

# OPERATING GUIDE FOR MERCHANT CARD PROCESSING

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## 1. OPERATING PROCEDURES

### a. Introduction.

This Operating Guide describes the procedures and methods for submitting Card Transactions for payment, obtaining Authorizations, responding to Chargebacks and media Retrieval Requests, and other aspects of the operations of our services.

Processor is a full-service financial transaction processor, dedicated, among other processing services, to facilitating the passage of Merchant's Transaction Receipts back to the thousands of institutions that issue the MasterCard, Visa, American Express, Discover and PayPal Cards carried by Merchant's customers. Capitalized terms used in this Operating Guide shall have the meanings given in either the Merchant Agreement or Section 2 of this Operating Guide.

The terms of this Operating Guide form a part of and are incorporated into the Merchant Agreement. Merchant Bank and Processor reserve the right to amend the terms of the Merchant Agreement and this Operating Guide as provided in the Merchant Agreement.

This Operating Guide focuses primarily on the MasterCard, Visa, American Express, Discover and PayPal operating rules and regulations. If Bank provides Authorization, processing or Settlement of Transactions involving Cards other than MasterCard, Visa, American Express, Discover and PayPal, Merchant should also consult those independent Card Issuers' proprietary rules and regulations.

If Merchant selects to accept Cards issued by any one or more of JCB or Diners Club (except for transactions made with Diners International Cards which also carry the MasterCard mark and are processed as MasterCard transactions) as payment options, Merchant understands and acknowledges that the Card Program services for such payment options are provided by the Card Issuer involved, and not Bank, and Merchant understands that Merchant's acceptance of any of those payment options may require execution of a separate merchant card acceptance agreement with those individual Card Issuers, as applicable, and that agreement will govern the completion, processing, settlement and other procedures relating to Transactions with those Card Issuers. If Merchant experiences problems with transmission or delivery of those Card Issuers' Transactions, Merchant will be obligated to contact the appropriate service provider(s) for service. Bank has no obligations with respect to the completion, processing, settlement and other procedures relating to Transactions with those Card Issuers.

### b. General Card Acceptance Guidelines.

(1) The following Card acceptance guidelines are general in nature, and the detailed requirements set forth for certain types of Visa, MasterCard, Discover, American Express and PayPal Transactions as detailed in Sections 3-8 of this Operating Guide, will control over these general guidelines.

(2) Visa has released the **Visa International Operating Regulations**, which may be accessed at: [http://usa.visa.com/merchants/operations/op\\_regulations.html](http://usa.visa.com/merchants/operations/op_regulations.html). The provisions of the Visa International Operating Regulations are incorporated into this Operating Guide by reference.

(3) MasterCard has published a **Rules Manual**, which may be accessed at: [http://www.mastercard.com/us/merchant/pdf/BM-Entire\\_Manual\\_public.pdf](http://www.mastercard.com/us/merchant/pdf/BM-Entire_Manual_public.pdf). The MasterCard Rules Manual provides Merchants with MasterCard Standards applicable to Merchant acceptance of MasterCard Cards and Maestro Cards. A Merchant must at all times comply with MasterCard Standards. Bank may require a Merchant to adhere to additional and/or more stringent standards than MasterCard Standards require. The provisions of the MasterCard Rules Manual are incorporated into this Operating Guide by reference. Note, however, that the MasterCard Rules Manual does not reflect changes to the MasterCard Standards implemented since the date of publication of the MasterCard Rules Manual. In the event the provisions of the MasterCard Rules Manual conflict with the provisions of the MasterCard Standards or the Merchant Agreement (including this Operating Guide), the provisions of the MasterCard Standards and/or the Merchant Agreement, in that order, shall control.

(4) Discover has released the **Merchant Operating Regulations**, which may be obtained by contacting Processor. The Discover Merchant Operating Regulations provide Merchants with Discover requirements applicable to Merchant acceptance of Discover Cards. The provisions of the Discover Merchant Operating Regulations are incorporated into this Operating Guide by reference.

(5) American Express has released the **American Express Merchant Operating Guide** which set forth the policies and procedures governing acceptance of the American Express Card. They offer best practices, helpful tips, and available tools to assist merchants' businesses. The provisions of the American Express Merchant Operating Guide are incorporated into this Operating Guide by reference. The American Express Merchant Operating Guide is available from American Express online at [www.americanexpress.com/merchantopguide](http://www.americanexpress.com/merchantopguide).

(6) PayPal has published Operating Regulations for In-Store Checkout, which may be obtained by contacting Processor. The PayPal Operating Regulations provide Merchants with PayPal requirements applicable to Merchant acceptance of PayPal Cards. A Merchant must at all times comply with the PayPal Operating Regulations (other than Section 3 of such Operating Regulations). Bank may require a Merchant to adhere to additional and/or more stringent standards than the PayPal Operating Regulations require. The provisions of the PayPal Operating Regulations are incorporated into this Operating Guide by reference. In the event the provisions of the PayPal Operating Regulations conflict with the provisions of the Merchant Agreement (including this Operating Guide), the provisions of the PayPal Operating regulations and/or the Merchant Agreement, in that order, shall control.

(7) Verification of Validity of Card. The first step in safely accepting a Card is to verify that the Card is valid. Merchant should examine every Card presented to verify that it has valid MasterCard, Visa, Discover, American Express or PayPal card features.

(a) Visa.

- Card Account Number – The Account Number starts with the number 4. The first four digits match the BIN. Embossing extends into the hologram.
- Bank Identification Number (BIN) is printed under the embossed Account Number. Matches the first four digits of the account number.
- Signature Panel – “Visa” is repeated on the back of the Card. Account Number and the Card Verification Value (CVV2) are indent-printed on panel in reverse italic type.
- Hologram – Depicts a dove in flight. Should reflect light and change as Merchant rotates the Card.
- Visa Logo – Features taller letters and brighter gold and blue colors. Microprinting borders the logo.
- Security Character – Is embossed to the right of the valid dates. Product Symbol (“B” “C” or “P”) is embossed to the left of security character on some Cards.

(b) MasterCard.

- Card Account Number – The Account Number starts with the number 5. Embossing extends into the hologram.
- Signature Panel – “MasterCard” is repeated on the back of the Card. Account Number and Card Validation Code 2 (CVC2) are indent-printed on panel in reverse italic type.
- Hologram – Depicts three-dimensional globes. “MasterCard” is printed repeatedly in background. Should reflect light and change as Merchant rotates the Card.
- MasterCard Logo – Features larger letters, black outlines behind white letters, and fewer lines joining circles.
- Security Character – Is embossed to the right of the valid dates.

(c) Discover.

- Signature Panel – “Discover” is repeated on the back of the Card. The Account Number is followed by the Card Identification Data (CID).
- Hologram – Depending on the date of issuance, will feature either (i) a three-dimensional hologram, bearing a distinct circular shape and images of a globe pierced by an arrow, water, and stars on a repetitive pattern background on the front of the Card, or (ii) a three-dimensional holographic design that is incorporated into the magnetic stripe.
- Discover Logo – Features capitalized letters of either DISCOVER or DISCOVER NETWORK (depending on the date of issuance), in ultra-violet ink which will appear when held under ultraviolet light.

(d) American Express. Merchants must look for the following:

- Pre-printed Card Identification (CID) Numbers usually appear above the Card Number, on either the right or the left edge of the Card.
- All American Express Card Numbers start with "37" or "34." The Card Number appears embossed on the front of the Card. Embossing must be clear, and uniform in sizing and spacing. Some Cards also have the Card Number printed on the back of the Card in the signature panel. These numbers, plus the last four digits printed on the Charge Record, must all match.
- Merchants do not accept a Card outside the Valid Dates.
- Only the person whose name appears on an American Express Card is entitled to use it. Cards are not transferable.
- Some Cards contain a holographic image on the front or back of the plastic to determine authenticity. Not all American Express Cards have a holographic image.
- Some Cards have a Chip on which data is stored and used to conduct a Charge.
- The signature on the back of the Card must match the Card Member's signature on the Charge Record, and must be the same name that appears on the front of the Card. The signature panel must not be taped over, mutilated, erased or painted over. Some Cards also have a three-digit Card Security Code (CSC) number printed on the signature panel.

(e) PayPal.

- The PayPal Payment Card is valid when it has the PayPal logo on the front and the following mandatory features on the back:
  - PayPal Account Holder name;
  - Last 4 digits of the Account Number printed on the PayPal Payment Card;
  - Valid thru mm/yy date; and
  - Tamper proof signature panel.
- The design and layout of information on the card may vary over time, but the mandatory features listed above will always be available on the PayPal Payment Card.

(8) Expiration date. Merchant must verify the effective date (valid from) and expiration date (valid to). Do not accept a Card before the effective date and after the expiration date. Otherwise, you may be subject to Chargebacks

(9) Signature on Card. Compare the signature on the Card to the signature on the Transaction Receipt. The signature on the Transaction Receipt must compare favorably to the signature on the back of the Card. If the signature panel on the Card is blank, in addition to requesting an Authorization, you must do all of the following:

- Obtain an authorization from the Issuer;
- Review positive identification to determine that the customer is the Cardholder. The identification must consist of a current, official government identification document (such as a passport or driver license) that bears the Cardholder's signature;
- Ask the Cardholder to sign the Card before completing the Transaction, and compare with the signature(s) on the Transaction Receipt and/or ID. If the Cardholder refuses to sign the Card, do not accept the Card and refer the Cardholder to the Issuer if he or she has questions.

Exceptions and additional requirements for specific Card Brands are set forth below in the sections related to detailed requirements for certain types of Visa, MasterCard, American Express, Discover and PayPal Transactions.

(10) Authorizations. Once you have checked to verify that the Card is valid, the next stage is processing the Transaction. The first step in processing is receiving Authorization.

(a) All transactions must be authorized. Specific Authorization requirements for Visa, MasterCard, American Express, Discover and PayPal Transactions are detailed in this Operating Guide. Failure to authorize a sales transaction may result in a Chargeback and, potentially, the termination of your Merchant Agreement.

(b) An Authorization only indicates the availability of the Cardholder's credit at the time the Authorization is requested. It does not warrant that the person presenting the card is the rightful Cardholder, nor is it an unconditional promise or guarantee that you will not receive a Chargeback or debit.

(c) Electronic Processing. This is the fastest, safest and most accurate way to process Card Transactions. The Merchant should retain the Card throughout the Authorization process. Follow these general procedures, as applicable:

- Hold the Card in your hand until all steps are completed.
- Swipe the Card's Magnetic Stripe through the Terminal. Some Terminals may require you to key-enter the last four digits of the Account Number or place an electronic Card draft in the Terminal's printer. If the Terminal cannot read the Magnetic Stripe, key in the information embossed on the Card and, if the Card is present, make a Card imprint on a separate manual Transaction Receipt.
- If the Account Number displays on the Terminal screen, verify that it matches the Account Number embossed on the Card. If it doesn't match, retain the Card (see below for Recovering Card).
- "Decline" means the Transaction cannot be Authorized. Do not accept the Card. Return the Card to the Cardholder and discreetly advise that the Card has been declined. If the Cardholder has questions, refer him or her to the Issuer of the Card.
- "Unknown Card" and similar messages usually mean the Card is of a type that there is a problem with the Card or Card account. Do not accept the Card without a telephone Authorization.
- Verify that all information is correct and legible on all copies of the Transaction Receipt. Do not circle the expiration date or obscure the Card or transaction information in any way.
- Watch the Cardholder sign the Transaction Receipt; compare the signature with the one on the back of the Card. If Merchant can't tell whether the signatures match, ask for a photo ID.
- Return the Card and Cardholder copy of the Transaction Receipt to the Cardholder.
- If Merchant has concerns that a Transaction may be fraudulent (even though the Merchant received Authorization) call for a Code 10, as described below.

(d) Telephone Authorization and Manual Processing. If Merchant does not have an electronic authorization Terminal, call the telephone authorization number as part of the manual processing procedure. Follow the steps outlined below, holding the Card in Merchant's hand until all steps are completed.

- If you are unable to obtain an Authorization Response with your equipment, call the voice authorization 800 number and enter Authorization information into the VRU using a touch tone phone for MasterCard, Visa, American Express or Discover:
  - MasterCard, Visa, American Express and Discover Telephone Authorizations: 1-800-291-4840
  - Available: 24 hours/day, 7 days/week
- Make a card imprint on a manual Transaction Receipt using a Card imprinter.
- Fill in the Transaction information (item description, amount, etc.). Each Transaction must be processed on a single Transaction Receipt.
- Call for Authorization. When the operator answers, you may be asked to provide:
  - The Card Account Number, expiration date, Bank Identification Number and CVV2, CVC2 or CID.

- Merchant Identification Number.
- The amount of the Transaction.
- The operator will give you an Authorization Code or provide other instructions (if the Card is not Authorized). If the Transaction is approved, the Merchant must write the Authorization Code in the space provided on the Transaction Receipt.
- Verify all information is correct and legible on all copies of the Transaction Receipt. Do not circle the expiration date or obscure the Card or Transaction information in any way.
- Watch the Cardholder sign the Transaction Receipt; compare the signature with the one on the back of the Card. If you can't tell whether the signatures match, ask for a photo ID.
- Return the Card and Cardholder copy of the Transaction Receipt to the Cardholder.
- If you believe the Transaction may be fraudulent (even though Merchant received Authorization) call for a Code 10, as described below.

(11) Suspect Transactions.

(a) How to Identify a Fraudulent Card. In addition to checking for the Card features described in Section 1(b)(i), always inspect the Card for the following:

- Overall Appearance- Check for discoloration or uneven Card surfaces.
- Embossing - Card Account Number, valid dates, Cardholder name and security character should appear consistent in size and spacing and should not look "ghosted" (new characters re-embossed over originals).
- Valid Dates or Expiration Dates – Make sure the Card is not expired or being used before its valid date.
- Signature Panel – The panel should not show evidence of tampering. The panel should be signed and the signature should match Cardholder's signature on the Transaction Receipt.

(b) Other Signs of Fraud. One of the most common types of Card fraud is unauthorized use of a lost or stolen Card. Even if the Cardholder has not yet reported the Card missing, a Merchant can often prevent a fraudulent sale if the Merchant is alert to unusual Cardholder behavior. Consider calling your telephone authorization number for a Code 10 (see procedure below) if a Cardholder:

- Makes a purchase without regard to size, color, style, or price.
- Makes several individual purchases that approach, but do not exceed Merchant's Floor Limit on Card Transactions.
- Rushes, stalls, or attempts to distract the Merchant as the customer completes the Transaction.
- The Cardholder states that the Card's Magnetic Stripe is damaged or worn and/or claims the Card information must be manually entered on Merchant's electronic Terminal.
- Purchases a large item (e.g., a refrigerator) and insists on taking it immediately rather than have it delivered – even when delivery is included in the price.
- Pulls the Card from a pocket rather than a wallet.
- Signs the Transaction Receipt in a deliberate or unnatural manner.
- Buys clothing without trying it on – or declines alterations even if they are included in the price.
- Charges expensive items on a newly valid Card.
- Cannot or will not present a photo ID – or provides a temporary ID with no photo.

Any of these circumstances can occur in a legitimate transaction. Use your best judgment and call for a Code 10 if you are unsure.

(12) Code 10 Procedures. An Authorization procedure called "Code 10" is available if a Merchant is suspicious of a Transaction or has reasonable grounds to believe that the Card is fraudulent, counterfeit or stolen, or the Cardholder is not authorized. If any of the foregoing circumstances exist:

- Call the voice Authorization center and request a "Code 10" Authorization while the Merchant continues to hold the Card.
- An operator will lead the Merchant through a series of questions with "yes" or "no" answers that are specifically designed to help avoid any discomfort for the Merchant or for the Cardholder.
- If Authorization is not granted, refer the Cardholder to the Issuer of the Card.
- If Merchant is told to retain the Card, follow the operator's instructions, or the procedures outlined below in these Operating Rules. Avoid any embarrassing confrontation with the Cardholder. Merchant agrees that neither Merchant Bank nor Processor is liable for the results of any confrontation with the Cardholder.

(13) Recovering a Card. When seeking Authorization on a Card Transaction, a Merchant may be instructed not to return the Card to the Cardholder. This may mean that the Card has been reported lost or stolen, or that fraud has been detected. If Merchant is told to retain the Card or receive a "Pickup Card" message on its electronic terminal, the Merchant should retain the Card and discretely advise the Cardholder of the situation. Merchant must use its best judgment to avoid any confrontation. If

Merchant retains a Card, the Merchant should promptly call the Merchant Bank or ask the telephone authorization center for instructions on how to turn in the Card. Do the following:

- Keep a record of the Card account number
- List the following information and turn it into Bank with the Card:
  - The account number;
  - Merchant's business name and address;
  - The person who recovered the Card; and
  - The reason for recovery (Code 10 or Authorization inquiry)

Merchant may receive a cash reward for properly recovering a Card. Rewards may be offered by the Card Associations, Issuers, and some Merchants.

(14) Turning in Lost Cards. If Merchant finds a lost Card, or a customer turns one in, or leaves one behind, contact the Issuer for instructions on how to turn in the Card.

(15) Completing Sales Slips. Merchant must record each Transaction and Credit Transaction Receipt by following procedures specified in this Operating Guide. The copy of the Transaction Receipt given to the Cardholder must contain the information specified in this Operating Guide.

(16) Card-Absent Transactions. A Merchant may only accept Card-Absent Transactions if the Merchant has been authorized to do so in the Merchant Application or in writing by Bank. Card-Absent Transactions have substantially higher risk of Chargeback and fraud. Merchant assumes all risks associated with accepting Card-Absent Transactions. All Card-Absent Transaction must be processed in accordance with the provisions set forth in this Operating Guide. To assist Merchant in reducing the risk of fraud and/or Chargebacks on Card-Absent Transactions, Merchant must use Address Verification Service (AVS). For Internet Transactions, it is also recommended that Merchant utilize the Verified by Visa and MasterCard SecureCode Cardholder authentication services. More information about AVS, Verified by Visa and MasterCard SecureCode may be obtained from Processor.

(17) After the Sale.

(a) Closing Out Merchant's Electronic Terminal. For each Card Transaction that Merchant processes electronically, Merchant will complete a procedure called closing the batch to reconcile those Transactions and prevent balancing and deposit errors. A batch represents all Card Transactions processed during a given period of time. Merchant should close its batch daily. Follow the general guidelines below to close a batch.

- (i) Use a calculator to manually total the Transaction Receipts and Credit Transaction Receipts for the batch.
- (ii) Display Terminal totals by using the Display/Totals Batch Inquiry function.
- (iii) Compare Terminal totals with the calculator totals. If out of balance, print list of Terminal entries and compare the entries to the Transaction Receipts and make any necessary adjustments in the Terminal.
- (iv) For each batch transmitted, ensure that the Merchant Identification Number and all other information is included (i.e. date, amount, number of items, etc.).
- (v) The batch/deposit total must match to the settled/reconciled amount.
- (vi) If you use a Terminal with Electronic Capability, transmit the batch information. If your Terminal does not have Electronic Capability, include the electronic bank drafts with Merchant's manual deposit. Each time Merchant closes a batch, Merchant's Terminal begins a new batch with the next Transaction processed.

(b) Adjustments to Merchant's Account. Bank will make Transaction adjustments (debits or credits) to Merchant's Settlement Account if Bank notes a discrepancy between Merchant's batch header and the corresponding Transaction Receipts. Common reasons for adjustments include:

- (i) Total amounts shown on Transaction Receipts do not match total on batch header.
- (ii) Merchant's account was credited in error and has been debited to correct the error.
- (iii) Duplicated Transaction Receipts submitted.
- (iv) Card Account Number is incorrect/incomplete.
- (v) Transaction amount is unreadable/illegible.
- (vi) Cardholder Account Number is unreadable/illegible.

Bank will notify Merchant of any adjustments Bank makes to Merchant's Settlement Account.

(18) Retrieval Requests.

(a) Merchant is responsible for retaining and providing copies of Transaction Receipts for two years or longer if required by the Card Associations. From time to time Bank will ask Merchant to submit a copy of a Transaction Receipt or a Credit Transaction Receipt (a Retrieval Request). These Retrieval Requests assist Bank in responding on Merchant's behalf to Cardholder and Issuer questions about Transactions processed by Merchant.

(b) It is important that Merchant fulfill Retrieval Requests within the time specified on the request from Bank. If Merchant fails to do so, a Chargeback may result. Merchant is solely responsible for any deficiencies in Card Transaction data submitted to Bank.



(19) Chargebacks.

