

Visa Canada Corporation Undertaking Dated 4 November 2014 (the “Undertaking”)

Preamble

WHEREAS the purpose of this Undertaking is to specifically address concerns expressed by the Department of Finance regarding the cost of acceptance for credit card transactions that occur in Canada; and

WHEREAS Visa Canada Corporation has been engaged in discussions with the Department of Finance regarding such concerns and the Department of Finance has specifically authorized this Undertaking.

Definitions

Acquirer means a participant in a Payment Network in Canada that provides services to Merchants to enable Merchants to accept payment transactions;

Credit Card means a general purpose credit or charge card that can be used for purchasing goods and services on credit, commonly known as a credit card, and excludes small business, corporate and purchasing cards;

Credit Card Transaction means a transaction in Canada between a Canadian Credit Card holder and a Canadian Merchant involving the purchase of goods or services using a Credit Card (net of credits, reversals and chargebacks);

Interchange Rates are the default rates established by a Payment Network for fees paid by an Acquirer to an Issuer in relation to a Credit Card Transaction and does not include rates that an Issuer or an Acquirer may choose to negotiate between themselves;

Issuer means an entity located in Canada that issues Credit Cards to the Issuer’s customers;

Merchant means a merchant located in Canada that accepts Credit Cards for payment of goods and services;

Merchant Discount Rate means a transaction based fee charged by an Acquirer to a Merchant for acquiring Credit Card Transactions from that Merchant and any other services the Acquirer may provide the Merchant;

Payment Network means an entity located in Canada that promotes its products to cardholders and Merchants through the use of an Issuer or partner, including but not limited to financial institution partners, or through the use of an Acquirer, or both;

Visa Canada means Visa Canada Corporation.

Visa Canada hereby commits to implement the following practices:

1. For a period of five years from April 30, 2015 (the “**Effective Date**”), the Visa Canada average effective Interchange Rate for domestic Credit Card Transactions will be reduced from Visa Canada’s average effective Interchange Rate as of September 30, 2014 (the “**Initial Rate**”) to and held at 1.50 % or less (the “**Rate Commitment**”), calculated according to the formula set forth below.
2. The Rate Commitment relates to Visa Canada’s system-wide volume-weighted average effective Interchange Rate for domestic Credit Card Transactions (as opposed to a per transaction cap) for a twelve month period.
3. Visa Canada will provide the Department of Finance with independent third party verification confirming the Initial Rate and that planned changes will reasonably achieve the Rate Commitment.
4. While this Undertaking is in effect, Visa Canada will provide the Department of Finance with an annual certificate confirming (i) its compliance with the Rate Commitment for each 12 month period ending April 30th; and (ii) that any changes to be implemented will reasonably achieve the Rate Commitment. Such certificate will be validated by an independent third party and provided by May 31 each year this Undertaking is in effect. If Visa Canada’s average effective Interchange Rate for domestic Credit Card Transactions is above 1.50 % for a 12 month period ending April 30th, Visa Canada will implement Interchange Rate adjustments by October 31st that will return the average effective Interchange Rate to 1.50 % or less by for the 12 month period ending the following April 30th. For greater certainty, in the event that Visa Canada does not adhere to the Rate Commitment while this Undertaking is in effect, its sole obligation is to adjust its Interchange Rates as outlined above and under no circumstances shall Visa Canada be required to compensate or otherwise refund any Merchant, Issuer or Acquirer.
5. For purposes of achieving compliance with Section 1 above, the Interchange Rate reductions introduced on the Effective Date shall be reasonably spread across the Merchant community, delivering benefits to Merchants of different sizes; however, notwithstanding the foregoing, Visa Canada shall make reasonable efforts to provide more significant reductions to charities and to categories of Interchange Rates to which small business Merchants’ transactions typically attract. Visa Canada further agrees that no one Merchant or Merchant category shall receive a disproportionate share of the reduction.
6. For purposes of achieving compliance with Sections 1 – 4 above, the calculation of the average effective Interchange Rate for domestic Credit Card transactions *excludes* any custom Interchange Rate agreements

that may exist between Visa Canada, Issuers, Acquirers, and/or Merchants relating to co-brand issuance. Any custom Interchange Rate agreements between Visa Canada, Issuers, Acquirers, and/or Merchants only applies to the average effective Interchange Rate calculation if the same Interchange Rate is applicable equally to all Issuers.

7. Visa Canada supports an amendment to the Code of Conduct for the Credit and Debit Industry (the “**Code of Conduct**”) which requires Acquirers to reduce their Merchant Discount Rates by at least the same amount of any Interchange Rate reductions introduced by Visa Canada on the Effective Date. For greater certainty, (i) nothing herein shall preclude Issuers and Acquirers from negotiating lower Interchange Rates; and (ii) Acquirers shall be free to establish Merchant Discount Rates in their sole discretion, including without limitation a Merchant Discount Rate that is lower than Visa Canada’s default Interchange Rates.
8. If Visa Canada determines, in its sole discretion, that it is disadvantaged in any way as a result of entering into this Undertaking, Visa Canada reserves the right at any time to terminate or amend this Undertaking in order to address or eliminate such disadvantage by providing the Department of Finance notice of such termination or changes, as applicable.