



Dear Valued Partner,

As part of our preparation for the card brand interchange rate increases that were scheduled to take effect on April 1, but have now been postponed until July 17<sup>th</sup>, Payscout has simplified its pricing structure for accounts boarded with our processing partner, **MerchantE**. The changes described below will go into effect July 1, 2020. After that date, we will no longer accept applications with any pricing structure other than those listed here. If you are submitting an application for a new MID for an existing merchant, please consult with your Relationship Manager first to determine the appropriate structure to use since existing merchants will be moved to one of these categories to accommodate the price increases when they go into effect.

We have created 15 new pricing tiers and the BETs that go along with them. We are keeping the Interchange Plus model BET and the Flat Pricing BET but have deleted all other previous options.

We recommend you review this chart and set your base/qualified rates according to the BET category you choose. You can also set a separate base/qualified rate for credit and debit to provide additional savings to your merchants. The mid-qualified and non-qualified downgrades for debit will be the same as for credit transactions.

No other rate structures will be accepted, and your applications will be returned to you for revision if they don't meet these guidelines. Your pricing flexibility will be in how you set the base rates going forward. Flat pricing will be accepted as long as interchange rates will be covered based on the expected transaction mix.

Of course, we will continue to accept Interchange Plus applications under the following guidelines:

Average Monthly Volume	Minimum Discount Rate
<b>\$100,000</b>	<b>75 basis points</b>
<b>\$250,000</b>	<b>65 basis points</b>
<b>\$500,000</b>	<b>50 basis points</b>
<b>\$1,000,000</b>	<b>40 basis points</b>
<b>\$2,500,000</b>	<b>35 basis points</b>
<b>\$5,000,000 and above</b>	<b>25 basis points</b>

Any deviations must be discussed in advance with your Relationship Manager for Payscout approval. There may be very good reasons to adjust pricing due to competitive factors and other issues, but our finance department must approve your rate proposal **before** you present it to the merchant for signature.

Also, because there are real costs associated with authorization fees, per item fees, AVS fees, etc., we can no longer accept applications where these items are all set at \$0.00. Feel free to offer either a per item fee or a per authorization fee. Preferably use the per authorization fee because there will be a higher count to cover costs and it is not as blatantly advertised on the merchant statement. Either of

those fees should be around \$0.25 but can go as low as \$0.15 for larger merchants without prior approval. Anything below \$0.15 should be discussed with your Relationship Manager. AVS should be priced at \$0.05 unless there are special circumstances that your Relationship Manager has been made aware of.

We look forward to continuing our valuable relationship with you and want you to understand that these pricing guidelines have been put in place to simplify the management of our portfolio and ensure that our mutual merchant accounts remain profitable for both of us while they stay cost effective for our merchants.

<b>BET Table #</b>	<b>Non-Qual Downgrade</b>	<b>Mid-Qual Downgrade</b>	<b>Description</b>
4001			Pass-through IC +
4436			Flat Pricing
4610	0.65	0	Tiered Pricing
4615	0.65	0.35	Tiered Pricing
4620	0.85	0	Tiered Pricing
4625	0.85	0.35	Tiered Pricing
4630	1.00	0	Tiered Pricing
4635	1.00	0.5	Tiered Pricing
4640	1.15	0	Tiered Pricing
4645	1.15	0.5	Tiered Pricing
4650	1.25	0	Tiered Pricing
4655	1.25	0.5	Tiered Pricing
4660	1.5	0	Tiered Pricing
4665	1.5	0.5	Tiered Pricing
4670	1.75	0	Tiered Pricing
4675	1.75	0.5	Tiered Pricing
4676	1.75	1.00	Tiered Pricing

As a pricing example, if you choose BET 4635 and set the Qual/Base rate at 2.25%, the rewards & Mid-qual blanks should be set at 2.75% and the Non-qual blank should be set at 3.25%. There is no need to complete the commercial blank because it will be treated as Non-qual. If you set the debit rate lower than the Qual/Base rate, the same differentials will apply for downgraded debit transactions.

Please reach out to your Relationship Manager if you have any questions.

Thank you for your continued partnership and cooperation.