(a) A Cardholder or an Issuer has the right to question or dispute a Transaction. A Chargeback is the reversal of a Card Transaction. When a Chargeback occurs, the amount of the Transaction is debited (subtracted) from Merchant's Settlement Account. Reasons for Chargebacks, include, but are not limited to:

(i) The Transaction Record or any material information it contains as provided by Merchant (such as the Card Account Number, expiration date of the Card, merchant description, purchase amount, Transaction date and Authorization date) is illegible, incomplete, incorrect, or unsigned, or is not transmitted to Bank within the required time limits;

(ii) Merchant knew or, by following proper practices, should have known that the Card was not to be honored;

(iii) The Transaction was completed with a counterfeit or altered Card or before the valid date or after the expiration date of the Card;

(iv) Merchant did not obtain Authorization, or did not provide a correct and legible Authorization Code on the Transaction Receipt;

(v) The Transaction Receipt is a duplicate of another Transaction Receipt, represents one of two or more Transactions arising from a single purchase, or the Transaction has been submitted to another merchant card processor;

(vi) The Cardholder disputes participating in or approving the Transaction, signing the Transaction Receipt, or the sale, delivery, quality or performance of the purchase; the Cardholder alleges that return of goods or a Credit Transaction Receipt was improperly refused; or the Cardholder alleges that a Credit Transaction Receipt issued by Merchant was not processed for the Cardholder Account;

(vii) The amount on the Transaction Record submitted to Bank differs from the amount on the copy required to be delivered to the Cardholder;

(viii) The Cardholder has asserted what the Cardholder believes is a good faith claim or defense against the Transaction;

(ix) The Charge is in violation of any law;

(x) Any other Card Transactions that Bank is or would be required to pay, repurchase or Chargeback by virtue of Operating Rules or otherwise, processed under this Agreement or any agreement with any Affiliated-merchant;

(xi) The Signature on Transaction Receipt is not a reasonable facsimile of signature on Card;

(xii) A Retrieval Request was not fulfilled within time allowed;

(xiii) The Transaction was fraudulent or the related purchase was not a bona fide purchase in Merchant's ordinary course of business, was subject to any claim of illegality, cancellation, avoidance, or offset for any reason, including, without limitation, negligence, fraud or dishonesty on the part of Merchant or Merchant's Agents; or

(xiv) A Cardholder dispute was filed regarding the Transaction.

(b) Bank will charge back to Merchant and Merchant will pay Bank, the amount of each Transaction which Merchant or a Affiliated-merchant submits to Bank for processing that is subject to Chargeback to Bank for any reason under the Operating Rules, or to the extent Merchant Bank receives claims regarding the Transactions from Cardholders under other provisions of law.

(c) Merchant may not enter into Interchange any Transaction that was previously charged back to the Merchant Bank and returned to Merchant, irrespective of Cardholder approval.

(d) If Bank determines that Merchant has or is reasonably likely to have a monthly ratio of Chargebacks to Transactions exceeding one percent (1%), Bank, may, but is not obligated to, notify Merchant of new procedures it should adopt and additional Processing Fees imposed for processing Chargebacks, and/or may terminate the Merchant Agreement, at Merchant Bank's discretion, without advance notice. Merchant must immediately reimburse Bank for the amount of any fines or fees imposed by a Card Association or Bank relating to Chargebacks to Merchant.

(e) The Card Associations have established guidelines, merchant monitoring programs and reports to track merchant activity such as, but not limited to excessive credits and Chargebacks, and increased deposit activity. In the event Merchant exceeds the guidelines or submits suspicious transactions as identified by a Card Association or any related program or reports, Merchant may be subject to: (i) operating procedure requirement modifications; (ii) incremental Chargebacks and/or fees; (iii) settlement delay or withholding; (iv) termination of the Merchant Agreement; and/or (v) audit and imposition of fines, which fines are subject to reimbursement by Merchant. Merchant hereby releases Bank from any and all damages, liability, costs or expenses that Merchant may incur as a result of Bank's compliance with Card Association directives.

(f) Each Chargeback to Merchant is immediately due and payable by Merchant. Without limiting Bank's other remedies or Bank's security interest described in the Merchant Agreement, Bank may deduct, debit and withhold the amount of a Chargeback or anticipated Chargeback from the Settlement Account, Reserve Account, or any Merchant account at the Merchant Bank, or other property of Merchant held by Bank, or any Settlement Account or Reserve Account of a Affiliated-merchant. Bank will send Chargeback reports to Merchant as debits occur. To the extent funds are not available from the previously described accounts of the Merchant or Affiliated-merchant, Merchant irrevocably authorizes Bank to attach and initiate withdrawals of funds from Merchant's accounts at other financial institutions, by ACH entry, sight draft, preauthorized checks, reverse wires or otherwise to cover the Chargebacks, and Merchant hereby irrevocably authorizes the other financial institutions to withdraw the funds from Merchant's accounts and pay Bank the amount of the Chargebacks. Bank will release to Merchant any of Merchant's deposits, funds or property after Bank determines in its sole and absolute discretion that the deposits, funds or property are not likely to be needed to cover any Chargebacks.

(g) Although Bank is unable to notify Merchant before a Chargeback is initiated, in most cases, Merchant may challenge the Chargeback by filing a rebuttal within the time specified in the Chargeback notice. Merchant's failure to act within that time may not provide Bank with a reasonable number of days to evaluate Merchant's dispute of the Chargeback. Bank is not obligated to make a Representment except to the extent allowed by the Operating Rules and Merchant's timely dispute of the Chargeback. Bank does not engage in direct collection efforts against Cardholders on Merchant's behalf. In Merchant's rebuttal, Merchant must supply documentation substantiating that the Card and the Transaction were valid and that correct processing procedures were followed. Bank recommends that Merchant include a detailed rebuttal letter along with all pertinent documents. The more information Bank has at the time of the Chargeback, the better Bank may dispute the item on Merchant's behalf. If Merchant has any questions regarding Retrieval Requests, Chargebacks or Representments, please call Bank's Chargeback Processing Department.

- If your Merchant ID number begins with numeral 2, call 866-999-4374.
- If your Merchant ID number begins with numerals 3 or 4, call 800-654-9256.
- If your Merchant ID number begins with numeral 5, call 800-254-7171.

(20) Online Debit Card Transactions.

(a) Online Debit Card Transactions require customers to enter a PIN at the point of sale terminal and the amount of the Transaction is debited from the customer's checking account. Most but not all ATM/debit Cards can be accepted at the point of sale at participating locations. Examine the back of the Card to determine if the Card participates in a network that Merchant is authorized to accept. The Debit Network mark(s) will be printed on the back of the Debit Network Cards. If the Card is valid and issued by a Debit Network, and Merchant offers Online Debit Transactions, Merchant must follow the following procedures:

- Merchant shall display the logos of the Debit Networks wherever any other Acceptance Mark is displayed to inform the public that Debit Cards will be honored at Merchant's place of business.
- Merchant must honor all valid Debit Network Cards. Merchant may accept ATM/debit Cards and process Online Debit Card Transactions only at the locations approved by Bank.
- Merchant will comply with Regulation E, all applicable law, the Operating Rules and this Operating Guide in connection with each Online Debit Card Transaction.
- Merchant must treat Transactions by Cardholders from all Debit Card Issuers in the same manner.
- Except as otherwise provided in this Operating Guide, Merchant may not establish a minimum or maximum amount for the Transaction.
- The rules regarding assessing Surcharges on Debit Transactions vary between the Debit Networks. If Merchant wants to assess a surcharge for Debit Transactions, Merchant is required to obtain surcharge guidelines from Bank and abide by the specifications outlined for each Debit Network.
- Merchant may not require additional information, other than the PIN, for the completion of the Transaction unless specifically required by the Operating Rules for a particular type of Transaction, which typically will be for an exception procedure. Merchant may not require or request a Cardholder signature.
- Merchant may not complete a transaction without entry of the PIN by the Cardholder. The PIN must be entered into the PIN pad only by the Cardholder. Merchant cannot accept the PIN from the Cardholder verbally or in written form. The PIN pad must be situated in such a way that the Cardholder may enter a PIN without revealing the PIN to Merchant's employees or others. If Bank allows Merchant to conduct preauthorized Debit Card Transactions, Merchant does not have to obtain a PIN for each preauthorized Transaction after the initial request (or to complete a preauthorized Transaction) unless the Transaction would exceed the preauthorized amount. Merchant will instruct its employees not to ask Cardholders to disclose their PIN. Merchant is prohibited from disclosing or maintaining any record of Cardholder PINs.

(b) Merchant must obtain Authorization for each Online Debit Card Transaction before Merchant completes the Transaction. There is no voice Authorization or imprinter procedure for Online Debit Card Transactions. Merchant may not complete a transaction that has not been Authorized. If Merchant cannot obtain an Authorization, Merchant should request another form of payment from the customer. Merchant may not manually enter the Account Number. The Account Number must be read electronically from the Magnetic Stripe. If the Magnetic Strip is unreadable, Merchant should request another form of payment from the customer.

(c) Merchant must issue a Transaction Receipt to the Cardholder upon the successful completion of a Transaction. The Transaction Receipt shall contain the following information: (i) amount of the Transaction; (ii) the Transaction date; (iii) the type of Transaction; (iv) the type of account; (v) only the last four digits of the Account Number may be printed on the Transaction Receipt; (vi) the location of the Terminal at which the Transaction was initiated; (vii) Merchant's name; and (viii) a trace number.

(d) Preauthorization requests may be initiated at or in proximity to the point of sale. All requests must be initiated through use of a PIN and a Magnetic Stripe reader and shall be for a specified dollar amount. Funds shall not be transferred until an Authorization is received for the actual dollar amount of the Transaction.

(e) At Merchant's option, Merchant may offer cash back to Cardholders ("Cashback"), provided Merchant transmits the Cardholder's requested Cashback amount request to the Card Issuer as part of the Authorization procedures and receives an Authorization for the Transaction. If Authorization is denied with a Decline Response that indicates the Cashback Transaction has

been denied solely because the Cashback portion would cause the Cardholder to exceed a limit on cash withdrawals imposed by the Card Issuer, Merchant should inform the Cardholder that the Transaction was denied solely because of the cash withdrawal limit, but that a new Transaction in the amount of the purchase alone may be approved.

(f) Merchant may void a Transaction electronically, but only if the voiding Transaction is entered in accordance with the Operating Rules which typically require the voiding Transaction to occur before midnight of the calendar day on which the original Transaction was initiated, as well as Cardholder re-entry of the PIN used for the original Transaction, and Merchant's transmission of the trace number and exact dollar amount of the Transaction to be cancelled. Cancellations must be initiated at the same location as the original Transaction, but do not have to be at the same Terminal.

(g) A Credit Transaction request may be initiated only when the Debit Cardholder provides the written receipt from the original Debit Transaction. A Credit Transaction must be processed to the same Debit Card as the original Transaction within one year following the original transaction date. The Credit request must include the Transaction Date of the Debit Transaction and may not be for an amount that exceeds the original Transaction amount. The merchandise Credit Transaction must be initiated by the same Merchant identified on the Transaction Receipt, at which the original Debit Transaction was initiated, but need not be at the same terminal or Merchant location.

(h) Merchant will fully cooperate with the Debit Networks, their members and Bank in the resolution of Cardholder disputes. The Debit Networks and Bank may investigate Merchant's practices relating to Online Debit Card Transactions as permitted by the Operating Rules.

(i) Card Issuers may charge Online Debit Card Transactions back to Merchant through the Debit Networks and Bank when permitted by the Operating Rules and under the time limits imposed by the Operating Rules. Bank is not obligated to make Representments of Chargebacks, but at Bank's option, may assist Merchant in making Representments under the Operating Rules.

(21) EBT Transactions. Electronic Benefit Transfer (EBT) Transactions are similar to other electronic payment Transactions. EBT Transactions are PIN based, just like the Online Debit Card Transactions. An EBT Card is a magnetic striped Card that electronically delivers Federal and State funded Food Stamps and Cash Benefits to qualified EBT recipients. Bank must approve Merchant prior to issuing EBT benefits to qualified recipients.

(22) Displays and Advertising. If Merchant deals with the general public, Merchant must display advertising and promotional materials provided by Bank to inform the public which Cards will be honored by Merchant. Merchant must display the proprietary names and symbols associated with the Cards Merchant accept only in compliance with Operating Rules and while the Merchant Agreement is in effect, or until Bank or an applicable Card Association notifies Merchant to stop using them. Merchant will not indicate or suggest in any way that Bank or any Card Association endorses Merchant's products or services. Merchant may only display approved decals, program marks and other advertising and promotional materials for the Card types Merchant selected on the Application. If Merchant has any questions concerning what materials Merchant may display, please contact Bank at the number provided in the application for Merchant Card Processing.

(23) Merchant Identification Number. Merchant is responsible for insuring its Merchant Identification Number ("MID") is kept confidential. When a change to a Merchant account is required, Merchant shall disclose its MID to the Bank representative as confirmation that the person requesting the change has authority. If the person requesting the change discloses the proper MID, Bank shall assume that person has the proper authority to make the change. Merchant shall be fully liable for any changes to its account after disclosure of the MID. Bank may request from Merchant additional information to further verify Merchant's identity.

## 2. DEFINITIONS

**Acceptance:** The process by which Merchant allows a Card or electronic debit or credit entry to be used by a Cardholder as a means of payment.

**Acceptance Mark:** A Visa-Owned Mark that denotes acceptance for Payment or Cash Disbursement.

**Account Funding Transaction:** An Electronic Commerce Transaction that meets the requirements specified in [Section 3\(v\)\(4\)](#) of this Operating Guide.

**Account Number:** An Issuer-assigned number that identifies a Cardholder's account.

**Account Number Verification:** An electronic process by which a Member or its authorizing processor determines if there is negative information on an Account Number in the Exception File.

**Account-Number-Verifying Terminal:** A Point-of-Transaction Terminal that: (a) may be required at specified High-Risk Locations, (b) reads the Account Number encoded on the Magnetic Stripe or Chip, (c) compares the last four digits of the encoded Account Number to the key-entered last four digits of the embossed or printed Account Number, and (d) transmits the full, unaltered contents of the Magnetic Stripe or Chip in the Authorization message.

**ACH:** The Automated Clearing House Network.

**ACH Rules:** Collectively, the National Automated Clearing House Association ("NACHA") Operating Rules and NACHA Operating Guidelines, as the same are amended from time to time.

**Acquirer:** A Member in the case of Visa/MasterCard Transactions or network acquirers in the case of American Express and Discover Transactions that acquire Transactions from Merchants, and directly or indirectly enters the resulting Transaction Receipt into Interchange.

**Additional Commercial Card Data:** Data contained in the Clearing Record for a Commercial Visa Product Transaction as specified in the Visa Operating Regulations.

**Address:** (i) For an individual, such individual's residential or business street address or, if the individual does not have a street address, a post office box number or a street address of the next of kin or another contact individual; and (ii) For a Person other than an individual, a principal place of business, local office, or other physical location.

**Address Verification Service:** A service through which a Merchant may verify a Cardholder's billing address, in whole or in part, prior to completing a Transaction. Primarily used in the Card Absent Environment or an Automated Fuel Dispenser Transaction.

**Advance Payment Service:** A Visa service that allows a Cardholder to use a Card for a partial or complete advance payment for recreational services or activities provided by an Advance Payment Service Merchant.

**Advance Payment Service Merchant:** A non-T&E Merchant participating in the Advance Payment Service, whose primary function is to provide recreational services related to tourism and travel, such as the purchase of provisions and transport equipment or hiring of staff prior to the scheduled services. These services include, but are not limited to: (a) fishing boat or scuba-diving charters, (b) hot-air balloon rides, and (c) whitewater rafting.

**Advance Payment Service Transaction:** A Transaction completed by an Advance Payment Service Merchant.

**Affiliate:** With respect to a Person, any other Person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, that Person, and the term "control" (including the terms "controlled by" and "under common control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

**Affiliated-merchant:** An entity that provides goods or services directly to a retail customer, is an affiliate of a Member or an Affinity Partner and honors any charge or credit card plan as a means of payment.

**Affinity/Co-Branded Card:** a Card bearing the Trade Name or Mark of an Affinity/Co-Brand Partner(s).

**Affinity/Co-Brand Merchant:** a Merchant that is affiliated with an Affinity/Co-Brand Partner.

**Affinity/Co-Brand Partner:** a non-Member entity that enters into a contractual agreement with an Issuer for the issuance of Affinity/Co-Branded Cards bearing the Affinity/Co-Brand Partner's Trade Name or Mark.

**Affinity/Co-Brand Program:** a program resulting from a contractual relationship between an Issuer and one or more Affinity/Co-Brand Partners for the issuance of Affinity/Co-Branded Cards.

**Aggregated Transactions:** a Transaction that combines all purchases made by the same Cardholder on the same Account Number during a defined time period and up to a defined amount into a single Transaction before submitting it for Clearing. An Aggregated Transaction must be (i) from a single Merchant Outlet; (ii) made by the same Cardholder; and (iii) on the same Account Number, and not include purchases made more than 3 days apart, and not exceed US \$15 in total aggregated purchases. Only the following merchants can process an Aggregated Transaction: (i) Electronic Commerce Merchants; and (ii) Merchants properly assigned one of the following Merchant Category Codes: 4111, "Local and Suburban Commuter Passenger Transportation, Including Ferries"; 4112, "Passenger Railways"; 4131, "Bus Lines".

**Agent:** An entity that acts as a Processor, a Third Party Agent, or both.

**Airline:** Either a passenger airline Merchant or its authorized agent that sells airline tickets on behalf of the airline.

**Approval Response:** An Authorization Response where the Transaction is approved.

**Approved Currency:** The currencies in which a Discover Transaction may be conducted.

**ATM:** An unattended Magnetic-Stripe or Chip-reading Terminal that has Electronic Capability, accepts PINs, and disburses currency.

**Authorization:** A process where an Issuer, a Processor, or Stand-In Processing approves a Transaction. This includes Offline Authorization.

**Authorization Code:** A code that an Issuer or its agent provides to indicate approval of a Transaction. The code is returned in the Authorization Response message and is usually recorded on the Transaction Receipt as proof of Authorization.

**Authorization Request:** A Merchant's request for an Authorization.

**Authorization Response:** An Issuer or its agent's reply to an Authorization Request or Account Number Verification. The Visa International Operating Regulations refers to the following types of Authorization Response: (a) Approval Response, (b) Decline Response, (c) Pick-up Response, and (d) Referral Response.

**Automated Fuel Dispenser:** An Unattended Cardholder-Activated Terminal that dispenses only fuel such as gasoline, diesel fuel, or propane.

**Automated Fuel Dispenser:** A Self-Service Terminal or Automated Dispensing Machine that dispenses fuel such as gasoline, diesel fuel, or propane.

**Bands Design:** A Visa-Owned Mark used only as a component of the Visa Flag Symbol, consisting of three horizontal bands in either: (a) blue, white, and gold or (b) black, white, and gray.

**BASE I:** A component of the V.I.P. System that provides Authorization-related services for Transactions that are subsequently cleared and settled through BASE II.

**BASE II:** A VisaNet system that provides Clearing and Settlement services to Members.

**Bill Payment Transaction:** A Transaction that results from an agreement between a Cardholder and a Merchant where the Cardholder is billed for goods or services within an ongoing service cycle that is known and agreed upon, in advance, by both the Merchant and the Cardholder. Transactions may occur monthly or on a periodic basis. Such Transactions include: (a) single payments by the Cardholder in either a Face-to-Face Environment of Card-Absent Environment; (b) Recurring Transactions; and (c) Installment Billing Transactions.

**BIN:** A six-digit number assigned by Visa and used to identify a Member or VisaNet Processor for Authorization, Clearing, or Settlement processing.

**Business Day:** Monday through Friday excluding Merchant Bank holidays. Each Business Day ends at the cut-off time specified by Merchant Bank. Charges submitted for processing on a holiday, weekend, or after the cut-off time are treated as received the following Business Day.

**Car Rental Company or Car Rental Merchant:** A Merchant whose primary business is the rental of passenger vehicles at either a corporate or franchise location, or at locations of licensees bearing the name of the corporate entity.

**Card:** Any Visa-branded or MasterCard-branded credit or debit cards, American Express® Cards Discover Card, private-label credit card, ATM/debit Card, or any other card issued by a Member which Merchant Bank may at any time specify in writing as an additional Card payment option available to a Merchant.

**Card Association:** Any entity formed to administer and promote Cards, including, without limitation, MasterCard International, Incorporated ("MasterCard"), Visa U.S.A. Inc. and Visa International (collectively, "Visa"), American Express Travel Related Services Company, Inc. ("American Express"), and DFS Services, LLC ("Discover"). In the case of On-line Debit Transactions, "Card Association" includes the Debit Networks.

**Card-Absent Environment:** An environment where a Transaction is completed under both of the following conditions: (a) the Cardholder is not present, and (b) the Card is not present. Transactions in this environment include Bill Payment Transactions, Deferred Payment Transactions, Electronic Commerce Transactions, Mail/Phone Order Transactions, Recurring Transactions, Telephone Service Transactions, Installment Billing Transactions, and Dynamic Currency Conversion Transactions in the T&E Service environment. Also referred to as "Card-Not-Present" Environment.

**Card Identification Data or "CID":** The three-digit value that follows the complete or truncated Account Number in the signature panel or in a separate box directly to the right of the signature panel on the back of a Card.

**Card-Present Environment:** An environment that comprises the conditions of either the Face-To-Face or Unattended Environments.

**Card Program:** One or more programs of financial service Cards honored by Merchants and financial institutions for presentment and collection of Cardholder indebtedness.

**Card Verification Value:** A unique check value encoded on the Magnetic Stripe of a Card to validate Card information during the Authorization process. The Card Verification Value is calculated from the data encoded on the Magnetic Stripe using a secure cryptographic process.

**Card Verification Value 2:** A unique check value generated using a secure cryptographic process that is indent-printed on the back of a Visa Card, or provided to a Virtual Account-Holder.

**Cardholder:** An individual to whom a Card is issued, or who is authorized to use this Card. Also referred to as a "Card Member" or "Cardmember".

**Cardholder Access Device:** A terminal, personal computer, or other device that a Cardholder uses to initiate an Electronic Commerce Transaction.

