



Mastercard Europe SA

Undertaking to the European Commission

1. INTRODUCTION

- 1.1 On 29 April 2019 the European Commission adopted a decision in Case AT.40049 (the **Commission's Decision on Inter-regional MIFs**) accepting Commitments offered by Mastercard concerning Inter-regional Interchange Fees ("IIFs") applicable to card-based Inter-regional Transactions concluded at merchants located in the EEA with consumer debit and credit cards issued by an issuer located outside the EEA (the **Commitments**).
- 1.2 In accordance with the Commission's Decision on Inter-regional Interchange Fees, the Commitments will expire on 1 November 2024.
- 1.3 In order to provide market certainty to stakeholders, including the European Commission that Mastercard Europe will continue to respect the IIFs caps set out in the Commitments, Mastercard Europe undertakes in good faith to continue to apply the IIFs caps set out in the Commitments in accordance with the provisions of this Undertaking set out in sections 2 to 8 below (this **Undertaking**).
- 1.4 This Undertaking is provided on the understanding that there will continue to be a competitive level playing field in respect of the IIFs rates applied by four party payment card systems in the EEA. In accordance with the Commitments, this Undertaking is made without prejudice to Mastercard's position that its IIFs and the Mastercard rules concerning IIFs do not infringe the competition laws or any other laws of the European Economic Area or its Member States. This Undertaking cannot be interpreted as an acknowledgement by Mastercard that the IIF levels set out in this Undertaking are the right level for setting such IIFs or the level required to comply with Article 101 of the Treaty on the Functioning of the European Union ("TFEU").

2. DEFINITIONS

- 2.1 The following definitions are applicable only for the purposes of this Undertaking:

"**Acquirer**" means a payment service provider contracting with a payee to accept and process card-based payment transactions, which result in a transfer of funds to the payee.

"**Cap**" and "**Capped**" mean set at or below the level of.



"Card-Based Payment Instrument" means any payment instrument, including a card, mobile phone, computer or any other technological device which enables the payer to initiate a card-based payment transaction.

"CNP Transactions" or "Card Not Present Transactions" are all Inter-regional Transactions with a Card-Based Payment Instrument other than CP Transactions.

"Consumer Card Transactions" are transactions made using a card issued to a natural person which is not limited in use to business expenses.

"CP Transactions" or "Card Present Transactions" are all Inter-regional Transactions with a Card-Based Payment Instrument where: (i) the cardholder and card are present either at the Merchant Outlet or are with the merchant's physical point of sale device at the time of the payment transaction; and (ii) the cardholder's issuer provisioned payment credentials are present and electronically read by the merchant's physical point of sale device.

"Credit Card" means a consumer card that allows the cardholder to make purchases where the amount of the transaction is debited in full or in part at a pre-agreed specific calendar month date to the payer, in line with a prearranged credit facility, with or without interest.

"Credit IIFs" means the IFs set by Mastercard Europe that apply, by Default, to consumer Credit Card Inter-regional Transactions.

"Debit Card" means a card that accesses a consumer deposit and shall include transactions with Prepaid Cards.

"Debit IIFs" means the IFs set by Mastercard Europe that apply, by Default, to consumer Debit Card Inter-regional Transactions.

"Default" means the applicable interchange fee paid by an Acquirer to an Issuer where no bilateral agreement between the Acquirer and the Issuer exists.

"EEA" means those countries participating in the European Economic Area as of 1 November 2024 or joining thereafter for the duration of each such country's participation in the EEA during the term of this Undertaking.

"IFs" mean interchange fees paid for a transaction directly or indirectly (i.e. through a third party) between the Acquirer and the Issuer involved in a card-based payment transaction.

"IIFs" means the IFs set by Mastercard Europe that apply, by default, to Inter-regional Transactions with Consumer Credit Cards or Consumer Debit Cards.

"Inter-regional Transaction" means a transaction at a Merchant Outlet located in the EEA with a Credit Card or a Debit Card issued by an Issuer based outside of the EEA.

"Issuer" means a payment service provider contracting to provide a payer with a payment instrument to initiate and process the payer's card-based payment transactions.



"Mastercard" means Mastercard Incorporated, Mastercard International Incorporated, with their registered offices at 2000 Purchase Street, Purchase NY 10577, USA and Mastercard Europe, together with their respective successors and assigns, subsidiaries, divisions and groups.

