



Electronic Transactions Association

Mr. Bruce McElhinney
Head of U.S. & Canada Sales
Visa Inc.
P.O. Box 8999
San Francisco, CA 94128-8999

October 17, 2008

Dear Bruce,

We are writing to you on behalf of the 500 member companies of the Electronic Transactions Association (ETA) to suggest an opportunity of mutual benefit to every stakeholder in the payment card industry. The current communication processes for regulatory and interchange release notices emanating from the card companies pose significant challenges to achieving timely implementation of changes and compromise compliance.

The acquiring community believes that the resulting inefficiencies have slowed implementation, increased costs, and created elevated levels of risk in the payments system. These frequent and mandated modifications have also affected our merchant customers. Faced with a regular stream of change requirements at the point of sale, merchants have begun to question, resist and demand greater transparency on all aspects of payment card acceptance, particularly interchange. This has contributed to additional scrutiny by law makers and increased the potential for unwanted external regulation.

Fortunately, we believe that many of these problems are within our collective control to resolve. The ETA seeks the opportunity to discuss improvements to the management of rate, technical and regulatory release implementation. Further, to work individually and collectively with the card companies to devise viable and mutually advantageous solutions.

The following are current conditions identified by ETA's constituents that have adversely impacted their businesses and created the undesirable effects described above:

- The frequency and volume of interchange and regulatory release notices has increased significantly in the past few years due to numerous requirements generated from multiple card companies on non-standard schedules. For example, during the years 2006-08, the ETA identified 11 first-generation rate and/or technical changes issued by Visa. Subsequently, Visa issued 67 modifications associated with these 11 primary notices. At the same time, other card brands were issuing separate requirements with overlapping deadlines.
- The combined effects of initial release and follow-on change notices exacerbate the already demanding release management process and lead to significant compression of the time frames for compliance. The ETA estimates that during 2006-08, Visa issued 78 rate and technical notices, either first generation or follow-on. Of the 78 identified, 42% were required to be fully implemented in less than 90 days of issuance and 30% were to be enacted in less than 30 days.
- Full and timely access to the above information is not available to all parties responsible for its implementation. System participants without a direct relationship with Visa must rely on pass

through channels to receive all of the requisite compliance information. Those with direct access bear the burden of monitoring and managing an unnecessarily complicated flow of information. For example, modification orders pertaining to an initial release are often distributed through different vehicles than that of the original notice and can come from more than a dozen different Visa sources.

These issues are important. And while some aspects have improved, many challenges remain. Individually and through the efforts of the ETA and like organizations, businesses in the merchant acquiring community have communicated concerns related to release management for several years. Yet despite the time and number of voices involved, insufficient attention has been given to addressing these matters.

Improvements to the processes for communication and implementation of card company regulations will benefit the entire payments system. At a time when our industry is under increased scrutiny from government and other regulatory entities, the ability to demonstrate effective, capable, and ubiquitous self-regulation is essential. The ETA stands ready to recommend and fully support solutions in order to create efficient, reliable and more effective implementation protocols for the management of payment system modifications. Your active consideration of these issues is sincerely appreciated and we look forward to working with you to create a mutually beneficial outcome.

Sincerely,
The ETA Board of Directors

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About The Electronic Transactions Association (ETA)

The ETA is an international trade association representing companies that offer payment processing products and services. ETA's membership spans the breadth of the electronic payments industry and includes financial institutions, transaction processors, independent sales organizations (ISOs), equipment suppliers and other service providers to the merchant acquiring business. More than 500 companies worldwide are members of ETA. ETA's stated mission is to fully serve its members and advance their profession by providing leadership through education, advocacy and the exchange of information.