**Cardholder Information Security Program (CISP):** A program developed by Visa that defines the standard of due care and enforcement for protecting sensitive Cardholder information. Information regarding the Cardholder Information Security Program may be obtained from Merchant Bank or at: [http://usa.visa.com/business/accepting\\_visa/ops\\_risk\\_management/cisp.html](http://usa.visa.com/business/accepting_visa/ops_risk_management/cisp.html).

**Cardholder Verification:** The process of validating a Cardholder's identity through verification of the Cardholder's signature or PIN, or other methods as required in the Visa International Operating Regulations.

**Cash Advance:** The disbursement of currency, including foreign currency, to a Cardholder by a Cash Advance Merchant in connection with the presentation of a Discover Card at a branch location, excluding an ATM, in accordance with the terms of Section 5(g), but not including convenience checks, balance transfers, cash back points, quasi-cash or Cash Over.

**Cash Advance Merchant:** A Merchant that is a financial institution, licensed money transmitter, or entity engaged in financial services that is permitted to dispense Cash Advances by applicable Requirements of Law in accordance with these Operating Regulations and has been authorized by Acquirer to dispense Cash Advances.

**Cash Disbursement:** Currency, including traveler's cheques, paid out to a Cardholder using a Card.

**Cash Over:** The dispensing of cash by a Merchant in connection with a Discover Transaction for the purchase of goods or services.

**Central Reservation Service:** An entity that acts as a reservations resource for various geographically contiguous lodging establishments.

**Chargeback:** A Transaction that an Issuer returns to an Acquirer.

**Cheque:** A traveler's cheque that a Member issues, and that bears the Visa-Owned Marks.

**Chip:** An electronic component designed to perform processing or memory functions.

**Chip Card:** A Card embedded with a Chip that communicates information to a Point-of-Transaction Terminal.

**Chip-Reading Device:** A Point-of-Transaction Terminal capable of reading, communicating, and processing Transaction data from a Chip Card.

**Clearing:** All of the functions necessary to collect a Clearing Record from an Acquirer in the Transaction Currency and deliver it to the Issuer, or to reverse this transaction, or to process a Fee Collection.

**Clearing Record:** A record of a Presentment, Chargeback, Representment, or Reversal in the format necessary to clear the Transaction.

**Client Organization:** A company or organization that sponsors a Commercial Visa Product program, such as Visa Business, Visa Corporate, Visa Purchasing (including Visa Fleet), and any other Commercial Card program combining the functionality of these Cards, wherein Cards are provided to users for business-related purchases. Such companies or organizations may include public or private-sector companies, including sole proprietors and self-employed individuals.

**Commercial Visa Prepaid Product:** A Commercial Visa Product, issued as a Visa Prepaid Card, which is designed to access funds in a Prepaid Account that is owned by a Client Organization, used solely to provide a means to pay for the acquisition of business-related goods and services.

**Commercial Visa Product:** A Visa Card or a Virtual Account issued to a Client Organization for business-related purchases, subject to the requirements specified in the Visa International Operating Regulations, and associated with a BIN, account range, or an account designated as one of the following: Visa Corporate Card; Visa Business Card; or Visa Purchasing Card.

**Confidential Consumer Cardholder Information:** An Account Number or other personally identifiable information relating to a Consumer Cardholder.

**Consortium Merchant Negative File:** The database, maintained by Discover, to which will be added the name of any Merchant whose Discover Card Acceptance or Merchant Agreement an acquirer or Discover terminates for one of the reasons specified in [Section 5\(r\)\(4\)\(b\)](#).

**Consumer Cardholder:** A Cardholder, other than the Cardholder of a Commercial Visa Product.

**Contactless Card Transaction:** A Discover Transaction in which the Discover Card (including contactless sticker, a key fob, or Mobile Commerce Device) wirelessly transmits and the Merchant wirelessly captures Track Data (including DCVV Data) required for Authorization of the Discover Transaction and for creation of the related Sales Data.

**Contactless Payment:** A form of Visa payment conducted in the Card-Present Environment at the Point-of-Transaction through a Visa-approved wireless interface such as radio frequency or infrared technology.

**Contactless Payment Terminal:** A Point-of-Transaction Terminal that reads Magnetic-Stripe Data on a Contactless Payment chip through a Visa-approved wireless interface, and that includes Magnetic-Stripe reading capability.

**Contactless Payment Transaction:** A Transaction completed at a Point-of-Transaction Terminal through a Visa-approved wireless interface in the Card-Present Environment.

**Convenience Fee:** A fee charged by a Merchant for an added convenience to the Cardholder, as specified in [Section 3\(f\)](#) of this Operating Guide.

**Copy Request:** A Retrieval Request that is processed through an electronic documentation transfer method.

**Correction:** An adjustment to Merchant's Settlement Account in order to correct an error in Settlement that resulted from an error contained in Transaction Receipts or with respect to Chargebacks, Representments, reimbursements, assessments or fees.

**CPS/Small Ticket:** A payment service for Visa Consumer Card Transactions that meet the applicable requirements as specified in [Section 3\(v\)\(5\)](#) of this Operating Guide.

**Credit Slip:** A Discover term relating to a Transaction Slip used by a Merchant when issuing a Credit Transaction to a Cardholder.

**Credit Transaction:** A Merchant's refund or price adjustment credited to a Cardholder account.

**Credit Transaction Receipt:** A Transaction Receipt evidencing a Merchant's refund or price adjustment to be credited to a Cardholder account.

**Cruise Line Merchant:** A Merchant whose primary business is the selling of recreational travel on water, including overnight accommodations, intended to provide leisure or vacation activities for individuals or groups.

**Custom Payment Services (CPS):** The component services provided by Visa designed to meet the special Card acceptance and operating procedures of different types of Merchants.

**Customer Activated Terminal (CAT):** An unattended POS Device at the location of a Merchant at which the Cardholder's signature is not required on the Transaction Receipt in order to conduct a Card Sale using a Discover Card Account.

**CVV Data:** The Card Verification Value data encoded in the Track Data (including on the Magnetic Stripe) of each Discover Card. Including CVV Data in an Authorization Request indicates that the Discover Card was present at the time of the Discover Transaction.

**Data Capture-Only Capability:** Point-of-Transaction Capability where the Transaction Receipt data is electronically captured for Deposit purposes, but does not have capability to go Online for Authorization.

**Data Storage Entity (DSE):** An entity other than a Member, Merchant, Independent Sales Organization (ISO), or Third Party Processor (TPP) that stores, transmits, and/or processes MasterCard account data for or on behalf of a Merchant or Member Service Provider.

**Debit Card:** Visa-branded or MasterCard-branded consumer Cards issued by U.S. Card Issuers or Discover Cards that when presented for payment, access, debit, hold or settle funds from a consumer's demand deposit, investment or other asset account.

**Debit MasterCard Card:** Any MasterCard-branded consumer device, program, or card issued by a Member, that when presented for payment in the United States, accesses, debits, holds, or settles funds from a consumer's demand deposit or asset account. "Debit" or "Debit MasterCard Card" shall include consumer signature debit programs, stored value programs, prepaid cards, payroll cards, electronic benefit transfer cards, and deferred debit cards that access, debit, hold, or settle funds from the user's demand deposit or asset account less than fourteen days after the date of purchase. "Debit" shall not include any point-of-sale device that accesses, debits, hold, or settles funds from the user's demand deposit or asset account fourteen or more days after the date of the purchase.

**Debit Network:** An online data processing system used to support PIN-based Card Transactions.

**Decline Response:** An Authorization Response indicating that the Transaction is declined and the Card is not to be honored.

**Deferred Clearing Transaction:** A Transaction that is: (a) authorized through a V.I.P. System message and subsequently cleared and settled in a separate message through either BASE II or the Single Message System.

**Deferred Payment Transaction:** A Transaction completed in a Card-Absent Environment for which the Cardholder is billed once no more than 90 days after the first shipment of merchandise.

**Delayed Delivery Transaction:** A single Transaction where a Cardholder completes two separate Transaction Receipts. The first Transaction Receipt functions as a deposit (such as down payment) for goods or services; the second is to pay the balance due the Merchant.

**Deposit:** The submission of a Transaction Receipt by a Merchant or Payment Service Provider to Merchant Bank, resulting in a credit or debit to the Merchant's, Sponsored Merchant's, or Payment Service Provider's account.

**Deposit Date:** The date on which Merchant Bank receives a Transaction Receipt from a Merchant.

**Digital Certificate:** A digitally signed credential used to authenticate the owner of the credential or to ensure the integrity and confidentiality of the message it is signing.

**Discover Acceptance Mark:** The Program Mark(s) designated by Discover, as the same may be revised by Discover from time to time, that Merchants display in order to demonstrate Discover Card Acceptance and that Acquirer displays to demonstrate Acquirer's status as an Acquirer.

**Discover Card:** (i) A valid payment card bearing a Discover Acceptance Mark, Other Acceptance Mark, or such other mark as Discover may designate from time to time, or (ii) an access device approved by Discover to access a Discover Card Account, and/or (iii) the corresponding Discover Card Account for a Card-Absent Environment transaction.

**Discover Card Acceptance:** The acceptance by a Merchant of Discover Cards as the method of payment for goods or services, or in connection with Cash Advances.

**Discover Card Account:** The records maintained by Discover of Discover Transactions, payments and available balance or credit line for a given Discover Card.

**Discover Program Marks:** The brands, emblems, trademarks, and/or logos that identify Discover Cards, including without limitation the Discover Acceptance Mark.

**Dispute:** A Discover term relating to a Retrieval Request, request for a Chargeback, Chargeback, request for Representation of a Discover Transaction, or Representation of a Discover Transaction, as the context may require, by Processor or Discover, including supporting information and documentation provided by Processor in connection with any of the foregoing, and Processor's process of resolving or effecting any of the foregoing.

**Domestic Transaction:** A Transaction where the Issuer of the Card is located in the Transaction Country.

**Dynamic Card Verification Value Data (DCVV):** An encrypted calculated value in the Track Data generated by a Contactless Payment Device that is transmitted as part of an Authorization Request for a Transaction conducted with a Contactless Payment Device.

**Dynamic Currency Conversion:** A conversion of the currency in which goods or services are normally priced into a different currency, as agreed upon by the Cardholder and Merchant.

**Electronic Capability:** Point-of-Transaction Capability where all of the following are true: (a) Transaction Authorization is required (or the terminal is capable of reading and acting upon the Service Code in the Magnetic Stripe or information provided in the Chip),

(b) the Authorization Response is obtained Online, or as instructed by the Issuer, and (c) the Authorization Response and Transaction Receipt data are captured electronically.

**Electronic Commerce Merchant:** A Merchant that conducts the sale of goods or services electronically over the Internet and other networks.

**Electronic Commerce Transaction:** A Transaction conducted over the Internet or other network using a Cardholder Access Device.

**Electronic Imprint:** Reading and printing or capturing Card Magnetic Stripe information at a Magnetic-Stripe Terminal or Chip information at a Chip-Reading Device.

**Electronic Transaction Receipt:** A Transaction Receipt where the terminal generates the required data that is printed on the Transaction Receipt.

**Enhanced Merchant-Level Data:** Merchant- or Sponsored Merchant-related data (including Payment Service Provider data) provided to an Issuer in connection with a Visa Commercial Card program.

**Enhanced Transaction-Level Data:** Transaction-related data provided through Visa to an Issuer in connection with a Commercial Visa Product.

**Exception File:** A VisaNet file of Account Numbers, for which the Issuer has predetermined an Authorization Response, that a Member accesses Online.

**Expired Card:** A Card on which the embossed, encoded, or printed expiration date has passed.

**Face-To-Face Environment:** An environment where a Transaction is completed under all of the following conditions: (a) the Card or Proximity Payment Device is present, (b) the Cardholder is present, and (c) an individual representing the Merchant completes the Transaction. Transactions in this environment include Retail Transactions, Manual Cash Disbursements and Visa Easy Payment Service Transactions. Transactions in this environment exclude the following: Electronic Commerce Transactions; Mail/Phone Order Transactions; Recurring Transactions; Unattended Transactions; Installment Billing Transactions.

**Factoring:** A Merchant submitting Authorization Requests or Transaction Receipts on behalf of one or more other businesses that actually conducted the Transaction.

**Fee Collection:** A transaction used to collect financial obligations of a Member arising out of the Visa International Operating Regulations.

**Floor Limit:** An amount designated in a Merchant Agreement as the amount below which the Merchant is not required to obtain Authorization for Transactions.

**Foreign Currency:** A currency other than local currency.

**Fulfillment:** A document image that Merchant Bank supplies in response to a Retrieval Request.

**Health Care Eligibility Service:** A VisaNet service through which a Health Care Merchant may verify an individual's health care coverage and co-payment amount, if applicable.

**Health Care Merchant:** A Merchant, other than a pharmacy, whose primary business is providing health care services, and identified by certain Merchant Category Codes.

**High-Risk Location:** A Member or Merchant Outlet with abnormally high levels of risk-related activity, as specified in the Visa Operating Regulations.

**Hotel:** A hotel Merchant.

**Identity:** With respect to any Person, such Person's (i) full name (including any operating and legal name), (ii) date of birth (if the Person is an individual), (iii) current and permanent Address, and (iv) a social security number (or taxpayer identification number if the Person is not an individual) or, for a non-U.S. Person, one or more of the following: a taxpayer identification number, a passport number and country of issuance, alien identification card number, or number and country of issuance of any other government-issued document evidencing nationality or residence and bearing a photograph or similar safeguard.

**Imprint:** Cardholder data transferred from a Card to a Transaction Receipt to complete a Transaction. There are two kinds of imprints: (a) Electronic Imprint, and (b) Manual Imprint.

**Inbound Teleservices:** Audio-text services that a Cardholder accesses via fax or telephone, for the purchase of services or information including, but not limited to, pay-per-call services such as psychic readings, sports scores or stock market quotes.

**Installment Billing Transaction:** A single purchase of goods that is divided into two or more installment payment Transactions, originates at a Mail/Phone Order or Electronic Commerce Merchant and is authorized and processed as specified in [Section 3\(v\)\(1\)](#) of this Operating Guide.

**Interchange:** The exchange of Clearing Records between Members with respect to Visa/MasterCard Transactions or between a Member and Discover with respect to Discover Transactions.

**International Transaction:** A Transaction where the Issuer of the Card is not located in the Transaction Country.

**Internet Domain Name:** A network name associated with an organization.



**Issuer:** The Member or the Card Association (or an agent of the Card Association) that enters into the contractual relationship with the Cardholder for the issuance of one or more Cards. Visa and MasterCard only issue Cards through Members. Discover may issue Cards directly or through a financial institution.

**Limited Acceptance:** A term describing a Merchant's option to accept one category of Visa Cards and not another. Categories consist of: (a) Visa Credit and Business Category, and (b) Visa Debit Category.

**Limited Acceptance Merchant:** A category of Merchant that accepts either, but not both, of the following: (a) Visa Credit and Business Category Cards, or (b) Visa Debit Category Cards.

**Location Code:** A unique code identifying either a Point-of-Transaction Terminal or Merchant Outlet where a Transaction originates.

**Magnetic Stripe:** The magnetic stripe on a Card that contains the necessary information to complete a Transaction.

**Magnetic-Stripe Data:** Data contained in the Magnetic Stripe and replicated in the Chip.

**Magnetic-Stripe Terminal:** A Point-of-Transaction Terminal that reads the Magnetic Stripe on a Card and that, additionally, may read Contactless Payment Card data via a wireless interface.

**Mail/Phone Order Merchant:** A Merchant that completes a Mail/Phone Order Transaction.

**Mail/Phone Order Transaction:** A Transaction where a Cardholder orders goods or services from a Merchant by telephone, mail, or other means of telecommunication, and neither the Card nor the Cardholder is present at the Merchant Outlet.

**Mail/Telephone Order, Recurring, Installment Billing, or Electronic Commerce Transaction Indicator:** A VisaNet code that identifies a Transaction as one of the following: (a) Mail order Transaction, (b) Electronic Commerce Transaction, (c) Phone order Transaction, (d) Recurring Transaction, (e) Installment Billing Transaction, or (f) Other Mail/Phone Order-type Transaction.

**Manual Capability:** A Point-of-Transaction Capability where a voice Authorization is obtained.

**Manual Cash Disbursement:** A Cash Disbursement obtained with a Card in a Face-To-Face Environment.

**Manual Imprint:** An imprint of the embossed data on the front of the Card taken with a Manual Imprinter. A Manual Imprint must not consist of an impression taken from the Card using pencil, crayon, or other writing instrument.

**Manual Imprinter:** A mechanical device specifically designed to transfer the embossing on a Card and Merchant plate to a Sales Draft.

**Mark:** A word, name, design, symbol, or other device, or any combination thereof, that an entity adopts to identify its goods or services.

**MasterCard Rules Manual:** The MasterCard Rules Manual, as amended from time to time, which is available at the MasterCard web site at the following URL: [http://www.mastercard.com/us/merchant/pdf/BM-Entire\\_Manual\\_public.pdf](http://www.mastercard.com/us/merchant/pdf/BM-Entire_Manual_public.pdf).

**MasterCard Standards:** The bylaws, rules and policies, and the operating regulations and procedures of MasterCard, as may be amended from time to time.

**Member:** An entity that is a member of Visa or MasterCard.

**Merchant:** An entity that contracts with Merchant Bank to originate Transactions.

**Merchant Bank:** The Member specified in the Merchant Application.

**Merchant Category Code:** A code designating the principal trade, profession, or line of business of in which a Merchant is engaged.

**Merchant Certificate:** An electronic document used to authenticate a Merchant in an Electronic Commerce Transaction.

**Merchant Identification Number (MID):** The identification number assigned to Merchant by Bank for the purposes of participation in Bank's Card program. Merchant may be assigned multiple MIDs.

**Merchant Outlet:** The Merchant location at which a face-to-face Transaction, Mail/Phone Order Transaction, or Electronic Commerce Transaction is completed. For an Aggregated Transaction, the aggregated purchases must be from a single merchant brand of the direct seller to the Cardholder.

**Merchant Servicer:** A third-party agent that: (a) is engaged by a Merchant, (b) is not a Member of Visa, (c) is not directly connected to VisaNet, (d) is party to the Authorization and/or Clearing message, and (e) has access to Cardholder data, or processes, stores, or transmits Transaction data.

**Mobile Payment Device:** A device used to conduct Discover Transactions whereby Track Data is transmitted wirelessly by the Cardholder to the Merchant to effect Authorization and billing of the Discover Transaction to the Discover Card Account designated by the Cardholder.

**Non-Secure Transaction:** An Electronic Commerce Transaction that has no data protection.

**No-Show Transaction:** A Transaction resulting from a Cardholder's alleged failure to cancel or use the reservation completed by a Hotel or Car Rental Merchant participating in the Visa Reservation Service.

**Offline Authorization:** An Issuer-controlled process that allows a Chip-initiated Authorization Request to be processed in a below-Floor Limit environment without sending the request to the Issuer.

**Online:** A method of requesting an Authorization through a communications network other than voice.

**Online Address:** The electronic sales location (domain name) of a Merchant that conducts the sale of goods or services over the Internet or other network.

**Online Debit Card Transaction:** A Card Transaction between the Merchant and the Cardholder that is initiated with a Card that is processed through a Debit Network, and that requires entry of a Cardholder's PIN during the Transaction process.

**Operating Guide:** The then-current manual prepared by Bank, containing operational procedures, instructions and other directives relating to Card Transactions. A copy of the Operating Guide may be accessed at Processor's web site at: <http://www.transfirst.com/documents.html>

**Operating Rules:** are relevant portions of Visa International Operating Regulations, the MasterCard Rules, the American Express Merchant Requirements, the PayPal Operating Regulations and the operating rules, regulations, operating manuals, official rules, bulletins, notices, and similar documents issued by Card Associations, Debit Networks, Merchant Bank or Processor.

**Order Form:** A document bearing the Cardholder's signature, either written or electronic, authorizing goods or services to be charged to his/her account. An Order Form may be any of the following: (a) a mail order form, (b) a Recurring Transaction form, (c) a Preauthorized Healthcare Transaction form, or (d) E-mail or other electronic record that meets the requirements of applicable law.

**Other Acceptance Mark:** An acceptance mark other than the Discover Acceptance Mark that appears on a Discover Card, including without limitation, the China UnionPay Mark, as approved by Discover from time to time.

**Other MasterCard Card:** Any MasterCard-branded device, program, or card that is not defined as "debit" or "Debit MasterCard Card."

**Outbound Telemarketing:** Merchant-initiated contact with a Cardholder via a telephone call or a mailing (other than a catalog) that instructs the Cardholder to call the Merchant. These solicitations include, but are not limited to, discount buying clubs, discount travel clubs, membership clubs, credit card protection/registration services, cosmetics, health care products, and vitamins. This definition also includes "up sell" Merchants.

**Partial Authorization Approval:** An Authorization Response approving a Transaction in an amount other than the full amount of the Authorization Request.

**Payment Service Provider (PSP):** An entity that contracts with Merchant Bank to provide payment services to Sponsored Merchants.

**Peak Time:** The period of time, designated by a Car Rental Company, during which a Cardholder may use his/her Card to reserve a car that will be guaranteed under the Visa Reservation Service. The Peak Time may include any of the following: (a) legal holidays, including 3-day weekends, (b) resort rentals during seasons best suited for the resort's activities, and (c) special events that draw attendees from outside the local area.