"Mastercard Europe" means Mastercard Europe SA, with its registered office at Chaussee de Tervuren 198A, 1410 Waterloo, Belgium.

"Merchant Outlet" means for Card Present Transactions the physical premises of the merchant at which the transaction is completed. Merchant Outlet means for Card Not Present Transactions the address of the fixed place of business through which the merchant conducts its business including the supporting operations through which the transaction is completed, regardless of website or server locations. If the merchant does not have a fixed place of business, the Merchant Outlet shall be the address for which the merchant holds a valid business licence and through which the transaction is completed. In addition, merchants and their Acquirers may, at their sole option, after consultation with, but without being directed by, Mastercard Europe, allocate the place of the Merchant Outlet in the following manner:

- (a) travel-related merchants, a location within the country where the first leg of the journey begins;
- (b) lodging merchants, a location within the country where accommodation is provided;
- (c) car rental, taxi or ride service merchants, a location within the country where the cardholder rents the vehicle; and
- (d) travel agencies, a location within the country of the travel agent.

"Prepaid Card" means a card used to access funds stored in a prepaid account or a card where monetary value is stored on a chip.

3. DEBIT IIFS

- 3.1 Mastercard Europe undertakes to continue to Cap: (a) its Debit IIF, applicable to CP Transactions, at 0.2%; and (b) its Debit IIF, applicable to CNP Transactions at 1.15%.
- 3.2 Mastercard Europe undertakes to continue to publish in a clearly visible and easily accessible manner on Mastercard's European website all Debit IIFs applicable to (a) CP Transactions; and (b) CNP Transactions subject to the present Undertaking.



4. CREDIT IIFS

- 4.1 Mastercard Europe undertakes to continue to Cap: (a) its Credit IIF, applicable to CP Transactions, at 0.3%, and (b) its Credit IIF, applicable to CNP Transactions at 1.50%.
- 4.2 Mastercard Europe undertakes to continue to publish in a clearly visible and easily accessible manner on Mastercard's European website all Credit IIFs applicable to (a) CP Transactions; and (b) CNP Transactions subject to the present Undertaking.

5. CONSUMER PROTECTION

- 5.1 Mastercard Europe continues to be entitled, subject to Clause 8, to adopt appropriate consumer protection measures to ensure that consumers will not be adversely affected by the effects of changes to its IIFs as provided for in this Undertaking (in particular concerning matters such as fraud, currency conversion, refunds and charge backs).

6. CERTIFICATION OF COMPLIANCE

- 6.1 Mastercard Europe undertakes to certify to the Commission on an annual basis its compliance with this Undertaking in the form of Annex 1 to this undertaking.

7. DURATION AND REVIEW

- 7.1 This Undertaking shall take effect from 1 November 2024.
- 7.2 This Undertaking will remain in force for a period of five years from 1 November 2024. Thereafter Mastercard Europe shall notify the European Commission of any intended changes to its Debit IIFs or its Credit IIFs three months prior to such changes coming into effect.
- 7.3 In the event of a material change in facts, law or circumstances requiring a modification of this Undertaking, Mastercard Europe shall notify the European Commission of any modifications twelve months prior to such changes coming into effect.

8. NON CIRCUMVENTION

- 8.1 Understanding that Mastercard Europe has the right to continue to set IIFs up to the Caps set out in sections 3 and 4 of this Undertaking, Mastercard Europe shall not circumvent or attempt to circumvent this Undertaking either directly or indirectly by any act or omission. In particular, Mastercard Europe will refrain from all practices which have the equivalent object or effect of IIFs. This includes specifically but not exclusively implementing programs or new rules whereby Mastercard Europe transfers scheme or other fees charged to Acquirers within the EEA to non-EEA Issuers.



9. WITHOUT PREJUDICE

- 9.1 This Undertaking is made without prejudice and does not constitute in any way an admission by Mastercard Europe or the Commission.

Signed for and on behalf of Mastercard Europe SA

A handwritten signature in black ink, which appears to read "Mark Barnett", is written above a solid horizontal line that spans the width of the signature area.

Name: Mark Barnett

Position: President, Mastercard Europe

Date: July 1, 2024