

MULTIBANCO SELF-ASSESSMENT ON SEPA COMPLIANCE

The Eurosystem has defined SEPA compliance for card schemes as the fulfilment of the criteria contained in the SEPA Cards Framework (developed by the European Payments Council, EPC) and of the criteria included in the Eurosystem’s “Cards Report” of November 2006.

Card schemes must fulfil these criteria in order to be considered, by the Eurosystem, to be SEPA-compliant.

On the 4th of March of 2009, the Eurosystem published the terms of reference (ToRs) for the SEPA compliance of card schemes on the basis of the SEPA compliance criteria, thus defining that for a card scheme to be SEPA-compliant a positive response is required to all the questions applicable to it.

Multibanco has conducted the required self assessment, answering the relevant questions as follows:

Summary table of the “yes/no” answers to the relevant ToR questions

Question	Answer: yes or no
1.1 Is it ensured that scheme rules do not prevent that merchants and cardholders are offered the same service from the scheme, wherever the scheme operates in the euro area?	Yes
1.2 Is it ensured that scheme rules (especially those related to technical and business aspects) do not prevent that cards of other schemes are used at terminals where the cards of your scheme are accepted, despite the various add-ons (i.e. additional features to the basic payment function) offered by your scheme on cards and terminals?	Yes
2. A scheme should be compliant with the transposition into national law of the PSD provisions about surcharging. (<i>November 2006 report</i>)	Yes
3. Card schemes must ensure that merchants (or ATM owners) are not prevented from accepting any card from another SCF compliant scheme. (<i>SCF</i>)	Yes
4. SCF compliant schemes may not mandate any certification (certification of cards, terminals and/or network interfaces) to be performed only by a proprietary (owned or controlled by the scheme) certification body. (<i>SCF</i>)	Yes¹
5. Any transfer of personal data in a non-aggregated form to countries that are not compliant with the EU rules should be avoided. (<i>November 2006 report</i>)	Yes
6. A scheme should effectively remove from its rules clauses that function as commercial barriers to SCF compliance (e.g. a requirement to be member of the scheme in order to operate in a country). (<i>November 2006 report</i>)	Yes
7. Medium to long term plans of the scheme should not contradict the objectives of SEPA as a high level requirement. (<i>November 2006 report</i>)	Yes
8.1 Has your scheme made available to participants its set of operational quality benchmarks (e.g. system availability, maximum time foreseen for transaction authorisation)?	Yes

¹ Multibanco Scheme Rules do not define a single certification body.

8.2 If requested, has your scheme made available to overseers its set of operational quality benchmarks?	Yes
9. A scheme should implement a separation of SEPA card schemes' brand governance and management from the operations that have to be performed by service providers and infrastructures without any possibility for cross-subsidisation. (<i>SCF, November 2006 report</i>)	Yes²
10 Acquiring or equivalent in every scheme must be open to competition between acquirers or equivalent. (<i>SCF</i>)	Yes
11 To qualify under the dispositions of the SCF, each card scheme must allow banks and payment institutions to participate on the basis of transparent, non-discriminatory criteria. In particular, these criteria may no more distinguish between banks subject to supervision in the same country as the country of registration of the said card scheme, and banks subject to supervision by supervisory bodies from other SEPA countries, and conducting their business in the other SEPA countries. Furthermore, these criteria may no more distinguish between payment institutions subject to supervision in the same country as the country of registration of the said card scheme and payment institutions subject to supervision by supervisory bodies from other SEPA countries, and conducting their business in the other SEPA countries. (<i>SCF</i>)	Yes³
11.1 Are the criteria for participation in your scheme transparent and non-discriminatory?	Yes
11.2 Does your scheme apply the same access criteria for participation to all banks within SEPA?	Yes
11.3 Does your scheme apply the same access criteria for participation to all payment institutions within SEPA?	Yes (see 11.)
12. All SEPA banks and payment institutions must be able to offer basic card payment products and services throughout SEPA on the basis of a single license or comparable agreement from each card scheme without the requirement to obtain individual licenses or comparable agreements for each SEPA country. (<i>SCF</i>)	Yes
13. At their discretion, banks and payment institutions must be able across SEPA to enter solely into an issuing license. (<i>SCF</i>)	Yes
14. At their discretion, banks and payment institutions must also be able across SEPA to enter solely into an acquiring license. (<i>SCF</i>)	Yes
15. A scheme may not require the use of any particular provider of processing services as a condition for participation. (<i>SCF</i>)	Yes
16. All transactions are to be authorized by the issuer, either on-line, or off-line by the chip. (<i>SCF</i>)	Yes
17. All ATMs will offer English as well as the national languages(s) and any other languages regarded as appropriate by the ATM owner. (<i>SCF</i>)	Yes
18. Where several payment applications are contained in the same card and supported by the same terminal, cardholders and merchants will have the choice of which payment application they will use. (<i>SCF</i>)	Yes⁴
19. Card schemes commit to provide their participants with SEPA-wide, transparent pricing structures ("scheme fees"), that will endeavour to allow	Yes