**Permanent Establishment:** A fixed place of business through which an Electronic Commerce or Mail/Phone Order Merchant conducts its business, regardless of its Web site or server locations.

**Person:** Any individual or entity, including any natural person, corporation, partnership, joint venture, association, limited liability company, joint stock company, business trust, unincorporated organization, governmental entity or any other entity of any nature, kind and description whatsoever.

**Pickup Response:** An Authorization Response where the Transaction is declined and confiscation of the Card is requested.

**PIN:** A personal identification alpha or numeric code that identifies a Cardholder in an Authorization.

**POI:** Point of Interaction. This MasterCard term relates to Point-of-Transaction.

**Point-of-Transaction:** One of the following: (a) in a Face-to-Face Environment, the physical location at which a Merchant completes a Transaction Receipt, (b) In a Card-Present Environment, where an individual representing the Merchant or Acquirer is not present, the physical location at which a Cardholder completes an Unattended Transaction, or (c) at an Online Address, the checkout page(s) of a Merchant's Web Site at which a Cardholder completes a Transaction.

**Point-of-Transaction Capability:** The capability of a Merchant or Unattended Cardholder-Activated Terminal to obtain an Authorization and process Transaction Receipt data. The Visa International Operating Regulations refers to these Point-of-Transaction Capability types: (a) Authorization-Only Capability, (b) Data Capture-Only Capability, (c) Electronic Capability, (d) Manual Capability, and (e) Semi-Electronic Capability.

**Point-of-Transaction Terminal:** A device used at the Point-of-Transaction that has a corresponding Point-of-Transaction Capability. The Visa International Operating Regulations refer to the following types of Point-of-Transaction Terminals: (a) ATM, (b) Chip-Reading Device, (c) Magnetic-Stripe Terminal (d) Unattended Cardholder-Activated Terminal.

**Preauthorized Health Care Transaction:** A Transaction completed by a Health Care Merchant for which a Cardholder has provided written permission to the Merchant to charge the Cardholder's Visa account for services.

**Preauthorized Payment Cancellation Service:** A service that enables Visa Card Issuers to stop payment on Preauthorized Transactions.

**Preauthorized Transaction:** A Transaction for which a Cardholder has given advance permission to periodically charge his or her account. Preauthorized Transactions include, but are not limited to, Recurring Transactions, Installment Billing Transactions, and Preauthorized Health Care Transactions.

**Prepaid Account:** An account established by an Issuer with previously deposited funds, which will be decremented by a purchase Transaction, Cash Disbursement, or any applicable account fees.

**Presentment:** A Clearing Record that an Acquirer presents to an Issuer through Interchange, either initially (a first Presentment) or after a Chargeback (a Representment).

**Priority Check-out Agreement:** A written agreement that, when bearing a Cardholder's signature, authorizes a Hotel or Cruise Line Merchant participating in the Priority Check-out Service to deposit a Transaction Receipt without the Cardholder's signature for the total amount of his/her obligation.

**Priority Check-out Service:** A Visa service provided by Hotel and Cruise Line Merchants, that allows a Cardholder to authorize use of his/her Card for payment of the total obligation to the Hotel or Cruise Line Merchant, with or without prior knowledge of the total amount, by signing a completed Priority Check-out Agreement.

**Priority Check-out Transaction:** A Transaction that a Hotel or Cruise Line Merchant participating in the Priority Check-out Service completes.

**Processing Fees:** The fees payable by Merchant to Bank for the Card Program services Bank provides to Merchant in connection with the Merchant Agreement, as the same may be revised from time to time.

**Processor:** The TransFirst entity specified in the Merchant Application.

**Prohibited Merchant Category:** The list of activities and Merchants determined from time to time that disqualify an entity from eligibility to be a Merchant.

**Quasi-Cash Transactions:** A Transaction representing a Merchant's or Member's sale of items that are directly convertible to cash, such as:

- Gaming chips
- Money orders
- Deposits
- Wire Transfers
- Travelers cheques
- Visa TravelMoney Cards
- Foreign Currency

**Recurring Payment Plan:** A Discover term relating to an obligation, either of a fixed or variable amount, that is paid by a Cardholder with a series of charges to a Discover Card Account over a period time pursuant to an agreement between the Cardholder and the Merchant.

**Recurring Services Merchant:** A Merchant that provides services of an ongoing nature to a Visa Cardholder and completes Recurring Transactions to bill the Cardholder for these services.

**Recurring Transaction:** A Transaction for which a Cardholder provides permission, in either written or electronic format, to a Merchant to periodically charge his/her Account Number for recurring goods or services. These may include payment of recurring charges such as insurance premiums, subscriptions, Internet service provider monthly fees, membership fees, tuition, or utility charges.

**Referral Response:** An Authorization Response where the Merchant is instructed to perform an act (e.g., "pick up card") or contact the Issuer for further instructions before completing the Transaction .

**Regulation E:** The regulations, together with all staff interpretations issued thereunder, published by the Consumer Financial Protection Bureau to implement The Electronic Funds Transfer Act. "Regulation E" includes specific rules for all parties involved governing the issuance and use of Debit Cards and the processing of On-line Debit Card Transactions.

**Representment:** A Clearing Record that an Acquirer presents to an Issuer through Interchange after a Chargeback.

**Requirements of Law:** With respect to any Person, any law, ordinance, statute, treaty, rule, judgment, decree, regulation, official directive, consent, approval, authorization, order or other determination or finding of any governmental authority applicable to or binding upon such Person or to which such Person is subject, whether federal, state, county, local, foreign or otherwise, including state usury laws, the Truth-In-Lending Act, the Fair Debt Collection Practices Act, the Federal Equal Credit Opportunity Act, the Fair Credit Reporting Act as amended by the Fair and Accurate Credit Transactions Act, the National Bank Act, the Bank Secrecy Act as amended by the USA PATRIOT Act together with implementing federal regulations, the Trading With the Enemy Act, the International Emergency Economic Powers Act and the United Nations Participation Act and related Executive Orders and implementing U.S. Department of the Treasury regulations, the Electronic Funds Transfer Act, the Telephone Consumer Protection Act, the Gramm-Leach-Bliley Act, the Foreign Corrupt Practices Act, the Federal Trade Commission Act, the Sarbanes- Oxley Act and implementing federal regulations, and Regulations B, E, P and Z of the Consumer Financial Protection Bureau and Regulation II of the Board of Governors of the Federal Reserve System.

**Retail Merchant:** A Merchant that is not a Mail/Phone Order Merchant, a Recurring Services Merchant or a T&E Merchant.

**Retail Transaction:** A Transaction at a Retail Merchant Outlet.

**Retrieval Request:** An Issuer's request for a Transaction Receipt, which could include a paper copy or facsimile, or an electronic version thereof.

**Reversal:** A transaction used to negate or cancel Settlement of Transaction Receipts that should not have been processed for Settlement.

**Sales Data:** A Discover term relating to the evidence of Discover Transactions (including Cash Advances and Credit Transactions) in electronic format that is captured, prepared and transmitted for Settlement.

**Sales Draft:** A paper record evidencing the purchase of goods or services from a Merchant by a Cardholder using a Visa Card or Visa Electron Card.

**Sales Slip:** A Discover term relating to a form used by a Merchant to capture Discover Transaction information in transactions where a Point-of-Transaction Terminal is not used, one copy of which is provided to the Cardholder and one copy of which is submitted to Processor for Settlement of the Discover Transaction with the Merchant.

**Sanctioned Person:** A Person whose property is "blocked" and cannot be dealt in, or who or which is otherwise identified as the subject of U.S. economic sanctions administered by OFAC, for example, by being listed on OFAC's SDN List, or by being organized in or operating in or on behalf of a country, territory or government that is the subject of sanctions administered by OFAC. Such countries include (as of 9/2013) Burma (Myanmar), Cuba, Iran, Sudan, and Syria.

**Scrip:** A two-part paper receipt dispensed by a Scrip Terminal that is redeemable at a Merchant Outlet for goods, services, or cash.

**Scrip Terminal:** An Unattended Cardholder-Activated Terminal that prints Scrip.

**Secure Electronic Commerce Transaction:** An Electronic Commerce Transaction that has been authenticated using an Authentication Method.

**SDN List:** OFAC's frequently-updated list of Specially Designated Nationals and Blocked Persons maintained on the OFAC website at: <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>.

**Secure Sockets Layer (SSL):** A protocol that uses public key encryption for the secure processing of Transactions over the Internet and other networks.

**Security Requirements:** A Discover term relating to (i) The Payment Card Industry Data Security Standard located at [www.discovernetwork.com](http://www.discovernetwork.com) and/or [www.pcidatasecuritystandards.org](http://www.pcidatasecuritystandards.org) (as the same may be amended and supplemented from time to time), and all related compliance requirements and (ii) any additional security requirements and all related compliance requirements promulgated by Discover from time to time.

**Self-Service Terminal:** A Point-of-Transaction Terminal other than a CAT, that is not attended by a representative of the Merchant, at which the Merchant is required to obtain a Cardholder signature for each Transaction.

**Semi-Electronic Capability:** Point-of-Transaction Capability where both of the following are true: (a) an Authorization Response, when required, is obtained Online, and (b) a Transaction Receipt data is captured electronically.

**Service Code:** A sequence of digits encoded in the Magnetic Stripe and replicated in a Chip that identifies the circumstances under which the Card is valid (e.g., International Transactions, Domestic Transactions, restricted Card use) and defines requirements for processing a Transaction with the Card (e.g., Chip-enabled, Cardholder Verification, Online Authorization).

**Settlement:** The reporting and transfer of Settlement Amounts owed by one Member to another, or to a Card Association, as a result of Clearing.

**Settlement Account:** Checking account or other acceptable deposit account Merchant maintains at a depository institution acceptable to Bank for credit of Transactions and debit of Credit Transaction Receipts, Chargebacks, Processing Fees and reimbursement of any fines or fees assessed by Card Associations or other governmental agency or entity having authority.

**Settlement Amount:** The daily net amount resulting from Clearing.

**Single Message System:** A component of the V.I.P. System that processes Online Financial and Deferred Clearing Transactions.

**Site Data Protection Program (SDP):** A program developed by MasterCard that defines the standard of due care and enforcement for protecting sensitive Cardholder information. Information regarding the SDP Program may be obtained from Merchant Bank or at: [www.mastercard.com/sdp](http://www.mastercard.com/sdp).

**Specialized Vehicle:** A unique class of rental vehicle not in a Car Rental Company's main rental fleet (for example, mini-vans, four-wheel drive vehicles, selected sports models, or luxury and vintage vehicles), that does not constitute more than 5 percent of the Merchant's total US-based rental fleet.

**Sponsored Merchant:** A Merchant that contracts with a Payment Service Provider to obtain payment services. A Merchant is considered a Sponsored Merchant for Transactions in which payment services are provided by a Payment Service Provider.

**Stand-In Processing:** the V.I.P. System component that provides Authorization services on behalf of an Issuer when the Positive Cardholder Authorization System is used or when the Issuer or its VisaNet Processor is unavailable.

**Status Check:** An Authorization Request for \$1.

**Status Check Procedure:** A procedure where an Automated Fuel Dispenser Merchant requests an Authorization for \$1, as specified in Section 3(l)(14) of this Operating Guide.

**Supplementary Data Record:** A record containing additional data relating to a Discover Transaction that may be included by Merchant in Sales Data submitted to Processor for Settlement.

**T&E:** An abbreviation for Travel and Entertainment.

**T&E Advance Deposit Service:** A service that a Hotel Merchant, Cruise Line Merchant, or Car Rental Company provides to a Cardholder, allowing use of a Visa Card to pay an advance deposit required to reserve accommodations or a vehicle.

**T&E Advance Deposit Transaction:** A Transaction that a Hotel Merchant, Cruise Line Merchant, or Car Rental Company completes as a result of a Cardholder's agreement to use a Visa Card to pay for an advance deposit to reserve accommodations or a vehicle.

**T&E Chargeback:** The Chargeback of a T&E Transaction.

**T&E Document:** A photocopy of all documents pertinent to a T&E Transaction, such as a Guest Folio or car rental agreement that (a) evidences a Cardholder's participation in a hotel, cruise line, or car rental Transaction, (b) contains a Card Imprint and signature, if either or both was obtained, and (c) is supplied in response to a Retrieval Request.

**T&E Express Service:** A service offered by a Hotel or Car Rental Merchant to a Cardholder that agrees to a Dynamic Currency Conversion Transaction. To expedite hotel check-out or car rental return, the service allows a customer to bypass the typical face-to-face hotel check-out or car rental return process, without receiving a Transaction Receipt. As part of the service, the Merchant mails the Transaction Receipt for the T&E Transaction to the Cardholder within 3 business days.

**T&E Merchant:** A Merchant whose primary function is to provide travel-related services as specified in the Visa Operating Regulations.

**T&E Services:** Travel-related services provided to Eligible Cardholders, including: (a) Priority Check-out Service, (b) T&E Advance Deposit Service, and (c) Visa Reservation Service.

**T&E Transaction:** A Transaction at a T&E Merchant Outlet.

**Telephone Service Transaction:** A Transaction in which a Cardholder uses a Visa Card to purchase a telephone call.

**Third Party Agent:** An entity that is not a Processor and provides payment-related services, directly or indirectly, to a Member and/or stores, transmits, or processes Cardholder data. A Third Party Agent does not include: Financial institutions that perform Agent activities, Affinity/Co-Brand Partners or Global Co-Branding Partners, Card manufacturers or Card personalizers.

**TID:** Transaction Information Document. MasterCard term, which relates to a Transaction Receipt.

**Track Data:** The data that is contained on the Magnetic Stripe and/or wireless transmitter of a Discover Card (including CVV Data, and, for Contactless Devices, DCVV or iCVV Data), which is capable of being captured by a Point-of-Transaction Terminal.

**Trade Name:** A name used to identify a business and to distinguish its activities from those of other businesses.

**Trade Secret:** Any formula, pattern, device, or compilation of information that is used in one's business, and that gives one an opportunity to obtain an advantage over competitors who do not know or use it.

**Transaction:** The act between a Cardholder and a Merchant involving a Card (including without limitation a Cash Advance) that results in the generation of a Transaction Receipt.

**Transaction Country:** The Country in which the Merchant Outlet is located, regardless of the Cardholder's location when a Transaction occurs. For Transactions completed aboard an aircraft, the Transaction Country is that in which the Merchant deposits the Transaction Receipt.

**Transaction Currency:** The currency in which a Transaction is originally completed.

**Transaction Date:** The date on which a Transaction between a Cardholder and a Merchant occurs.

**Transaction Documentation:** Collectively, Transaction Receipts, Credit Transaction Receipts and Transaction Slips.

**Transaction Information:** Any Transaction information or data that is contained in the Authorization message or Clearing Record.

**Transaction Receipt:** An electronic or paper record of a Transaction (or a copy, including microfilm), generated at the Point-of-Transaction.

**Transaction Record:** A paper record issued by, or in connection with, a Point-of-Transaction Terminal.

**Transaction Region:** The region in which the Merchant Outlet is located, regardless of the Cardholder's location when a Transaction occurs. For Transactions completed aboard an aircraft, the Transaction Region is that in which the Merchant deposits the Transaction Receipt.

**Transaction Slip:** A form used by a Merchant to capture Discover Transaction data in transactions where a Point-of-Transaction Terminal is not used, one copy of which is provided to the Cardholder and one copy of which is provided to Processor for Settlement of the Discover Transaction, including a Sales Slip or a Credit Slip, as applicable or appropriate under the circumstances.

**Unattended Cardholder-Activated Terminal:** A Cardholder-operated device, managed by the Merchant, that reads, captures, and transmits Card information without an attendant physically present to validate the Cardholder signature or to assist in completing the Transaction. An Unattended Cardholder-Activated Terminal may dispense goods, provide services, or both.

**Unattended Environment:** An environment where a Transaction is completed under all of the following conditions: (a) Card is

present; (b) Cardholder is present; (c) Cardholder completes the Transaction directly at an Unattended Cardholder-Activated Terminal; and (d) Authorization, if required, is obtained electronically.

**Unattended Transaction:** A Transaction conducted at an Unattended Cardholder-Activated Terminal.

**Vehicle-Specific Fleet Card:** A Visa Purchasing Card enhanced with Fleet Service and assigned to a specific vehicle. The Card is embossed with the vehicle license number or other unique identification and any driver can sign for the Transaction. For control purposes, Vehicle-Specific Cards are blocked by Merchant Category Code so that they may only be used at fuel and vehicle maintenance Merchants.

**Verified by Visa:** a Visa-approved Authentication Method based on the 3-D Secure Specification.

**Verified by Visa Mark:** a Mark used in conjunction with the Visa Authenticated Payment Program. One of the Visa-owned Marks.

**V.I.P. System:** VisaNet Integrated Payment System. The VisaNet Authorization, Clearing, and Settlement services provided to Members. The V.I.P. System consists of both BASE I and the Single Message System.

**Virtual Account:** An account for which no Card is issued, established primarily for completing Electronic Commerce Transactions.

**Virtual Account-Holder:** An individual or commercial entity to whom a Virtual Account is provided or who is authorized to use a Virtual Account.

**Visa Cash Back Service:** A service whereby cash is obtained from a qualified Merchant through the use of a Visa Debit Card or Visa Business Check Card and processed and processed as a Visa Debit with PIN-Transaction. The amount of cash back is always less than the total Transaction amount.

**Visa Consumer Card:** A Visa Card other than a Commercial Visa Product Card.

**Visa Consumer Credit Card:** A Visa Consumer Card other than Visa Debit Card that includes the following: (a) Visa Traditional, (b) Visa Traditional Rewards, (c) Visa Signature, and (d) Visa Signature Preferred.

**Visa Credit and Business Category:** A Card category that consists of the following: (a) Visa Consumer Card, other than a Visa Debit Card, issued by a U.S. Issuer, (b) Commercial Visa Product, and (c) Visa Card issued by a non-U.S. Issuer.

**Visa Debit Card:** A Visa Consumer Card that accesses a deposit, investment, or other asset of a consumer, including a fiduciary account, but not including a Consumer Visa Deferred Debit Card. A Visa Debit Card includes the following: (a) Visa Buxx, (b) Consumer Visa Check Card, (c) Visa Check Card II, (d) Visa Gift Card, (e) Visa Incentive Card (f) Visa Payroll, and (g) Visa Prepaid Card.

**Visa Debit Category:** A Card category that consists of the following: (a) Visa Debit Card issued by a U.S. Issuer, and (b) Visa Card issued by a non-U.S. Issuer.

**Visa Electron Card:** A Card that bears the Visa Brand Mark with the Electron Identifier and that is used to denote acceptance for both payment and Cash Disbursement.

**Visa Electron Wordmark:** A Visa-Owned Mark consisting of the Visa Brand Name and the name "Electron."

**Visa Flag Symbol:** A Visa-Owned Mark consisting of the Bands Design with the Visa Logotype centered in the middle band. A Visa Card must not bear the Visa Flag Symbol.

**Visa Fleet Card:** A Visa Purchasing Card used only for the purchase of fuel and vehicle maintenance services.

**Visa Fleet Service:** An enhancement to Visa Purchasing that provides company vehicle fleet managers with information to track vehicle fuel and maintenance expenses.

**Visa Fleet Service Merchant:** A Merchant whose primary business is providing fuel or vehicle maintenance services. A Visa Fleet Service Merchant is identified by the following Merchant Category Codes: 4468, 4582, 5511, 5532, 5533, 5541, 5542, 5599, 7531, 7534, 7535, 7538, 7542, 7549, and 7699.

**Visa Logotype:** The Visa Wordmark depicted in stylized lettering.

**Visa Mini Card:** A small-size Visa Consumer or Commercial Visa Product Card issued in conjunction with a corresponding full-sized Visa Card.

**Visa-Owned Marks:** The Marks owned by Visa.

**Visa Prepaid Card:** A Card used to access funds in a (a) Prepaid Account or (b) Card where monetary value is stored on a Chip.

**Visa Program:** A program through which a Member provides payment services to Visa Cardholders or Merchants by acting as an Issuer, an Acquirer, or both.

**Visa Program Marks:** The Marks used in connection with the Visa Program.

**Visa Purchasing:** A Visa Purchasing Card issued as specified in the Visa International Operating Regulations.

**Visa Reservation Service:** Visa services provided by a: (a) Hotel to guarantee accommodations, or (b) Car Rental Company to guarantee a Specialized Vehicle or Peak-Time reservation.

**Visa TravelMoney Card:** A prepaid card that may be purchased and used worldwide to obtain local currency at Visa ATM Network or Plus ATM locations.

**Visa Wordmark:** A Visa-Owned Mark consisting of the word "Visa."

**VisaNet:** The systems and services through which Visa delivers Online Financial Processing, Authorization, Clearing, and Settlement services to Members.

**VisaNet Access Point:** Visa equipment and software that a Member uses to access the VisaNet systems through a router and switch configuration.

**VisaNet Copy Request and Fulfillment Service:** An automated process for transmitting Copy Requests, Retrieval Requests, and Fulfillments and monitoring the integrity and quality of the service through Visa Resolve Online.

