



November 28, 2006

Authentication for Internet-based Services

Dear Credit Union Manager:

In an August 2006 correspondence, the NCUA directed all Credit Unions who provide Internet-based services to determine if appropriate authentication methodologies and technologies are in place to authenticate members to these services. Credit Unions providing these services should complete a risk assessment of those products and services to determine if high-risk transactions are performed.

As your technology provider we have attached to this letter a template risk assessment which you can use to determine if single authentication is sufficient. Should it be determined that you do process high-risk transactions you may decide to implement Advanced Authentication.

Advanced Authentication (formerly referred to as PassMark Security) is a new module to substantially increase security of the Fidelity Internet Banking and Bill Pay applications. This solution is intended to meet the guidance released in October 2005 by the Federal Financial Institutions Examination Council (FFIEC).

By offering Advanced Authentication and other security enhancements, Fidelity is taking an active role in helping Credit Unions combat emerging fraud techniques. In selecting our advanced security approach, Fidelity's objective was to deliver a solution that is convenient, member friendly, flexible and capable of addressing member concerns. The integrated solution delivers transparent authentication utilizing device identification and real-time, risk-based authentication techniques. This prevents a fraudster from using stolen login credentials by requiring a second factor of authentication. In addition, the system validates the online banking site to the user with personalized images and phrases. This helps the member know when it is safe to provide login credentials.

We realize there are many questions regarding this guidance so we have taken the opportunity and put together a frequently asked questions document about Fidelity's Advanced Authentication.

For additional information, including pricing, proposals and contracts, please contact your client advocate at 1-800-998-4357.

Best regards,

A handwritten signature in black ink that reads "Shaun Gehman".

Shaun Gehman
Assistant Vice President, Mercury Operations