² Full unbundling of scheme pricing in place, eliminating cross-subsidisation. Multibanco scheme regulations revised to allow for non-mandated processing (totally independent from the scheme governance).

³ Multibanco regulations revised as of April 2010, acknowledging and fully opening access to payment service institutions as defined in the recently approved national transposition of the Payment Services Directive

⁴ Multibanco rules do not prevent cardholder or merchant choice, should more than one application be present in the card.

for participation by the greater number of banks and payment institutions (without this intending to prevent commercial flexibility to conclude business deals in order to capture business opportunities e.g. through rebates”). In this context “transparent” shall mean that the nature of the service or activity thus remunerated is unambiguous for the scheme participant or user: prices may not be presented in a bundled manner when referring to services or activities of a different nature. <i>(SCF)</i>	(See 9.)
20. An SCF compliant card scheme is a scheme that allows unbundling of functions whilst applying the same pricing per card product to national euro and SEPA transactions of the same type. <i>(SCF)</i>	Yes (See 9. / 11.)
21.1 Has the scheme disclosed interchange fees and their calculation methodology?	Yes
21.2 Has the scheme submitted interchange fees and their calculation methodology to the relevant authorities?	No⁵
22. A scheme should have a single interchange fee (if any) for the whole euro area within a given brand in the long run. <i>(November 2006 report)</i>	Yes
23. A scheme should put in place a strategy on how to reduce fraud, especially cross-border fraud. <i>(November 2006 report)</i>	Yes
24. Card schemes acknowledge that preventing and fighting card fraud is within the scope of the SCF. As a consequence, any adhering card scheme agrees to support prevention activities, in accordance with the EPC Resolutions on fraud. <i>(SCF)</i>	Yes
25. A scheme should contribute to the design of a consensus-based selection of standards with a clear commitment for implementation on time. <i>(November 2006 report)</i>	Yes
26. In particular all schemes will introduce a liability shift rule between magnetic stripe-based transactions and EMV-based transactions, and other incentivising measures to encourage the EMV migration <i>(SCF)</i>	Yes⁶
27. In order for the objectives of the SCF to be achieved, SEPA-level interoperability must be ensured in the following four domains: - cardholder to terminal interface - cards to terminal <i>(EMV)</i> - terminal to acquirer interface (protocols or minimum requirements) - acquirer to issuer interface, including network protocols authorization and clearing). <i>(SCF)</i>	Yes
28.1 Is the scheme ready to make available upon request to SEPA banks, payment institutions and card schemes its terminal security requirements?	Yes
28.2 Is the scheme engaged in mutual recognition of certificates for type approval?	Yes⁷
28.3 Is it ensured that scheme rules do not prevent that any card, terminal and/or network interface, certified by an accredited body be deployed and used anywhere throughout SEPA?	Yes

⁵ Information concerning particular aspects of interchange fees and their calculation was submitted to the relevant authorities whenever requested in the past. However, the current level and structure of Multibanco interchange fees was not subject to prior submission to relevant authorities, as there was no legal requirement to do so and no requests to that end were received from the relevant authorities.

⁶ 93% of Multibanco scheme cards are co-branded with other international payment schemes that determine liability shift rules.

⁷ Multibanco is engaged in relevant groups such as Cards Working Group and on EPC standardization domain initiatives. SIBS also support CAS (Common Approval Standards Working Group) initiatives in general and especially when placed in the EPC domain.