### **3. VISA PROGRAM REQUIREMENTS.**

#### **a. Required Information.**

- (1) The Visa Operating Regulations require that a Merchant provide the following information to Merchant Bank:
  - (a) Merchant's "Doing Business As" (DBA) name;
  - (b) Merchant's legal name (For a sole proprietor, the information must include the sole proprietor's full first and last name, including the middle initial);
  - (c) Merchant's Merchant Outlet location(s), including street address, city, state and nine-digit ZIP code;
  - (d) Merchant's Federal Taxpayer Identification Number, and identification of the number as either a Federal Employer Identification Number (FEIN) or Social Security Number (SSN);
  - (e) Merchant's entity status (for example, corporation, partnership, sole proprietor, nonprofit, or other);
  - (f) the Merchant Category Code and, if applicable, any secondary Merchant Category Code(s);
  - (g) an indication if the Merchant is a small and/or disadvantaged business; and
  - (h) the termination date and reason for termination if the Acquirer/Merchant relationship is terminated
  - (i) Merchant telephone number;
  - (j) Merchant principal/owner name;
  - (k) Indication if a Merchant is a small and/or disadvantaged business.
- (2) In addition to the requirements specified above, Merchant Bank is required to collect the following information from each Electronic Commerce Merchant that uses a Merchant Certificate:
  - (a) the name of the Merchant Certificate issuer;
  - (b) the Merchant Certificate number;
  - (c) the Merchant Certificate expiration date; and
  - (d) the ownership status of Merchant Certificate - shared or individual.

#### **b. Payment Service Providers.**

- (1) A PSP has financial liability for Transactions entered into Interchange on behalf of Sponsored Merchants, as well as responsibility for any disputed Transactions, credits, or customer service-related expenses. The acts and omissions caused by a Sponsored Merchant shall be treated as those of the PSP. A PSP is liable for all acts and omissions caused by its Sponsored Merchants including, but not limited to: (a) Chargebacks; (b) failure to provide service; (c) related legal costs; and (d) Settlement to the Sponsored Merchant.
- (2) A PSP may not provide payment services to the following merchant types: (a) buyers clubs / membership clubs; (b) credit counseling or credit repair services; (c) credit protection / identity theft protection; (d) direct marketing—subscription merchants; (e) infomercial merchants; (f) Internet pharmacies; (g) Internet pharmacy referral sites; (h) multi-level marketing businesses; (i) outbound telemarketers; (j) rebate-based businesses; or (k) Up-Selling merchants. These merchant types may be classified with Merchant Category Codes 4814, 5912, 5962, 5966, 5968, and 5969, and are ineligible for Sponsored Merchant status.
- (3) A PSP: (a) must not transfer or attempt to transfer its financial liability by asking or requiring a Cardholder to waive his or her dispute rights; (b) must not permit a Sponsored Merchant to transfer or attempt to transfer its financial liability by asking or requiring a Cardholder to waive his or her dispute rights; and (c) must not deposit Transactions on behalf of another PSP.
- (4) A PSP must: (a) not contract with another PSP; (b) cause Sponsored Merchants to display the appropriate Visa-Owned Marks to indicate which Cards are accepted for payment at their locations or websites; (c) report Sponsored Merchant and Transaction Information to its Acquirer and, upon request, to Visa; (d) use the appropriate Merchant Category Code or other required indicators to identify Merchant or Transaction type; (e) Ensure compliance by the Sponsored Merchant with its contract with the PSP; (f) ensure that its Sponsored Merchants comply with the Payment Card Industry Data Security Standard (PCI DSS) and the Payment Application Data Security Standard (PADSS); and (g) immediately terminate a Sponsored Merchant if required by the Acquirer or Visa. A PSP may contract and process Transactions with multiple Acquirers.
- (5) A PSP may not: (a) operate as a Sponsored Merchant of another PSP; (b) deposit Transactions on behalf of another PSP; or (c) contract with a Sponsored Merchant whose contract was terminated at the direction of Visa or a government agency.

(6) Each Sponsored Merchant contract with a PSP must contain contract requirements which comply with the applicable requirements on Merchants and all applicable Website requirements set forth in the Visa International Operating Regulations and this Operating Guide.

(7) A PSP must provide comprehensive lists, including names of principals and country of domicile, for all of its Sponsored Merchants and Transaction reports to Merchant Bank, and upon request to Visa.

(8) A PSP may only deposit Transactions from Sponsored Merchants within the Member Bank's jurisdiction. The location of the Sponsored Merchant determines where a Transaction takes place, not the country of the PSP. The Merchant country code included in the Authorization and Clearing Records must contain the country code for the Sponsored Merchant. A PSP must provide customer service either directly or through its Sponsored Merchant.

(9) A Merchant or PSP must not deposit a Transaction Receipt until one of the following occurs: (a) the Transaction is completed; (b) the goods or services are shipped or provided, except as specified below; (c) the purchased service is performed; or (d) Cardholder consent is obtained for a Recurring Transaction. A Merchant or PSP may deposit a Transaction Receipt before shipping or providing the goods or services only if the Cardholder has agreed to either: (a) a Delayed Delivery Transaction; or (b) an Advance Deposit Transaction.

(10) Merchant Bank may immediately terminate a PSP or Sponsored Merchant for good cause, fraudulent or other activity, or upon Visa's request.

(11) The Sponsored Merchant name and the PSP name (or an abbreviation) must appear on the Transaction Receipt and billing statement and both must be included in the Merchant name field of the Clearing Record, as specified in the Visa International Operating Regulations.

(12) A PSP must provide customer service either directly or through its Sponsored Merchant. For a Transaction completed at an Electronic Commerce Sponsored Merchant, a PSP must provide customer service through its Website if a Cardholder accesses the PSP Website directly. For a Transaction that is not completed at an Electronic Commerce Sponsored Merchant, customer service may be provided by the PSP or its Sponsored Merchant.

**c. Display of Marks and Acceptance Signage.**

(1) General Requirements. Merchant must comply with the requirements for usage of the Visa Marks set forth in the Visa Operating Regulations. Merchant must display the Visa Marks to indicate which Visa Cards it accepts for payment. A Merchant that accepts Visa Cards may choose Limited Acceptance. A Limited Acceptance Merchant must display only the Visa-approved signage representing the Limited Acceptance Category it has selected. Merchant is not required to display the Visa Marks if it does not deal with the general public.

(2) Prohibited Website Content. A Merchant, a Payment Service Provider (PSP), or a Sponsored Merchant that displays a Visa-Owned Mark on its Website must not accept Cards for the purchase or trade of photographs, video imagery, computer-generated images, cartoons, simulation, or any other media or activities including, but not limited to: (a) child pornography; (b) bestiality; (c) rape (or any other non-consensual sexual behavior); or (d) non-consensual mutilation of a person or body part.

(3) Use of Verified by Visa Mark. Merchant must display the appropriate Verified by Visa Mark to indicate its participation in the 3-D Secure Vendor Compliance Testing Program. An Electronic Commerce Merchant must not use the Verified by Visa Mark unless the Merchant uses certified and operational Verified by Visa software on its Website and is a Verified by Visa participant. A Verified by Visa-capable Merchant that displays the Verified by Visa Mark must not use the Mark: (a) in a way that implies endorsement of any other product or service; or (b) to indicate payment acceptance.

(4) Merchant Web Sites.

(a) A Merchant Web Site must display at the point of payment choice, either the (i) Visa Flag Symbol or Visa Brand Mark in full color, if it accepts all Visa Cards for payment or (ii) Visa-approved signage representing the Limited Acceptance category it has selected.

(b) A Merchant that accepts all Visa Cards may use the Visa Brand Name to indicate acceptance of Visa-branded payment products only when a visual representation of a Visa Brand Mark is not possible at the Merchant Web Site. A Merchant displaying the Verified by Visa Mark on its Website must comply with the Visa Product Brand Standards.

(5) Mail/Phone Order Merchants. A Mail/Phone Order Merchant must:

(a) Advise the Cardholder, during the payment process, that it accepts all Visa Cards for payment or that it accepts Visa Cards that are in the Limited Acceptance category it has selected; and

(b) Display, in its catalog, or other selling material, either the: (i) Visa Flag Symbol or Visa Brand Mark in full color, if it accepts all Visa Cards for payment, or (ii) Visa-approved signage representing the Limited Acceptance category it has selected.

(6) Automated Fuel Dispenser Merchants. An Automated Fuel Dispenser Merchant must display the appropriate Visa-Owned Marks on or near the Automated Fuel Dispenser to indicate which Cards it accepts for payment.

(7) Promotional Material.

(a) Merchant may: (i) indicate in a single advertisement, display, or notice that Visa Card services are available, and (ii) use the Visa-Owned Marks or, if Merchant has selected Limited Acceptance, the signage associated with the Limited Acceptance category it has selected, on promotional, printed, or broadcast materials only to indicate the types of Visa Cards it accepts for payment.



(b) Merchant may not use any Visa-Owned Mark for promotional or advertising purposes in any media, unless all of the following are true: (i) Merchant Bank's name and city appear on the material, (ii) Merchant Bank distributes the material, and (iii) the Merchant must comply with the applicable sections of all of the following: (A) Visa U.S. Regional Operating Regulations; (B) Visa International Operating Regulations; and (C) Visa Product Brand Standards (for Cards bearing the Visa Brand Mark), available through Visa Online.

(c) Merchant must not: (i) indicate or imply that Visa or Merchant Bank endorses any Merchant goods or services; (ii) refer to Visa in stating eligibility for its products, services, or membership; (iii) use the Visa-Owned Marks for any purpose other than those permitted in the Visa International Operating Regulations or without written permission from Visa; or (iv) use the signage associated with the Limited Acceptance Category it has selected for any purpose other than those permitted in the Visa International Operating Regulations or without written permission from Visa.

(8) Affinity/Co-Brand Card Program.

(a) A Merchant that wants to accept Affinity/Co-Branded Cards, including an Affinity/Co-Brand Merchant that is affiliated with an Affinity/Co-Brand Partner, must also accept all Visa Cards in the Merchant's category of acceptance, in compliance with the rules for honoring Cards.

(b) When presented with an Affinity/Co-Branded Card, a Merchant or Affinity/Co-Brand Merchant must not provide a discount to the Cardholder that is not available for other Visa Cards of the same product type, unless either the: (i) Discount, such as a credit on the Cardholder statement, rebate, etc., is provided subsequent to the time of the Transaction; or (ii) Cardholder presents a coupon or voucher in addition to the Affinity/Co-Branded Card.

(c) A Merchant or Affinity/Co-Brand Merchant must not promote at the Point-of- Transaction the availability of discounts on purchases made with an Affinity/Co-Branded Card if such discounts are not available for other Visa Cards of the same product type.

(d) Visa-Owned Marks must be at least equal in size and prominence to the Affinity/Co-Brand Partner identification.

(e) An Affiliated-merchant must display the Visa-Owned Marks independently from any identification of the Affinity/Co-Brand Partner.

**d. Honoring Cards.**

(1) Selection of Payment Systems.

(a) A Merchant that wishes to accept Visa Cards must accept any valid Visa Card in its category of acceptance that a Cardholder properly presents for payment. This means that Merchant must permit the Cardholder to choose whether he or she pays for a transaction with that Visa Card or with some other means of payment accepted by Merchant. Merchant may request or encourage a Cardholder to use a means of payment other than a Visa Card. A Merchant that accepts all Visa Cards, or a Limited Acceptance category of Visa Cards, must accept any valid Visa Card issued by a non-U.S. Issuer.

(b) If a Cardholder presents a Visa Card that is in the Merchant's category of acceptance and that bears a Mark representing another payment service:

(i) Merchant must honor the Cardholder's request if the Cardholder indicates that the transaction is to be processed as a Visa Transaction.

(ii) Merchant may process the Transaction as something other than a Visa Transaction despite an initial indication by the Cardholder that the Transaction is to be processed as a Visa Transaction, but only if the Cardholder agrees that the Transaction may be processed as something other than a Visa Transaction. Merchant may not mislead the Cardholder concerning what payment service or system will be used. If Merchant provides any information on this topic, that information must be accurate.

(iii) Merchant may offer a non-monetary benefit to a Cardholder as an inducement for the Cardholder to use a means of payment other than a Visa Card. Merchant may offer a monetary benefit in the form of a discount, as provided in the Visa Operating Regulations, as an inducement for the Cardholder to use a means of payment other than a Visa Card.

(iv) Merchant may accept Visa Electron Cards. If Merchant accepts Visa Electron Cards, it must: (a) accept all Visa Electron Cards properly presented for payment, and (b) process all Transactions resulting from Visa Electron Cards as Visa Electron Program Transactions, as specified in the Visa International Operating Regulations.

(v) If Merchant does not deal with the public (for example, a private club), it complies with Section 3(d)(1)(b)(iv) if it accepts Visa Cards and Visa Electron Cards from its members.

(2) Visa Affinity Cards. A Merchant that wants to accept Affinity/Co-Branded Cards, including an Affinity/Co-Brand Merchant that is affiliated with an Affinity/Co-Brand Partner, must also accept all Visa Cards in the Merchant's category of acceptance, in compliance with the rules for honoring Cards specified in the Visa International Operating Regulations.

(3) Visa Mini Cards. A U.S. Merchant that accepts a Visa Card and has a Magnetic-Stripe Terminal must attempt to accept a Visa Mini Card if the Visa Mini Card is within the Merchant's category of Card acceptance. The Merchant must request the corresponding full-sized Visa Card if the Merchant's Terminal is unable to read the Magnetic Stripe on the back of the Visa Mini Card and if the full Account Number is not placed on the Visa Mini Card.

(4) Uniform Services.

(a) Merchant must process Transactions with Merchant Bank's Cardholders and other Visa Member's Cardholders in exactly the same manner. Merchant's normal discount rates, controls, regulations, and procedures apply.

(b) Merchant must not require a Cardholder, as a condition for honoring a Visa Card or Visa Electron Card, to sign a statement that waives the Cardholder's right to dispute the Transaction with the Issuer.

(5) Expired or Invalid Cards. Merchant must verify a Cardholder's identity if either a Card cannot be imprinted on a Transaction Receipt or Cardholder presents an Expired Card. Merchant must not accept a Card prior to the embossed "valid from" date. When a Card is embossed or printed with a "valid from" date, the Card is considered valid on the date specified as follows: (a) If the "valid from" date format is month/year, the Card Validity Date is the first day of the embossed or printed month and year. (b) If the "valid from" date format is month/day/year, the Card Validity Date is the embossed or printed date.

(6) No Preferential Treatment. A Merchant or an Affiliated-merchant may not offer preferential treatment to the Visa Cards of a Member.

**e. Discounts at Point of Sale.** A U.S. Merchant may request or encourage a Cardholder to use a means of payment other than a Visa Card or a Visa Card of a different product type (e.g., Visa Classic Card, Visa Traditional Rewards Card, Visa Signature Card) than the Visa Card the consumer initially presents. Except where prohibited by law, the Merchant may do so by methods that include, but are not limited to: (1) Offering the consumer an immediate discount from the Merchant's list, stated, or standard price, a rebate, a free or discounted product or service, or any other incentive or benefit if the consumer uses a particular general purpose payment card with an acceptance brand other than a Visa Card or other particular means of payment; (2) Offering the consumer an immediate discount from the Merchant's list, stated, or standard price, a rebate, a free or discounted product or service, or any other incentive or benefit if the consumer, who initially presents a Visa Card, uses instead another general purpose payment card or another means of payment; (3) Expressing a preference for the use of a particular general purpose payment card or means of payment; (4) Promoting the use of a particular general purpose payment card with an acceptance brand other than Visa or means of payment through posted information, through the size, prominence, (5) sequencing of payment choices, or through other communications to consumers; or (6) Communicating to consumers the reasonably estimated or actual costs incurred by the Merchant when a consumer uses a particular general purpose payment card or means of payment or the relative costs of using different general purpose payment cards or means of payment.

**f. Convenience Fees and Surcharges.**

(1) A Merchant that charges a Convenience Fee must ensure that the fee is:

(a) Charged for a bona fide convenience in the form of an alternative payment channel outside the Merchant's customary payment channels;

(b) Disclosed to the Cardholder as a charge for the alternative payment channel convenience;

(c) Added only to a non Face-to-Face Transaction (e.g., the requirement for an alternate payment channel means that Mail/Telephone Order and Electronic Commerce Merchants whose payment channels are exclusively non face-to-face may not impose a Convenience Fee);

(d) A flat or fixed amount, regardless of the value of the payment due;

(e) Applicable to all forms of payment accepted in the alternative payment channel;

(f) Disclosed prior to the completion of the Transaction and the Cardholder is given the opportunity to cancel; and

(g) Included as a part of the total amount of the Transaction.

(2) A Convenience Fee may only be charged by the Merchant that actually provides goods or services to the Cardholder. A Convenience Fee may not be charged by any third-party. A Convenience Fee must not be added to a Recurring Transaction.

**g. Prohibitions.** Merchant must not:

(1) Accept Cardholder payments for previous Card charges or accept a Card to collect or refinance an existing debt unless either: (A) The Transaction results from conversion of a Merchant's existing card program to the Visa or Visa Electron Program; or (B) The Merchant is a government agency and the Transaction represents a loan payment, in which case, the Transaction amount must not equal the loan balance unless it is the final payment.

(2) Establish a minimum Transaction amount as a condition for honoring a Visa Card or Visa Electron Card, except for a Transaction conducted with a Visa credit Card issued in the U.S. or a U.S. Territory. The minimum Transaction amount must not be greater than \$10 and must not be discriminatory between Issuers or between Visa and another payment network.

(3) Establish a maximum Transaction amount as a condition for honoring a Visa Card or Visa Electron Card, except for a Transaction conducted with a Visa credit Card issued in the U.S. or a U.S. Territory if the Merchant is either (A) an agency of the U.S. federal government; or (B) properly assigned one of the following Merchant Category Codes: 8220, "Colleges, Universities, Professional Schools, and Junior Colleges", 8244, "Business and Secretarial Schools" or 8249, "Trade and Vocational Schools". Any maximum Transaction amount imposed must not be discriminatory between Issuers or between Visa and another payment network.

(4) Require a Cardholder to complete a postcard or similar device that includes the Cardholder's Account Number, Card expiration date, signature, or any other Card account data in plain view when mailed.

(5) Add any surcharge to Transactions, except as specified in Section 6 (Travelers cheque and Foreign Currency fees and commissions are not surcharges). Add any tax to Transactions, unless applicable law expressly requires that a Merchant be permitted to impose a tax. Any tax amount, if allowed, must be included in the Transaction amount and not collected separately.

(6) Enter into Interchange any Transaction Receipt for a Transaction that was previously charged back to Merchant Bank and subsequently returned to Merchant, irrespective of Cardholder approval. Merchant may pursue payment from the customer outside the Visa system.

(7) Request or use an Account Number for any purpose other than as payment for its goods or services, except to support the Health Care Eligibility Service or the Visa ReadyLink.

(8) Require a Cardholder, as a condition for honoring a Visa Card or Visa Electron Card, to sign a statement that waives the Cardholder's right to dispute the Transaction with the Issuer.

(9) Disburse funds in the form of travelers cheques, if the sole purpose is to allow the Cardholder to make a cash purchase of goods or services from that Merchant.

(10) Disburse funds in the form of cash, unless:

(a) Merchant is dispensing funds in the form of traveler's cheques, Visa TravelMoney Cards, or Foreign Currency. In this case, the Transaction amount is limited to the value of the travelers cheques, Visa TravelMoney Card, or Foreign Currency plus any commission or fee charged by the Merchant, or

(b) Merchant is participating in the Visa Cash Back Service.

(11) Accept a Visa Card or Visa Electron Card for the purchase of Scrip.

(12) Accept a Visa Electron Card, Visa TravelMoney Card or Mobile Payment Device for a Manual Cash Disbursement.

(13) Accept a Card to collect or refinance an existing debt that has been deemed uncollectible by the Merchant providing the associated goods or services. A Visa Card Transaction that represents a payment on an existing obligation must be identified by the appropriate indicator in the Authorization Request and Clearing Record.

(14) Enter into Interchange a Transaction that represents collection of a dishonored check.

(15) Deposit a Transaction Receipt that does not result from an act between the Cardholder and the Merchant or the Cardholder and its Sponsored Merchant (laundering).

(16) If Merchant is a telephone service Merchant, accept payment for a telephone call when the Card number is either: (A) entered via touchtone keypad or (B) provided to an operator.

**h. Chip Card Acceptance.** The Card and Cardholder must be present for all Chip-initiated Transactions. If a Chip-initiated Transaction is declined by the Issuer, the Transaction must not be completed by any other means. If the Chip or Chip-Reading Device is inoperable, Merchant must obtain an Online Authorization using the Magnetic Stripe. If the Magnetic Stripe cannot be read, or if Online Authorization is not available, existing Card acceptance and Transaction processing procedures apply.

**i. Merchant Use and Disclosure of BIN Information.**

(1) Bank may provide BIN information or other product-identifying data to the Merchant or its Merchant Servicer solely for purposes of identifying Visa product types at the point of sale. A U.S. Merchant or its Merchant Servicer that receives BIN information or other product-identifying data from Bank must not use such information for any reason other than to identify Visa Card product types at the point of sale and to implement acceptance practices permitted by the Visa International Operating Rules based on such information, unless authorized by Visa.

(2) A U.S. Merchant or its Merchant Servicer must not disclose BIN information or other product-identifying data to any third party without prior written permission from Visa. If Merchant provides BIN or other product data information to a Merchant Servicer, Merchant must: (1) Ensure that the Merchant Servicer complies with the substance of these "Merchant Use and Disclosure of BIN Information" requirements; and (2) Include the substance of these requirements in Merchant's agreement or contract with its Merchant Servicer.

