

19/8/2016

UNDERTAKING NO. 2 OF 2016

THE 'HONOUR ALL CARDS' RULE IN THE DESIGNATED VISA CREDIT, DEBIT AND PREPAID SYSTEMS

1. Undertaking

This Undertaking is made by Visa AP (Australia) Pty Ltd ABN 20 134 885 564 (**Visa**) of Level 42, AMP Centre, 50 Bridge Street Sydney NSW 2000 in favour of the Reserve Bank of Australia (**Reserve Bank**) of 65 Martin Place, Sydney NSW 2000 and dated 19 August 2016

2. Objective

The objective of this Undertaking is to promote:

- efficiency; and
- competition

in the Australian payments system by ensuring that Merchants choosing to accept Visa credit cards are not obliged by Scheme Rules to accept Visa debit or prepaid cards, and vice-versa.

3. Application

3.1 This Undertaking applies to:

- (a) the payment system operated within Australia known as the VISA system, which was designated under the Act as a payment system on 12 April 2001 and which is referred to in this Undertaking as the **VISA System**;
- (b) the payment system operated within Australia known as VISA Debit, which was designated under the Act as a payment system on 23 February 2004 and which is referred to in this Undertaking as **VISA Debit**; and
- (c) the payment system operated within Australia known as VISA Prepaid, which was designated under the Act as a payment system on 15 October 2015 and which is referred to in this Undertaking as **VISA Prepaid**,

each of which is referred to in this Undertaking as a **Visa Scheme**.

3.2 For the purposes of this Undertaking:

Act means the *Payment Systems (Regulation) Act 1998*;

Device means any card, plate or other payment code or device, including a code or device where no physical card or other embodiment is issued and a code or device used or to be used for only one transaction;

Merchant means in relation to a Visa Scheme a merchant in Australia that accepts or proposes to accept a Device of that Visa Scheme for payment for goods or services;

Scheme Rules, in relation to any Visa Scheme, means the constitution, rules, by-laws, procedures and instruments of that Visa Scheme, and any other arrangement relating to that Visa Scheme by which participants in that Visa Scheme are, or consider themselves to be, bound;

Visa Credit Card means a Device that can, under the Scheme Rules for the VISA System, be used in Australia for purchasing goods or services on credit (irrespective of whether the Device is issued in or outside Australia);

Visa Debit Card means a Device that can, under the Scheme Rules for VISA Debit, be used in Australia to make payments for goods or services by accessing a deposit account held at an authorised deposit-taking institution or a bank or other financial institution (irrespective of whether the Device is issued in or outside Australia);

Visa Prepaid Card means a Device that can, under the Scheme Rules for VISA Prepaid, be used in Australia to make payments for goods or services using a store of value that has been prepaid or pre-funded and is accessible to make payments for goods or services only through the use of that, or a linked or related, Device (irrespective of whether the Device is issued in or outside Australia);

including when introducing an example does not limit the meaning of the words to which the example relates to that example or examples of a similar kind; and

terms defined in the Act have the same meaning in this Undertaking.

3.3 This Undertaking is to be interpreted:

- (a) in accordance with its objective; and
- (b) by looking beyond form to substance.

4. Rules relating to honouring cards

4.1 In consideration of the Reserve Bank not determining a standard under the Act in relation to Honour all Cards rules in the Visa Schemes, Visa undertakes that:

- (a) the Scheme Rules for the VISA System will not require a Merchant, as a condition of the Merchant accepting Visa Credit Cards, to accept Visa Debit Cards and/or Visa Prepaid Cards; and
- (b) neither the Scheme Rules for VISA Debit nor the Scheme Rules for VISA Prepaid will require a Merchant, as a condition of the Merchant accepting Visa Debit Cards or Visa Prepaid Cards, as applicable, to accept Visa Credit Cards.

5. Commencement


5.1 This Undertaking comes into force on 1 September 2016 (the **Commencement Date**).

5.2 On the Commencement Date:

- (a) this Undertaking will replace paragraph 11 of the standard *The 'Honour All Cards' Rule in the Visa Debit and Visa Credit Card Systems and the 'No Surcharge' Rule in the Visa Debit System* and the provisions of paragraphs 4 to 7 inclusive of that standard as they relate to paragraph 11; and
- (b) a new standard made under the Act will replace paragraphs 9 and 10 and sub-paragraphs 12 (i), (ii) and (iii) of the standard *The 'Honour All Cards' Rule in the Visa Debit and Visa Credit Card Systems and the 'No Surcharge' Rule in the Visa Debit System* and the provisions of paragraphs 4 to 7 inclusive of that standard as they relate to paragraphs 9 and 10 and sub-paragraphs 12 (i), (ii) and (iii).

- 5.3 Visa reserves the right to withdraw this Undertaking by giving the Reserve Bank not less than six (6) months' (or any shorter period agreed by the Reserve Bank) prior notice of its intention to do so.
- 5.4 Visa acknowledges that the Reserve Bank reserves its rights to consult on a standard relating to Honour All Cards rules in the Visa Schemes under the Act at any time should it consider this best serves the purposes of the Act.

Signed by Visa AP (Australia) Pty Ltd
In accordance with s127 of the *Corporations Act 2001*



Signature of Director

STEPHEN KARAIN
Name of Director



Signature of Director/Secretary

ROBERT WALLS
Name of Director/Secretary