchant (seller) contracts with a PSP to obtain payment services.
- Acquirers are responsible for the actions of their PSPs and the PSP's sponsored merchants.



A Model That Benefits Everyone

The new PSP model is likely to have a positive impact on all key stakeholders in the payment processing system. Here are just a few of the core benefits:

For Acquirers

- Reduces the cost of signing and supporting merchants with low sales volume and/or specialized needs.
- Broadens the types and the number of merchants eligible for payment acceptance (e.g., charities, individuals/professionals, community and sports events, farmer's markets, etc.).
- Provides Visa payment acceptance options to traditionally cash and check payment environments.

For Merchants

- Reduces start-up costs for brick and mortar merchants who want to add an e-commerce or m-commerce payment acceptance channel.
- Offers cost-effective merchant processing solutions for cash and check merchants.
- Provides merchants with additional payment-acceptance-related service and support.

For Cardholders

- Increases payment acceptance utility and convenience by providing more merchant locations that accept the Visa cards, and more channels to make purchases.

For Issuers

- Offers an opportunity for increased card volumes.

For PSPs

- Enables a new form of participation in the Visa payment system.
- Standardizes current merchant aggregation business models.

* Excluding Visa Europe

Are You Eligible to Participate in The New PSP Model?

As part of the new PSP model, Visa has established a clear set of eligibility requirements for all program participants.

Participant	Key Responsibilities	Program Eligibility
Acquirer	<ul style="list-style-type: none"> Contracts with PSPs to enable sponsorship of merchants. Monitors compliance of PSPs in accordance with the <i>Visa International Operating Regulations</i>. 	<ul style="list-style-type: none"> Must be in good standing in all Visa risk management programs in order to sponsor PSPs. Must meet Visa's minimum risk rating standards and minimum equity requirement of US \$100 million.**
PSP	<ul style="list-style-type: none"> Contracts with an acquirer to provide Visa payment services to sponsored merchants. Contracts with sponsored merchants to enable Visa payment acceptance. Monitors compliance of Sponsored Merchant activity in accordance with the <i>Visa International Operating Regulations</i>. 	<ul style="list-style-type: none"> Must be located within the acquirer's jurisdiction. Cannot be listed on the Terminated Merchant File (TMF), or similar. Cannot act as a sponsor for another payment service provider.
Sponsored Merchant	<ul style="list-style-type: none"> Contracts with PSP. Sells products and services to Visa cardholders. Accepts Visa products as payment. 	<ul style="list-style-type: none"> Certain MCC restrictions on participating as a sponsored merchant.*** Must sign a direct merchant agreement with an acquirer when annual Visa sales exceed US \$100,000 (Sponsored Merchant can maintain PSP relationship for payment services). Must be located within the acquirer's jurisdiction. Cannot be listed on the TMF, or similar.

Other General Requirements

To register a PSP, an acquirer must send the appropriate registration forms and supporting documentation to Visa to confirm that it has performed a comprehensive PSP risk and financial review, as specified in *Third Party Agent Due Diligence Risk Standards*. Acquirers must submit all registration materials using the Visa Membership Management application, or as otherwise specified by Visa.

Currently, there is a one-time fee of \$5,000 and annual registration fee of \$2,500, per PSP-acquirer relationship, in the AP, Canada, CEMEA, LAC, and US regions. The current fees schedule in Visa AP and CEMEA is a one-time fee of \$5,000 and annual registration fee of \$5,000. The fees are the same as those for registration of Independent Sales Organizations (ISOs) and other Third Party Agents (Third Party Agents who are already registered do not need to pay additional fees to register as a PSP).

The PSP operating rules are subject to and a part of the *Visa International Operating Regulations*. For further information on PSP requirements, including rules pertaining to chargeback liabilities, merchant descriptors, convenience fees and all other aspects of the PSP program, please consult the *Visa International Operating Regulations* on the Visa Publication Center available through Visa Online.

For More Information

ISOs and Agents: Contact your Visa acquirer.

Acquirers: Contact your Visa Account Executive or call (416) 860-8600 (in Canada) or (888) 847-2242 (in the U.S.) to speak with a Visa subject matter expert.

**If a PSP exceeds US \$50 million in annual Visa transaction volume, the acquirer must meet a minimum equity requirement of US \$500 million or manage all sponsored merchant funding directly.

***Excluded merchant types (but may be signed under direct acquiring agreements): Buyers clubs/ membership clubs, credit counseling or credit repair services, credit protection/identity theft protection, direct marketing-subscription merchants, infomercial merchants, Internet pharmacies, Internet pharmacy referral sites, multi-level marketing businesses, outbound telemarketers, rebate-based businesses and up-selling merchants. Merchants belonging to High-Brand Risk Merchant Category Codes (as defined in the *Visa International Operating Regulations*) are only eligible to participate in the High Risk Internet Payment Service Provider program. Please consult the VIOR for further details.