**j. Disclosure and Storage of Transaction Information.**

(1) Except as specified in Section 3(j)(2), Merchant and any Merchant Servicer must not disclose a Cardholder Account Number, personal information, or other Transaction Information to third parties other than to the Merchant Servicers, Merchant Bank, or Merchant Bank's agent(s). Any such disclosure must be for the sole purpose of: (A) assisting Merchant in completing the Transaction, or (B) as specifically required by law.

(2) Merchant may only disclose Transaction Information to third parties, approved by Visa, for the sole purpose of: (a) supporting a loyalty program, or (b) providing fraud control services. Procedures for approval of third parties are available from Visa Risk Management upon request.

(3) A Merchant and any agent or Merchant Servicer engaged by a Merchant, must not, in the event of its failure, including bankruptcy, insolvency, or other suspension of business operations, sell, transfer, or disclose any materials that contain Cardholder Account Numbers, personal information, or Visa Transaction Information to third parties. Merchant must, and must cause its agents and Merchant Servicers, to: (a) return this information to Merchant Bank, or (b) provide acceptable proof of destruction of this information to Merchant Bank.

(4) Storage.

(a) A Merchant, its Agent and Merchant Servicers must: (i) store all material containing Cardholder Account Numbers or imprints (such as Transaction Receipts, car rental agreements, and carbons) in an area limited to selected personnel and (ii) render all data unreadable prior to discarding.

(b) The Merchant, its Agent or Merchant Servicers must not retain or store Magnetic-Stripe Data, or equivalent data on the Contactless Payment chip, subsequent to Authorization of a Transaction.

(c) The Merchant, its Agent or Merchant Servicers must not retain or store Card Verification Value 2 data subsequent to Authorization of a Transaction, and must not request Card Verification Value 2 data on any paper Order Form.

(5) Additional Merchant Security Requirements.

(a) Merchant must comply with the following security requirements:

(i) Implement and maintain all of the security requirements, as specified in the Cardholder Information Security Program. Merchant is responsible for demonstrating compliance, by its Agents and Merchant Servicers, with the requirements of the Cardholder Information Security Program.

(ii) Immediately notify Merchant Bank and obtain Merchant Bank's prior approval of the use of a Merchant Servicer.

(iii) Ensure that its Merchant Servicers implement and maintain all of the security requirements, as specified in the Cardholder Information Security Program. Merchant must have a written contract between Merchant and its Agent or between the Merchant and the Merchant Servicer that stipulates adherence to the provisions of the Cardholder Information Security Program.

(iv) Immediately notify Merchant Bank of any suspected or confirmed loss or theft of material or records that contain account information and both:

(a) Demonstrate its ability to prevent future loss or theft of account or Transaction information, consistent with the requirements of the Cardholder Information Security Program.

(b) Allow Visa, or an independent third party acceptable to Visa, to verify this ability by conducting a security review, at the Merchant's own expense.

(v) Comply with the Payment Application Data Security Standard and the Payment Card Industry Data Security Standard.

(vi) Visa may inspect a Merchant Outlet, or premises of Merchant's agent, at any time. Visa may assess a reasonable fee for an inspection.

(vii) If a Merchant, or its agent does not comply with the security requirements, or fails to rectify a security issue, Visa may: (a) impose restrictions on the Merchant, or (b) permanently prohibit Merchant from participating in Visa Programs.

(viii) If undergoing a forensic investigation at the time the Merchant Agreement is signed, Merchant must fully cooperate with the investigation until it is completed.

(b) Merchant Bank may immediately terminate Merchant for any significant circumstances that create harm or loss of goodwill to the Visa system. Merchant acknowledges and understands the importance of compliance with Visa security requirements, such as those relating to Transaction information, storage, and disclosure. Merchant must notify Merchant Bank and obtain Merchant Bank's prior approval of Merchant's use of any Agent that will have any access to Cardholder data.

**k. Cardholder Identification.**

(1) Identification Validation.

(a) A Merchant must validate the Cardholder's identity in a Face-To-Face Environment, as specified in Table 1:

**Table 1. Identification Validation**

	RETAIL & T&E TRANSACTIONS	MANUAL CASH DISBURSEMENTS	QUASI-CASH DISBURSEMENTS <sup>1</sup>
Review positive identification (such as an unexpired passport or driver's license) to validate the Cardholder's identify		√	√
Verify that the Cardholder resembles the person described or depicted in any photograph intended for identification on the Card. This requirement does not apply to Visa Micro Tag Transactions.		√	√
Indicate the positive identification on the Transaction Receipt, including: <ul style="list-style-type: none"> <li>• Description of identification, including any serial number and expiration date. (This does not apply if the Card bears a photograph intended for identification.)</li> <li>• Notification that the Cardholder's identify was verified by the photograph on the Card (e.g., "photo card presented"), if applicable</li> <li>• Cardholder name (if different than the embossed or printed name) and address</li> </ul>		√	√
Verify that the signature on the Card matches the signature on the Transaction Receipt and identification presented. This signature may be different from the name embossed or printed on the Card. This requirement does not apply to: Anonymous Visa Prepaid Card Transactions, Visa Commercial Card Transactions, Visa Easy Payment Service (VEPS) Transactions <sup>2</sup> , Vehicle-Specific Fleet Card Transactions, Transactions where the Card does not have a signature panel including a Visa Micro Tag	√	√	√
Process the PIN, if applicable. <sup>3</sup>	√	√	√
Process the Consumer Device Cardholder Verification Method (CDCVM), if applicable	√		
Check one or more Card security features, as specified in the Visa International Operating Regulations or the Merchant Agreement	√		
For a Visa Card or Visa Electron Card, a Merchant must: <ul style="list-style-type: none"> <li>• Check one or more Card security features before completing the Transaction</li> <li>• Compare the first 4 digits of the Account Number (if present) to the 4 digits printed above or below the Account Number</li> <li>• Record the printed 4 digits on the front of the Transaction Receipt. If the numbers do not match, the Merchant must attempt to recover the Visa Card or Visa Electron Card.</li> </ul>		√	√
When using an Account-Number-Verifying Terminal, if the embossed Account Number does not match the encoded Account Number: <ul style="list-style-type: none"> <li>• Decline the Transaction and attempt to recover the Card by reasonable and peaceful means</li> <li>• Note the physical description of the Cardholder</li> </ul>		√	√

(b) Merchant must not require a Cardholder to provide any supplementary Cardholder information as a condition for honoring a Visa Card or Visa Electron Card, unless it is required or permitted elsewhere in this Operating Guide or the Visa Operating Regulations. Such supplementary Cardholder information includes, but it not limited to: (i) Social Security Number (or any part thereof); (ii) fingerprint; (iii) home or business address or telephone number; (iv) driver's license number; (v) photocopy of a driver's license; (vi) photocopy of the Visa Card or Visa Electron Card; or (vii) other credit cards.

(c) Merchant may perform Address Verification Service (ZIP inquiry only) in a Face-to-Face Environment if all the following apply: (i) Merchant has been certified as a CISP Level 1 compliant merchant; (ii) Merchant has maintained a face-to-face

<sup>1</sup> Not applicable to Visa Debit with PIN Transactions

<sup>2</sup> Visa may require Cardholder Verification for Visa Easy Payment Service Transactions at a Merchant that exceeds acceptable Fraud Activity thresholds and may impose fines on an Acquirer for its Merchant's failure to comply

<sup>3</sup> PIN is not required for Visa Easy Payment Service Transactions unless Visa specifically requires a Merchant to obtain Cardholder Verification for Visa Easy Payment Service Transactions when the Merchant exceeds acceptable levels of Fraud Activity.

fraud-related Chargeback rate below 0.02%<sup>4</sup>; and (iii) Merchant Bank has received written certification from Visa approving the use of Address Verification Service by its Merchants. If Merchant elects to use the Address Verification Service, Merchant may not require the Cardholder's ZIP code as a condition of honoring the Card.

(d) The fact that Merchant has obtained Authorization for the Transaction does not eliminate Merchant's requirement to complete Cardholder identification procedures. A Merchant that uses a Point-of-Transaction Terminal with Electronic Capability may accept a Cardholder's PIN. The PIN must be processed as specified in the: (i) PIN Management Requirements Documents, (ii) Visa PIN Security Program Guide, (iii) EMV Integrated Circuit Card Specifications for Payment Systems (EMV), and (iv) Transaction Acceptance Device Requirements.

(2) Uncertain Identification. If identification or the Card's validity is uncertain, Merchant must contact Merchant Bank for instructions. If Merchant Bank instructs Merchant to recover the Card, the Merchant must comply with the Card Recovery procedures set forth in Section 3(o) of this Operating Guide.

(3) Blank Signature Panel.

(a) If the signature panel on the Card is blank, in addition to requesting an Authorization, a Merchant must do all of the following:

(i) Review positive identification bearing the Cardholder's signature (such as an unexpired passport or driver's license) to validate the Cardholder's identity.

(ii) Indicate the positive identification, including any serial number and expiration date, on the Transaction Receipt.

(iii) Require the Cardholder to sign the signature panel of the Card prior to completing the Transaction.

(b) A signature panel with the words "See I.D." or equivalent language is considered to be blank.

(c) The requirements of this section do not apply to Transactions resulting from the use of a Vehicle-Specific Fleet Card.

(4) Missing Imprint or Expired Card.

(a) A Merchant must verify a Cardholder's identity if either a Card cannot be imprinted on a Transaction Receipt or Cardholder presents an Expired Card.

(b) The foregoing requirement does not apply to: (i) Transactions originating at Magnetic-Stripe Terminals that provide Transaction Receipts, (ii) Transactions completed as specified in Section 3(k)(5) and (iii) Visa Easy Payment Service Transactions.

(5) CVV2 Submission. In the U.S. Region, for a Transaction in a Face-to-Face Environment, if the Magnetic Stripe cannot be read, the Card Verification Value 2 (CVV2) is an Imprint if the:

(a) Transaction is key-entered;

(b) CVV2 is included in the Authorization Request

(c) Merchant is not assigned Merchant Category Code 7995, "Betting, including Lottery Tickets, Casino Gaming Chips, Off-Track Betting, and Wagers at Race Tracks"

(d) Transaction is not a: Quasi-Cash Transaction; Cash-Back Transaction; Manual Cash Disbursement;

(e) Authorization was obtained.

## I. Authorizations.

(1) General.

(a) Merchant must request Authorization for every Transaction, unless specified otherwise, prior to completing the Transaction.

(b) Merchant must request Authorization for the total amount of the Transaction prior to completing the Transaction, unless specified otherwise in Section 3(l).

(c) Merchant must not use an arbitrary or estimated amount to obtain Authorization, except as specifically permitted in the Visa International Operating Regulations

(d) Merchant must obtain Authorization on the Transaction Date unless the Merchant/Transaction is one of the following: (i) Hotel, Cruise Line, or a Car Rental Company Transaction as specified in Section 3(l)(4); (ii) Mail/Phone Order or an Electronic Commerce Transaction as specified in Section 3(l)(7); (iii) Automated Fuel Dispenser Transaction as specified in Section 3(l)(14); (iv) Aggregated Transaction as specified in Section 3(l)(8); (v) Delayed Delivery Transactions; and (vi) Transactions completed at a Proximity Payment-Only Terminal.

(e) Merchant must not add an estimated tip amount to the Authorization Request beyond the value of the goods provided, or services rendered, plus any applicable tax.

(f) Merchant must not use multiple Transaction Receipts to avoid making an Authorization Request for a single Transaction.

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<sup>4</sup> The face-to-face fraud-related Chargeback rate is the number of "Fraudulent Transaction—Card Present Environment" (Reason Code 81) Chargebacks received as a percentage of all face-to-face Transaction Receipts processed.

(g) An Authorization Code must appear on the Transaction Receipt

(h) If the encoded Account Number on a Visa Card cannot be read from the Magnetic Stripe, Merchant must follow normal Authorization procedures and complete the Transaction using a Manual Imprinter.

(i) For Chip-initiated Transactions, The Card and Cardholder must be present for all Chip-initiated Transactions. If a Chip-initiated Transaction is declined by the Issuer, the Transaction must not be processed by any other means. The Magnetic Stripe may be read only if the Chip is not EMV- or VIS-Compliant, or the Chip or Chip-Reading Device is inoperable. If the Magnetic Stripe cannot be read, or if Online Authorization is not available, existing Card acceptance and Transaction processing procedures apply.

(2) Other Required Authorizations.

(a) Merchant must obtain Authorization if any of the following is true:

- (i) Cardholder presents an Expired Card;
- (ii) Cardholder neglects to bring their Card;
- (iii) Card signature panel is blank;
- (iv) Merchant is suspicious of a proposed Transaction;
- (v) Cardholder presents a Visa Electron Card at a Visa Electron Merchant;
- (vi) Transaction is an Electronic Commerce Transaction;
- (vii) Transaction is a Mail/Phone Order Transaction;
- (viii) Transaction is an In-Transit Service Transaction;
- (ix) Transaction is a Recurring Transaction;
- (x) Transaction is a V PAY Transaction;
- (xi) Chip or Chip-Reading Device is inoperative at a Chip-enabled Merchant;
- (xii) Card is unembossed and an Electronic Imprint is not obtained;
- (xiii) Transaction is a Cash-Back Transaction;
- (xiv) Transaction occurs at a Proximity Payment-Only Terminal;
- (xv) Transaction is the purchase of a Visa Prepaid Card conducted at an Unattended Cardholder-Activated Terminal; or
- (xvi) A Cardholder requests a Cash Disbursement, regardless of the Transaction amount.

(b) When requesting Authorization in these circumstances, Merchant must advise Merchant Bank of the specific reason for the Authorization Request.

(c) Merchant must comply with all additional authorization requirements and procedures for Transactions at Magnetic-Stripe Terminals as specified in the appropriate VisaNet User's Manual.

(3) Visa Electron Transactions. An Authorization Request for a Visa Electron Transaction must originate at an ATM or Point-of-Transaction Terminal and include the entire unaltered contents of track 1 or track 2 of the Magnetic Stripe or Chip. A Point-of-Transaction Terminal that does not have Online capability regardless of whether the terminal is Chip-enabled, must not display the Visa Electron Symbol or Visa Brand Mark with the Electron Identifier.

(4) Hotel, Cruise Line, and Car Rental Transactions. This section governs special Authorization procedures for Hotel, Cruise Line, and Car Rental Merchants.

(a) A Hotel must estimate Transaction amounts for Authorization based on the following:

- (i) Cardholder's intended length of stay at check-in time.
- (ii) Room rate.
- (iii) Applicable tax.
- (iv) Service charge rates.
- (v) Other allowed charges, as specified in Section 3(p)(5) of this Operating Guide.

After completing the estimate, a Hotel must obtain an Authorization and include the date, amount, and Authorization Code on the Transaction Receipt.

(b) A Cruise Line Merchant may estimate Transaction amounts for Authorization as follows:

- (i) Merchant must base the initial Authorization Request on the Cardholder's signed statement of intent to purchase goods or services aboard ship for a Cardholder-specified amount.
- (ii) Merchant may obtain additional amounts at any time on or between the Cardholder's embarkation date and disembarkation date, and must disclose any additional Authorization to the Cardholder.

(c) A Car Rental Merchant must estimate Transaction amounts for Authorization based on the following:

- (i) Cardholder's intended car rental period.

- (ii) Rental rate.
- (iii) Applicable tax.
- (iv) Mileage rates.
- (v) Other allowed charges.

When the Cardholder waives insurance at the time of the rental, the estimated Transaction amount must not include charges that cover potential vehicle damages or the insurance deductible amount. After completing the estimate, a Car Rental Merchant must obtain Authorization and include the date, amount, and Authorization Code on the Transaction Receipt.

(d) If Authorization is obtained for the estimated amount of a Transaction, Merchant must disclose the authorized amount to the Cardholder on the rental date. If the estimated Transaction exceeds the Floor Limit, obtain an Authorization and include the date, amount, and Authorization Code on the Transaction Receipt.

(e) Merchant may obtain an Authorization for a new estimated Transaction amount and must include the date, amount, and Authorization Code on the Transaction Receipt the Merchant subsequently estimates that based on the Cardholder's actual charges, the Transaction amount will exceed the previously authorized amount.

(f) Merchant may obtain and must record Authorizations for additional amounts above any amount already authorized any time: (i) on the check-in/embarkation date or the car rental pick-up date, or (ii) prior to the check-out/disembarkation date or rental return date.

(g) Merchant must obtain a final or an additional Authorization and include the date, amount, and Authorization Code on the Transaction Receipt if the actual Transaction amount exceeds the Floor Limit or is greater than 15% of the sum of authorized amounts, or for Car Rental Companies, the sum of authorized amounts plus \$75.

(h) A final or additional Authorization is not required if the Transaction amount does not exceed the sum of the authorized amounts plus 15 percent of the sum of the authorized amounts.

(i) The provisions in Section 3(l)(4) do not apply if the last Authorization obtained was a Partial Authorization.

(5) Multiple Ticket Transactions. When a Cardholder purchases multiple Airline or Cruise Line tickets at the same time on the same Account Number, Merchant may obtain Authorization for each ticket individually.

(6) Suspicious Transactions. If Merchant is suspicious of a Transaction, Merchant must:

(a) Contact the Issuer at the telephone number listed in the Association's Interchange Directory using an In or Out WATS line, if available, or a collect call.

(b) Ensure that its employees are familiar with "Code 10" procedures (available from Visa upon request).

(c) Request a "Code 10" Authorization.

(d) If the Issuer is not available, process a normal Authorization Request.

(7) Mail/Phone Order and Electronic Commerce Transactions.

(a) A Mail/Phone Order Merchant must attempt to obtain the Visa Card expiration date and forward it as part of the Authorization Request.

(b) A Chip-initiated Electronic Commerce Transaction must be sent Online for Authorization.

(c) An Electronic Commerce Merchant must attempt to obtain the Visa Card expiration date and forward it as part of the Authorization Request for Non-Secure and Non-Authenticated Security Transactions.

(d) The Floor Limit for an Electronic Commerce Transaction is zero.

(e) The Merchant must obtain Authorization for each Installment Billing Transaction. This option is only available for goods from Mail/Phone Order or Electronic Commerce Merchants, as specified in Section 3(v)(1) of this Operating Guide.

(f) For goods to be shipped, a Mail/Phone Order or Electronic Commerce Merchant may obtain Authorization on any day up to 7 calendar days prior to the Transaction Date. This Authorization is valid if the Transaction amount is within 15 percent of the authorized amount, provided that the additional amount represents shipping costs. This provision does not apply if the last Authorization obtained was a Partial Authorization or the Transaction is a Commercial Payables Transaction completed with a Visa Purchasing Card. The shipment date is considered to be the Transaction Date.

(8) Aggregated Transactions.

(a) A Merchant assigned one of the Merchant Category Codes monitored in the High Risk Chargeback Monitoring Program must not aggregate Transactions.

(b) An Electronic Commerce Merchant, including a Payment Service Provider, that aggregates Transactions must do all of the following:

- (i) Obtain an Authorization of no more than \$15 at the start of each aggregation session
- (ii) Complete the aggregation session within 3 calendar days
- (iii) Aggregate Transactions from a single Merchant Outlet in each aggregation session
- (iv) Support Partial Authorization



(v) Submit a Sales Draft for the actual purchase amount

(vi) At the check-out screen, inform the Cardholder of all of the following: (A) That transactions are aggregated; (B) The terms of aggregation, including the maximum number of calendar days, aggregated Transaction value, and that the Issuer may hold available funds up to \$15 for 3 calendar days; (C) How details of Aggregated Transactions can be obtained.

(vii) Provide a Transaction Receipt, via e-mail, that captures the details of individual purchases during the aggregation session as follows: (A) Goods or services purchased; (b) Amount and date of each individual purchase; (C) Total Transaction Amount charged; (D) Transaction Date (for Aggregated Transactions, the Transaction Date is the date the Merchant submits the Sales Draft to Merchant Bank).

(viii) If requested, provide Cardholder purchase history for 120 calendar days after purchase.

(9) Transactions at Merchant Outlets Accepting Tips. Except as specified otherwise in [Section 3\(l\)\(9\)\(b\)](#) an Authorization obtained by a Merchant for a Transaction amount that is equal to the Authorization amount plus or minus 20 percent is valid if the Transaction originates at a Merchant Outlet assigned one of the following Merchant Category Codes: (i) Restaurants (5812, 5814), (ii) Taxicabs and Limousines (4121), (iii) Bars and Taverns (5813), (iv) Beauty and Barber Shops (7230), (v) Health and Beauty Spas (7298).

(10) Partial Authorizations.

(a) Except as otherwise specified in this Operating Guide, a Merchant accepting Partial Authorizations must support Partial Authorization for all Visa Card types and must

(i) Include the Partial Authorization indicator in the Authorization Request message, as specified in the appropriate V.I.P. System User's Manual.

(ii) Submit an Authorization reversal if the Cardholder elects not to complete the purchase.

(iii) Submit a Clearing Transaction for no more than the amount approved in the Partial Authorization Response.

(b) An Authorization obtained by a Merchant that accepts Partial Authorizations is valid only for the Transaction amount that is equal to the amount approved in the Partial Authorization Response.

(11) Preauthorized Transaction Authorization Requests.

(a) Except as specified in [Section 3\(l\)\(12\)](#) of this Operating Guide, a Preauthorized Transaction that receives a Decline Response may be resubmitted for Authorization up to four times within 16 calendar days from the date of the original Decline Response, in an attempt to receive approval, if the Decline Response is one of the following: (i) Authorization declined (Response Code "05"); (ii) insufficient funds (Response code "51"); (iii) exceeds approval amount limit (Response code "61"); or (iv) exceeds withdrawal frequency limit (Response code. "65").

(b) If an Approval Response is not received within the time frame specified in [Section 3\(l\)\(11\)\(a\)](#) of this Operating Guide, Merchant must not deposit the Transaction.

(12) Preauthorized Payment Cancellation Service Decline Response.

(a) Merchant must not resubmit an Authorization Request for a Preauthorized Transaction if it had received a Decline Response Reason Code of "R0" (stop payment order).

(b) If Merchant receives a Decline Response of "R1" (revocation of authorization) or "R3" (revocation of all authorizations) for a Preauthorized Transaction, Merchant must: (i) not resubmit the Authorization Request; and (ii) not submit an Authorization Request or deposit a Transaction Receipt for any future Transaction unless: (a) instructed otherwise by the Cardholder; and (b) Merchant verifies with the Cardholder that the Cardholder has cancelled the revocation of authorization with the Issuer.

(13) Deferred Payment Transactions.

(a) A U.S. Merchant may use Account Number Verification for a Deferred Payment Transaction at the time an order is placed.

(b) Merchant must: (i) request Authorization for a Deferred Payment Transaction on the date the Cardholder is billed, which must be no later than 90 days from the initial shipment date; and (ii) include disclosure of the deferred payment process, including the exact date of the billing, with the initial shipment to the Cardholder.

(c) The billing date is considered to be the Transaction Date.

(14) Automated Fuel Dispenser Transactions.

(a) An Automated Fuel Dispenser Merchant must:

(i) Obtain an Authorization for the exact amount of the Transaction;

(ii) Use the Status Check Procedure; or

(iii) For an Online Check Card Transaction, obtain an Authorization for an amount based on the estimated Transaction amount, not to exceed \$50.

(b) Merchant may use the Status Check Procedure if the Transaction amount is as follows: (i) For a Visa Fleet Card Transaction, not more than \$150; and (ii) For all other Cards, not more than \$75.

(c) An Automated Fuel Dispenser Merchant may request a Cardholder's ZIP code and perform an Address Verification Service inquiry for its Automated Fuel Dispenser Transactions.

(d) A Merchant that participates in the Partial Authorization service must:

(i) Include the Partial Authorization indicator in the Status Check message, as specified in the appropriate VisaNet Manual;

(ii) Be able to set the Automated Fuel Dispenser terminal to only dispense fuel up to whichever is lower: (a) The amount approved in the Partial Authorization Response by the Issuer or (b) The Status Check approval amount allowed by the appropriate Card type (for a Visa Fleet Card, \$150; for all other Visa Cards, \$75).

(iii) Submit an Authorization reversal for either: (a) The difference between the amount approved in the Partial Authorization Response and the final Transaction amount of the Cardholder's purchase or (b) The full amount of the Partial Authorization Response if the Cardholder does not continue with the Transaction;

(iv) Submit a Clearing Transaction only for the amount of fuel dispensed and approved.

(15) Fleet Service Merchants.

(a) A Visa Fleet Service Merchant must comply with all of the following:

(i) Use a Point-of-Transaction Terminal capable of:

(a) Reading the data on track 1 or track 2 of the Magnetic Stripe or Chip that identifies the Card as a Visa Fleet Card;

(b) Displaying the appropriate prompts; and

(c) Capturing the appropriate responses.

(ii) Establish procedures for its employees or the Cardholder to enter required data on the terminal keypad.

(b) Additional Commercial Card Data for a fuel purchase Transaction completed with a Visa Fleet Card consists of: (i) sales tax; (ii) local tax; (iii) local tax included indicator; (iv) accounting code (i.e., customer code); (v) fuel type; (vi) unit of measure; (vii) quantity; and (viii) gross fuel price.

#### **m. VisaNet Copy Request and Fulfillment Service.**

(1) Proprietary Interest. No Direct Connect Merchant will have any property or other right, claim, or interest, including any patent right, Trade Secret right, or Copyright interest, in VisaNet, or in any systems, processes, equipment, software, data or materials that Visa or its subsidiaries use with VisaNet, or in connection with a Visa program, except for Merchant- or Member-supplied data or equipment.

(2) Confidentiality.

(a) VisaNet consists of confidential and proprietary information belonging to Visa. Each Direct-Connect Merchant must take appropriate action, by agreement or otherwise, to ensure that its employees or agents with access to VisaNet or related documentation:

(i) Are advised of the confidential and proprietary nature of these systems and documentation.

(ii) Are prohibited from:

(a) Providing access to or disclosing these systems and documentation to any third party; and

(b) Using these systems and documentation for any purpose not authorized in the Visa Operating Regulations.

(iii) Use their best efforts to protect the VisaNet Access Points.

(b) A Direct-Connect Merchant must not disclose any confidential information of Visa or its subsidiaries to a nonmember.

(3) Non-Assignable Right. A Direct-Connect Merchant's right to use VisaNet is not assignable and its duties are non-delegable without prior written consent from Visa. However, a Direct-Connect Merchant may use a nonmember processing organization that has executed and delivered a VisaNet Letter of Agreement to Visa. Merchant must submit a VisaNet Letter Agreement in such cases.

(4) Restricted Use. Each Direct-Connect Merchant must restrict its use of VisaNet to purposes specifically approved by Visa.

(5) VisaNet Access Point Modification. A Direct-Connect Merchant must not make or attempt to make any repair, adjustment, alteration, or modification to a VisaNet Access Point, except as expressly authorized by Visa.

(6) VisaNet Access Point Security. A Direct-Connect Merchant must provide the same level of security for its VisaNet Access Points that it provides to its other proprietary systems.

(7) Modifications or Enhancements. A Direct-Connect Merchant must not modify or enhance Visa-owned software without the prior written consent of Visa.

(8) Support. Each participating Direct-Connect Merchant must provide, without cost to Visa, reasonable support requested by Visa for installing VisaNet, including:

- (a) Providing a location that meets the requirements of Visa for installing one or more VisaNet Access Point on the Direct-Connect Merchant's premises;
- (b) Providing a sufficient number of qualified personnel that the Direct-Connect Merchant will train to meet Visa specifications;
- (c) Maintaining VisaNet records, documents, and logs required by Visa and providing them at the request of Visa;
- (d) Providing access to its premises and cooperating with Visa and its authorized agents in conjunction with the installation, service, repair, or inspection of the VisaNet Access Points;
- (e) Notifying Visa promptly of any failure of a VisaNet Access Point to operate properly on its premises or the premises of its Agent or independent contractor; and
- (f) Providing computer time and a sufficient number of qualified personnel required to ensure prompt and efficient installation and use of VisaNet Edit Package software supplied by Visa.

**n. Account-Number-Verifying Terminal.** A Merchant that is required to install and authorize Transactions via an Account-Number-Verifying Terminal must comply with all of the following:

- (a) When the embossed or printed Account Number does not match the encoded Account Number: (i) Decline the Transaction and attempt to retain the Card by reasonable and peaceful means, (ii) Note the physical description of the Cardholder, and (iii) handle any recovered card as specified in Section 3(o) of this Operating Guide;
- (b) When the encoded Account Number cannot be read from the Magnetic Stripe or Chip follow normal Authorization procedures and complete the approved Transaction using a manual imprinter;
- (c) When the embossed or printed Account Number is the same as the encoded Account Number, follow normal Authorization procedures; and
- (d) Notify the Acquirer if a Card is retained.

**o. Card Recovery.**

- (1) Merchant should attempt to recover a Visa Card or Visa Electron Card by reasonable, peaceful means and not complete a Transaction for any of the following reasons: (a) the printed four digits below the embossed or printed Account Number do not match the first four digits of the Account Number; (b) Merchant Bank or the Authorizing Member requests its retention; or (c) Merchant has reasonable grounds to believe that the Visa Card or Visa Electron Card is counterfeit, fraudulent, or stolen. The requirement to attempt to recover the Card does not apply to Mobile Payment Devices.
- (2) A Merchant that recovers a Visa Card or Visa Electron Card must: (a) Cut the Visa Card or Visa Electron Card horizontally so as not to damage the Magnetic Stripe, Chip, hologram (if applicable), embossed, or printed Account Number (if applicable), and (b) Immediately send it to Merchant Bank or a VisaNet Interchange Center, if Visa U.S.A. is designated as the Merchant's Authorizing Processor.
- (3) If the recovered Visa Card or Visa Electron Card was retained by a law enforcement agency, the Merchant must provide a legible copy of the front and back of the Visa Card or Visa Electron Card to Merchant Bank or a VisaNet Interchange Center, as applicable.
- (4) For a Non-Reloadable Visa Prepaid Card recovered without a Pickup Response or a specific request from the Issuer, the Merchant or the Acquirer must cut the Card and render it non-usable.

**p. Transaction Receipt Completion.**

- (1) This section applies to both electronically and manually produced Transaction Receipts.
- (2) Transaction Receipt Information.
  - (a) A Transaction Receipt, if required or requested by the Cardholder, must legibly contain the information specified in Exhibit 1 to this Operating Guide.
  - (b) A Merchant must enter the following information on the Transaction Receipt: (i) a brief description of the goods or services sold; and (ii) the currency symbol or words denoting Transaction Currency as part of the Transaction amount.
  - (c) If a currency symbol or identification is not included on the Transaction Receipt, the Transaction Currency defaults to the local currency of the country where the Transaction occurred.
  - (d) If the encoded Account Number on a Visa Electron Card cannot be read from the Magnetic Stripe, Merchant must request another means of payment.
  - (e) Merchant must notify Merchant Bank when it changes the information on its Merchant plate.
  - (f) The Transaction Receipt must include all of the following:
    - (i) Transaction Date
    - (ii) Brief description of the goods or services sold, returned, or cancelled
    - (iii) Price of the goods or services, including applicable taxes, or amount of adjustment or credit

(iv) Imprint of the embossed legends from the Card and Merchant plate. If the legends cannot be imprinted, Merchant must include at least the Cardholder name or generic consumer identifier, if one is printed or embossed on the Card, and Account Number, Merchant name, and place of business.

(g) If the Transaction is from a U.S. embassy or consulate on foreign territory, the currency used to complete the Transaction must be disclosed on the Transaction Receipt.

(h) For a Dynamic Currency Conversion Transaction, the Transaction Receipt must include the disclosures and Transaction-related information specified in Section 3(v)(9) of this Operating Guide.

(3) Cardholder Signature. Merchant must not require the Cardholder to sign a Transaction Receipt until the final Transaction amount is entered on the Transaction Receipt.

(4) Multiple Transaction Receipts and Partial Payments.

(a) Merchant must include the total amount of goods and services purchased at the same time on a single Transaction Receipt. A Transaction must not be divided by using two or more Transaction Receipts.

(b) The only exceptions to this requirement are:

(i) Purchases in separate departments of a multiple-department store.

(ii) Individual Airline or Cruise Line tickets issued to each passenger if required by carrier policy.

(iii) Partial amount paid by the Cardholder in cash, check, or both at the time of sale.

(iv) Delayed Delivery Transaction, as specified in Section 3(v)(2) of this Operating Guide.

(v) T&E Advance Deposit Transaction, as specified in Section 3(v)(13) of this Operating Guide.

(vi) Installment Billing Transactions by a Mail/Phone Order or Electronic Commerce Merchant, as specified in Section 3(v)(1) of this Operating Guide.

(5) Delayed or Amended Charges.

(a) Merchant may process delayed or amended charges if the Cardholder has consented to be liable for delayed or amended charges for a T&E Transaction. All delayed or amended charges must be processed to the Cardholder's account within 90 calendar days of either: (i) check-out, disembarkation, or car return date; or (ii) for a parking ticket or traffic violation, date of notification to the Merchant by the civil authority.

(b) These charges may include costs for room, food or beverage charges, taxes, mileage charges, fuel, insurance, rental fees, parking tickets and other traffic violations, and must not include charges for loss, theft, or damage.

(c) If the charge is for a parking ticket or traffic violation: (i) the incident must have occurred while the Cardholder was in possession of the vehicle and (ii) Merchant must support the charge with documentation from the appropriate civil authority, including the license number of the rental vehicle, date, time, and location of the violation, statute violated, and amount of the penalty.

(d) If a T&E Express Service Transaction involves Dynamic Currency Conversion, a Merchant must process delayed or amended charges at the same currency conversion rate as the original Dynamic Currency Conversion Transaction.

(e) The Merchant may deposit the Transaction Receipt without a Cardholder signature if the Merchant has the Cardholder signature on file and: (i) includes the words "Signature on File" on the signature line; and (ii) sends a copy to the Cardholder at the address shown on the rental contract or folio.

(6) Other Transactions. For the indicated Transaction type, a Merchant must write the following letters or words on the signature line of the Transaction Receipt:

TRANSACTION TYPE	SIGNATURE LINE PRINTING
Telephone Order	TO
Mail Order	MO
No Show	No Show
T&E Advance Deposit	Advance Deposit
Priority Check-out	Priority Check-Out
Recurring	Recurring Transaction
Advance Payment Service	Advance Payment

**q. Transaction Receipt Delivery to Cardholder.**

(1) Transaction Receipts.

(a) A Merchant must provide a completed copy of the Transaction Receipt to the Cardholder as follows:

(i) At the time that the purchased goods are delivered or services are performed, except for any of the following:

(a) A Visa Easy Payment Service Transaction for which the Cardholder has not requested a Transaction Receipt, (b) A Telephone

Service Transaction conducted at an Unattended Cardholder-Activated Terminal, or (c) a Visa Large Purchase Advantage Transaction.

(ii) At the time of billing, for a Deferred Payment Transaction.

(iii) Upon Cardholder request for a Visa Easy Payment Service Transaction or a Visa Large Purchase Advantage Transaction.

(iv) At the time of the Transaction, for a Transaction completed at a Point-of-Transaction Terminal.

(b) The Merchant must provide a completed copy of a Credit Transaction Receipt at the time of the Transaction.

(2) Amended Transaction Receipts. A Hotel, Cruise Line, or Car Rental Merchant must send the Cardholder a copy of any amended or additional charges added to a Transaction Receipt.

**r. Transaction Receipt Deposit.**

(1) Deposit Requirements and Restrictions.

(a) Except as permitted in Section 3(r)(1)(b) of this Operating Guide, a Merchant must deposit only Transaction Receipts that directly result from Cardholder Transactions with that Merchant.

(b) A Payment Service Provider may deposit Transaction Receipts on behalf of a Sponsored Merchant, as specified in Section 3(b) of this Operating Guide.

(c) A Merchant must not deposit a Transaction Receipt until it does one of the following:

(i) Completes the Transaction.

(ii) Ships or provides the goods, except as specified in Section 3(r)(1)(e) and Section 3(v)(2) of this Operating Guide.

(iii) Performs the purchased service.

(iv) Obtains the Cardholder's consent for a Recurring Transaction.

(d) A Merchant must not deposit a Transaction Receipt that it knows or should have known to be either fraudulent or not authorized by the Cardholder. The Merchant is responsible for its employees' actions while in its employ.

(e) The Merchant may deposit a prepayment, within the time limits specified in Section 3(r)(2) of this Operating Guide, if the Merchant advises the Cardholder of the immediate billing at the time of the Transaction, for: (i) prepayment of services, excluding estimates for services to be provided, and (ii) full prepayment of custom-ordered merchandise, manufactured to the Cardholder's specifications. For prepayment of services, the Transaction Date is considered to be the date of Cardholder prepayment.

(f) An Advance Payment Service Merchant may deposit a Transaction Receipt representing a partial or complete advance payment, as specified in Section 3(v)(16) of this Operating Guide.

(g) A Merchant with multiple Merchant Outlets must ensure that Merchant Bank is able to: (i) identify the location of each Transaction on the Transaction Receipt; and (ii) include this identification in the Clearing Record.

(2) Deposit Time Limits (Each time period specified in this Section 3(r)(2) includes the Transaction Date and the receipt date).

(a) A Merchant must deposit Visa Transaction Receipts to Merchant Bank or its designated Agent within 5 calendar days of the Transaction Date, except as specified in Section 3(r)(2)(b) and Section 3(r)(2)(c) of this Operating Guide.

(b) A Merchant must deposit Transaction Receipts for Delayed Delivery Transactions within 5 calendar days of the date of both the Deposit and final payment.

(c) A Merchant with multiple Merchant Outlets must deposit Transaction Receipts related to Visa Cards as follows:

(i) Transaction Receipts, within 15 calendar days of the Transaction Date.

(ii) Credit Transaction Receipts, within 5 calendar days of the Transaction Date, if accumulated at a central office or facility.

(d) Section 3(r)(2)(c) applies to the following Merchant types:

(i) Transaction companies subject to federal or foreign regulations.

(ii) Oil companies.

(iii) Car Rental Companies.

(iv) Hotels, motels, and restaurant chains.

(v) Other Merchant categories specified by Visa.

(e) Visa may extend the maximum time for delivery.

**s. Credit Refunds.**

(1) Restrictions. Merchant must not: (a) accept payment from a Cardholder for the purpose of depositing funds to the Cardholder's account (The loading of value to a Visa Prepaid Card that has been designated for participation in Visa ReadyLink by

the Issuer is excluded from this restriction); or (b) process a Credit Transaction Receipt without having completed a previous retail Transaction with the same Cardholder, except as specified in Section 3(t) of this Operating Guide.

(2) Credit Transaction Receipt. Merchant may, at its discretion, prepare a Credit Transaction Receipt when a valid Transaction Receipt was previously processed and the Cardholder either cancelled the Transaction later or returned the goods. Merchant then must prepare a Credit Transaction Receipt that: (a) includes the Credit Transaction Receipt date; (b) describes the merchandise returned, services cancelled, or adjustment made; and (c) identifies the original Transaction.

**t. Returned Merchandise, Cancellation, and Adjustments.**

(1) Merchant Responsibilities.

(a) A Merchant must provide a credit refund or price adjustment by delivering a Credit Transaction Receipt to the Member that received the related Transaction Receipt representing the original purchase. The only exception is an Airline or other carrier, if required by law or applicable tariff.

(b) Merchant may provide the following alternate forms of credit: (i) cash refund to the Cardholder for a Visa Easy Payment Service Transaction; (ii) Cash refund, Credit Transaction Receipt, or other appropriate form of credit to the recipient of a gift purchased as a Mail/Phone Order Transaction, instead of to the Cardholder; or (iii) Cash refund or in-store credit for a Visa Prepaid Card Transaction if the Cardholder states that the Visa Prepaid Card has been discarded.

(c) The refund or adjustment must not exceed the original Transaction amount.

(d) Merchant may limit its acceptance of returned merchandise or establish a policy to make price adjustments, if the Merchant makes proper disclosure, as specified in Section 3(t)(2) of this Operating Guide.

(2) Refund Policy Disclosure.

(a) The following words or similar wording must be legibly printed on all copies of the Transaction Receipt or invoice, in letters approximately 0.25 inches high, near the Cardholder signature area:

<b>TRANSACTION RECEIPT WORDING</b>	<b>FOR THE FOLLOWING TYPES OF REFUND POLICY:</b>
"No Refund"	Merchant that does not: <ul style="list-style-type: none"> <li>• Accept merchandise in return or exchange</li> <li>• Issue a refund to a Cardholder</li> </ul>
"Exchange Only"	Merchant that only accepts merchandise in immediate exchange for similar merchandise of price equal to the original Transaction amount
"In-Store Credit Only"	Merchant that only accepts merchandise in return and delivers an in-store credit that: <ul style="list-style-type: none"> <li>• Equals the value of the returned merchandise</li> <li>• Must be used at the Merchant's place of business</li> </ul>
Note: Absence of the above wording does not necessarily mean that proper disclosure has not been provided.	

(b) The Refund Policy Disclosure must not include a statement that waives a Cardholder's right to dispute the Transaction with the Issuer.

(3) Refund Policy Disclosure for a Mail Order Merchant. A mail order Merchant must include disclosure of its refund policy on the Order Form, invoice, or contract, as specified in Section 3(t)(2) of this Operating Guide.

(4) Refund Policy Disclosure for an Electronic Commerce Merchant. An Electronic Commerce Merchant Web Site must communicate its refund policy to the Cardholder during the order process and require the Cardholder to select a "click to accept" or other affirmative button to acknowledge the policy. The terms and conditions of the purchase must be displayed: (a) on the same screen view as the checkout screen used to present the total purchase amount; or (b) within the sequence of Web pages the Cardholder accesses during the checkout process.

(5) Special Circumstances. A Merchant may, with Cardholder approval and if permitted by local law, identify terms for special circumstances (such as late delivery, delivery charges). The Merchant must print any special terms on the Transaction Receipt.

**u. Electronic Commerce.**

(1) Authorization and Clearing Requirements.

(a) All Transactions.

(i) An Electronic Commerce Transaction must be identified in both the Authorization Request and Clearing Record with the appropriate Electronic Commerce Transaction indicator values.

(b) Authentication Requests.

(i) A Merchant must not submit an Authorization Request for an Electronic Commerce Transaction that failed a Verified by Visa Authentication Request.

(ii) In an Authorization Request, a Merchant must not transmit Authentication Data specific to one Transaction with another Transaction, except in the following cases: (a) Two Transactions are related due to delayed delivery or (b) All items of an order cannot be shipped at the same time.

(iii) The original Authentication Data may be used if a subsequent Authorization Request is initiated as a result of a delayed delivery or split shipment. The original Authentication Data is valid for up to 90 calendar days from the date it was first received.

(c) Recurring Transactions. If the Order Form for a Recurring Transaction is provided to the Merchant in an electronic format, the initial Transaction must be processed with the appropriate Electronic Commerce Transaction indicator values. Subsequent Recurring Transactions must be processed as Recurring Transactions, as specified in Section 3(v)(3) of this Operating Guide.

(d) Merchant Outlet Country. Data indicating a Merchant Outlet's country must be transmitted in the Clearing Record of an Electronic Commerce Transaction.

(2) Merchant Web Site Requirements.

(a) Web Site Information. A Web Site operated by a Merchant, Sponsored Merchant, or Payment Service Provider must contain all of the following information:

(i) Visa Brand Mark in full color to indicate Visa Card acceptance and the appropriate Verified by Visa Mark if applicable.

(ii) A complete description of the goods or services offered.

(iii) Merchant's returned merchandise and refund policy, as specified in Section 3(t)(4) of this Operating Guide.

(iv) The Merchant's Customer service contact, including e-mail address and/or telephone number.

(v) The Transaction currency.

(vi) Any export or legal restrictions (if known).

(vii) Merchant's delivery policy.

(viii) The address of the Merchant Outlet's Permanent Establishment, including the Merchant Outlet country (the country code for this country must be transmitted in the Clearing Record): (a) on the same screen view as the checkout screen used to present the total purchase amount; or (b) within the sequence of Web pages the Cardholder accesses during the checkout process.

(ix) The Merchant's consumer data privacy policy.

(x) The security method for the transmission of payment data.

(b) Display of Marks. A Web Site operated by a Merchant, Sponsored Merchant, or Payment Service Provider must display the Visa Marks as specified in Section 3(c)(4) of this Operating Guide. A Verified by Visa-capable Electronic Commerce Merchant that displays the Verified by Visa Mark, as specified in Section 3(c)(3), must not use the Mark: (a) In a way that implies endorsement of any other product or service or (b) As an Acceptance Mark in any application.

(c) (i) Electronic Commerce Merchants must offer Cardholders a secure Transaction method, such as: (a) Secure Socket Layer (SSL), or (b) Verified by Visa.

(d) PSP Customer Support. A Payment Service Provider: (i) for a transaction completed at an Electronic Commerce Sponsored Merchant, must provide customer service through its Web Site if the Cardholder accesses the Payment Service Provider's Web Site directly and (ii) for a transaction not completed at an Electronic Commerce Sponsored Merchant, may provide customer service either: (a) directly, or (b) through its Sponsored Merchant.

(3) Transaction Receipt Data Requirements.

(a) General. In addition to the requirements specified elsewhere in this Operating Guide, a Transaction Receipt completed for an Electronic Commerce Transaction must include:

(i) Merchant name most recognizable to the Cardholder, such as:

(a) Merchant "doing business as" name (DBA).

(b) Merchant "universal resource locator" (URL).

(c) Merchant name used in the Clearing Record.

(ii) Customer service contact, including telephone number. If a Merchant delivers goods or services internationally, both local and internationally accessible telephone numbers must be included.

(iii) Terms and conditions of sale, if restricted.

(iv) Exact date free trial period ends, if offered.

(v) Cancellation policies.

(b) Payment Service Providers. The Sponsored Merchant name and the Payment Service Provider name (or an abbreviation) must appear on the Transaction Receipt and billing statement and both must be included in the Merchant name field of the Clearing Record.

(c) Delivery to Cardholder.

(i) A Merchant must provide a completed copy of the Transaction Receipt to the Cardholder, as specified in Section 3(p) of this Operating Guide. An Electronic Commerce Merchant may deliver the Transaction Receipt in either of the following formats: (a) electronic (e.g., e-mail or fax); or (b) paper (e.g., hand-written or terminal-generated).

(ii) An Electronic Commerce Merchant must not transmit the Account Number to the Cardholder.

**v. Special Merchant Card Acceptance Services.**

(1) Installment Billing Transactions.

(a) General Requirements. A Mail/Phone Order or Electronic Commerce Merchant may offer Cardholders an Installment Billing Transaction option under the following conditions:

(i) If it offers an Installment Billing Transaction option, the Merchant must:

(a) Disclose, in writing, the terms, including but not limited to, whether the installment terms are limited to certain goods that a Cardholder may purchase. The written disclosure must also include the shipping and handling charges and any applicable tax.

(b) Inform a Cardholder not billed in the Transaction Currency of the Merchant that each Installment Billing Transaction amount may vary due to Currency Conversion Rate fluctuations.

(c) Ensure that the sum of the Installment Billing Transactions does not include any finance charge or exceed the total price of the goods.

(d) Authorize all Transactions.

(ii) The Merchant must not add finance charges to an Installment Billing Transaction.

(b) Transaction Receipt Deposits. A Merchant must not deposit the first installment Billing Transaction with Merchant Bank until the shipment date of the goods. The Merchant must deposit subsequent Installment Billing Transaction Receipts at either of the following intervals: (i) 30 calendar days or more, or (ii) monthly anniversary of the shipment date (same day of each month).

(2) Delayed Delivery Transactions.

(a) Authorization. A Merchant completing a Delayed Delivery Transaction must obtain Authorization for each Transaction Receipt on each Transaction Date. The Transaction Date for goods and services not shipped within 30 calendar days of the order is the shipment date.

(b) Transaction Receipt Deposits.

(i) The Merchant must:

(a) Assign a separate Authorization number for each Transaction Receipt; and

(b) Write the following information on the appropriate Transaction Receipt:

1. Words "Delayed Delivery."

2. Word "Deposit" or "Balance," as appropriate.

3. Authorization date and Authorization Code, if applicable.

(ii) The Merchant may deposit the Transaction Receipt for the delayed delivery deposit before delivery of the goods or service.

(iii) The Merchant must not deposit the Transaction Receipt for the balance before delivery of the goods or service.

(c) For Delayed Delivery Transactions, the Merchant may retain the deposit if the: (a) Merchant received a Decline Response for the balance; (b) the balance was not paid by other means; and (c) the Transaction Receipt states that the deposit is non-refundable.

(3) Recurring Transactions.

(a) Merchant Requirements.

(i) A Recurring Services Merchant must: (a) Obtain Cardholder permission to periodically charge for recurring services, in a format including, but not limited to: (1) E-mail or other electronic record; (2) hard copy correspondence; (b) Retain this permission for the duration of the recurring services and provide it upon Issuer request; (c) Provide a simple and easily accessible online cancellation procedure if the Cardholder request for goods or services was initially accepted online; and (d) Obtain subsequent written Cardholder permission when a Recurring Transaction is renewed.

(ii) The Cardholder permission must include, at least, but is not limited to, the following: (a) Transaction amount, unless the Recurring Transactions are for varying amounts; (b) Frequency of the recurring charges; and (c) Duration for which Cardholder permission is granted.



- (iii) For a Recurring Services Transaction, a Merchant must:
  - (a) Obtain an Authorization for each transaction in the series.
  - (b) Write "Recurring Transaction" on the signature line of the Transaction Receipt.
  - (c) For a recurring Electronic Commerce Transaction, include on the Transaction Receipt the frequency and duration of the Recurring Transactions, as agreed to by the Cardholder in writing.
  - (d) Obtain the Cardholder signature, or an electronic signature or other similar authentication, that is effective as Cardholder consent under applicable law.
  - (e) Confirm the Transaction amount unless the Recurring Transactions are for varying amounts.
- (iv) A Recurring Services Merchant must not:
  - (a) Include partial payment for goods or services purchased in a single Transaction, except as specified in Section 3(o)(4) of this Operating Guide.
  - (b) Include additional finance charges on a Recurring Transaction.
  - (c) Complete a Recurring Transaction if it receives a Negative Response or a cancellation notice from the Cardholder or Merchant Bank.
  - (d) Disclose an Account Number, personal information, or other Transaction Information to any entity other than to a registered Third Party, the Acquirer, or Agent, except for the purpose of completing a Transaction.
- (b) Notification Requirements. For Recurring Transactions of varying amounts, all of the following apply:
  - (i) The Order Form must allow the Cardholder to specify a minimum and maximum Transaction amount to be charged, unless the Cardholder will be notified of the amount and date of each charge, as specified in the remainder of this section.
  - (ii) The Merchant must inform the Cardholder of his/her right to receive, at least 10 calendar days prior to each scheduled Transaction Date, written notification of the amount and date of the next charge.
  - (iii) The Cardholder may choose to receive the notification in any of the following ways:
    - (a) For every charge.
    - (b) When the Transaction amount does not fall within the range of amounts specified on the Order Form.
    - (c) When the Transaction amount will differ from the most recent charge by more than an agreed-upon amount.
- (4) Account Funding Transactions. An Account Funding Transaction must:
  - (a) Be processed as a "purchase" Transaction;
  - (b) Include the transmission of the Electronic Commerce Transaction indicator; and
  - (c) Include the transmission of the Account Funding Transaction indicator.
- (5) CPS/Small Ticket.
  - (a) CPS/Small Ticket is a payment service that permits certain Merchant Outlets to: (i) Process Visa Consumer Card Transactions as specified in this section and (ii) Qualify for the CPS/Small Ticket Interchange Reimbursement Fee.
  - (b) Merchant Requirements. A Transaction must be processed by a Merchant assigned one of the following Visa Merchant Category Codes to qualify as a Small Ticket Transaction:
    - (i) Local Commuter Passenger Transportation (4111)
    - (ii) Taxicabs and Limousines (4121)
    - (iii) Bus Lines (4131)
    - (iv) Toll and Bridge Fees (4784)
    - (v) Eating Places and Restaurants (5812)
    - (vi) Fast Food Restaurants (5814)
    - (vii) News Dealers, Newsstands (5994)
    - (viii) Laundries — Family, Commercial (7211)
    - (ix) Dry Cleaners (7216)
    - (x) Quick Copy, Reproduction, and Blueprinting Services (7338)
    - (xi) Parking Lots and Garages (7523)
    - (xii) Car Washes (7542)
    - (xiii) Motion Picture Theaters (7832)
    - (xiv) Video Tape Rental Stores (7841)

(c) In addition to the Merchant Category Codes excluded from the Visa Easy Payment Service as described in Section 3(v)(22), the following transactions do not qualify for the CPS/Small Ticket Interchange Reimbursement Fee: Visa Signature Preferred Transaction; Commercial Visa Product Transaction; Visa Consumer credit Card (including Visa Signature Card) Transaction at a Merchant that is eligible for the Performance Threshold Interchange Reimbursement Fee Program (except for MCC 5812, "Eating Places and Restaurants," or MCC 5814, "Fast Food Restaurants.")

(d) Transaction Processing Requirements.

(i) If the Transaction is \$15 or under, the Merchant is not required to: (a) Obtain the Cardholder signature or (b) Provide a Transaction Receipt, unless the Cardholder requests one.

(ii) A Merchant must obtain Authorization for a CPS/Small Ticket Transaction

(iii) The Point-of-Transaction Terminal must read and transmit track 1 or 2 of the Magnetic Stripe or unaltered Chip data, as specified in the appropriate VisaNet User's Manual.

(iv) The Transaction must occur: (a) in a Face-to-Face environment, (b) At a Self Service Terminal or (c) At an Automated Dispensing Machine, or (c) At an Unattended Cardholder-Activated Terminal.

(e) Interchange Reimbursement Fee. A CPS/Small Ticket Transaction qualifies for an Interchange Reimbursement Fee.

(f) Transaction Date. The Acquirer's Processing Date for CPS/Small Ticket Program Transactions processed at eligible Merchant Outlets must be within 2 calendar days (excluding Sundays and the U.S. holidays listed below) of the Transaction Date.

(i) New Year's Day;

(ii) Martin Luther King, Jr. Day;

(iii) Washington's Birthday (Observed);

(iv) Good Friday;

(v) Memorial Day (Observed);

(vi) Independence Day;

(vii) Labor Day;

(viii) Columbus Day (Observed);

(ix) Veterans Day;

(x) Thanksgiving Day; and

(xi) Christmas Day.

(6) Contactless Payment Terminal Transactions.

(a) Acceptance Procedures.

(i) For Transactions under \$25 completed at a Point-of-Transaction Terminal with Contactless Payment Capability, Merchant is not required to (i) obtain the Cardholder signature, or (ii) provide a Transaction receipt, unless the Cardholder requests one.

(ii) The acceptance procedures specified in Section 3(v)(8)(a)(ii) apply to all Transaction types, including Magnetic-Stripe, Contactless Payment, and Chip Card Transactions.

(iii) The Transaction must not be processed as a Contactless Payment Transaction if Dynamic Currency Conversion is performed.

(b) Interchange Reimbursement Fee. Any applicable Interchange Reimbursement Fee may apply to Transactions under \$25 completed at a Point-of-Transaction Terminal with Contactless Payment capability.

(7) Proximity Payment-Only Terminals

(a) A Merchant that deploys a Proximity Payment-Only Terminal:

(i) Must display at such a terminal the appropriate acceptance Mark, as specified in the Visa Product Brand Standards;

(ii) Must accept at such a terminal all Proximity Payment Devices properly presented;

(iii) Must accept all Cards at all other sales distribution channels at the Merchant Outlet. This requirement does not apply to Merchant Outlets that are transit passenger vehicles (e.g., buses, ferries, trains);

(iv) Must obtain Authorization for the full Transaction amount prior to Clearing for a Transaction that takes place at such a terminal; and

(v) Is not required to provide a Transaction Receipt to the Cardholder at the time of the Transaction. However, the Merchant must communicate to the Cardholder how to obtain Transaction details, and provide them at the Cardholder's request.

(b) A Proximity Payment-Only Terminal may be deployed only at a turnstile, fare gate, or point of boarding at a Merchant properly assigned Merchant Category 4111, "Local and Suburban Commuter Passenger Transportation, Including Ferries," 4112, "Passenger Railways," or 4131, "Bus Lines."

(8) Dynamic Currency Conversion Transactions.

(a) General Requirements.

(i) A Merchant that offers Dynamic Currency Conversion services must comply with the substance of all applicable operating requirements specified in the Visa International Operating Regulations, including but not limited to this Section 3(v)(8).

(ii) A Merchant offering Dynamic Currency Conversion must:

- (a) Inform the Cardholder that Dynamic Currency Conversion is optional
- (b) Not impose any additional requirements on the Cardholder to have the Transaction processed in the local currency
- (c) Not use any language or procedures that may cause the Cardholder to choose Dynamic Currency Conversion by default
- (d) Not misrepresent, either explicitly or implicitly, that its Dynamic Currency Conversion service is a Visa service
- (e) Not convert a Transaction amount in the local currency that has been approved by the Cardholder into an amount in the Cardholder's billing currency after the Transaction has been completed but not yet entered into Interchange
- (f) Ensure that the Cardholder expressly agrees to a Dynamic Currency Conversion Transaction, as specified in "Dynamic Currency Conversion Transaction Receipt Requirements"

(b) T&E Service Transactions.

(i) A Hotel or Car Rental Merchant that offers T&E Services may establish an agreement with a Cardholder, in advance of hotel checkout or car rental return, that the currency conversion rate will be determined by the Merchant at a later time, without further consulting the Cardholder. The operating requirements specified in Table 4 apply.

(ii) For a T&E Service Transaction, a Merchant must:

- (a) send the Cardholder a copy of the Transaction Receipt through the postal service within three business days of completing the Transaction; and
- (b) process any delayed or amended charges at the same currency conversion rate as the original Dynamic Currency Conversion Transaction.

(c) Operating Requirements. For a Dynamic Currency Conversion Transaction, a Merchant must comply with operating requirements specific to each Transaction environment, as specified in:

(i) Table 2, Face-to-Face Transactions.

(ii) Table 3, Mail/Phone Order or Electronic Commerce Transactions.

(iii) Table 4, T&E Express Service Transactions.

**Table 2: Dynamic Currency Conversion – Face-to-Face Transactions**

TRANSACTION ENVIRONMENT	OPERATING REQUIREMENTS
Face-to-Face	<p><u>Transaction Receipt</u></p> <p>In addition to the Transaction Receipt requirements specified in Electronic and Manual Transaction Receipts (Exhibit 1 to this Operating Guide), a Transaction Receipt for a Face-to-Face Dynamic Currency Conversion Transaction must include the following information:</p> <ul style="list-style-type: none"> <li>• Price of the goods or services in the Merchant's local currency accompanied by the currency symbol next to the amount</li> <li>• Total price in the Transaction Currency accompanied by the words "Transaction Currency" and the currency symbol next to the amount</li> <li>• Exchange rate used</li> <li>• Any additional mark up, commission, or fee for the Dynamic Currency Conversion service</li> <li>• A statement in an area easily seen by the Cardholder that:               <ul style="list-style-type: none"> <li>- The Cardholder was offered a choice of payment in the Merchant's local currency</li> <li>- Cardholder expressly agrees to the Transaction Receipt information by marking an "accept" box on the Transaction Receipt</li> </ul> </li> </ul> <p>The Transaction Receipt must indicate that Dynamic Currency Conversion is conducted by the Merchant.</p> <p>Each of the above data elements must be shown separately.</p>

**Table 3: Dynamic Currency Conversion – Mail/Phone Order or Electronic Commerce Transactions**

TRANSACTION ENVIRONMENT	OPERATING REQUIREMENTS
Mail/Phone Order or Electronic Commerce	<p><u>Disclosure</u></p> <p>Before initiating a Dynamic Currency Conversion Transaction in the Mail/Phone Order or Electronic Commerce environment, the Merchant must:</p> <ul style="list-style-type: none"> <li>• Inform the Cardholder that Dynamic Currency Conversion is optional</li> <li>• Not impose any additional requirements on the Cardholder to have the Transaction processed in the local currency</li> <li>• Not use any language or procedures that may cause the Cardholder to choose Dynamic Currency Conversion by default</li> <li>• Not misrepresent, either explicitly or implicitly, that its Dynamic Currency Conversion service is a Visa service</li> <li>• Not convert a Transaction amount in the local currency that has been approved by the Cardholder into an amount in the Cardholder's billing currency after the Transaction has been completed but not yet entered into Interchange</li> <li>• Ensure that the Cardholder expressly agrees to a Dynamic Currency Conversion Transaction, as specified in "Dynamic Currency Conversion Transaction Receipt Requirements" below</li> <li>• Include the U.S. Credit Card Surcharge amount, if assessed, in the conversion.</li> </ul> <p><u>Transaction Receipt</u></p> <p>In addition to the Transaction Receipt requirements specified in Electronic and Manual Transaction Receipts (Exhibit 1 to this Operating Guide), a Transaction Receipt must include the following information:</p> <ul style="list-style-type: none"> <li>• Currency symbol of the Merchant's local currency</li> <li>• Transaction amount of the goods or services purchased in the Merchant's local currency</li> <li>• Exchange rate used to determine the Transaction amount</li> <li>• Currency conversion commission, fees, or, mark up on the exchange rate over a wholesale rate or government mandated rate</li> <li>• Currency symbol of the Transaction Currency</li> <li>• Total Transaction amount charged by the Merchant in the Transaction Currency, and the words "Transaction Currency"</li> <li>• A statement in an area easily seen by the Cardholder that: <ul style="list-style-type: none"> <li>- Cardholder has been offered a choice of currencies for payment, including the Merchant's local currency</li> <li>- Cardholder expressly agrees to the Transaction Receipt information by marking an "accept" box on the Transaction Receipt</li> <li>- Either the currency conversion will not be conducted by Visa or the Merchant or Merchant Bank, as applicable, is providing the currency conversion service.</li> </ul> </li> <li>• The Transaction Receipt must indicate that Dynamic Currency Conversion is conducted by the Merchant</li> </ul> <p>Each of the above data elements must be shown separately.</p>

**Table 4: Dynamic Currency Conversion – T&E Express Service Transactions**

TRANSACTION ENVIRONMENT	OPERATING REQUIREMENTS
<p>T&amp;E Express Service Transactions – Priority Checkout or Car Rental Return</p>	<p><u>Documentation</u></p> <p>For a T&amp;E Service Transaction, the Merchant must document the terms of the Dynamic Currency Conversion in a written agreement. The agreement must be signed by the Cardholder in advance of a hotel checkout or car rental return.</p> <p>The written agreement must document:</p> <ul style="list-style-type: none"> <li>• The specific currency in which the conversion will take place</li> <li>• That the Cardholder has been offered a choice of currencies, including the Merchant's local currency</li> <li>• That the Cardholder has agreed that a Dynamic Currency Conversion Transaction will take place</li> <li>• Cardholder expressly agrees to DCC by marking an "accept" box on the written agreement</li> <li>• Currency conversion commission, fees, or mark-up on the exchange rate over a wholesale rate or government mandated rate</li> <li>• That the currency conversion rate will be determined at a later time without further Cardholder consultation. The written agreement must indicate that the Dynamic Currency Conversion is conducted by the Merchant.</li> </ul> <p><u>Transaction Receipt</u></p> <p>In addition to the Transaction Receipt requirements specified in Electronic and Manual Transaction Receipts (Exhibit 1 to this Operating Guide), a Transaction Receipt must include the following information:</p> <ul style="list-style-type: none"> <li>• Price of the goods or services in the Merchant's local currency accompanied by the currency symbol next to the amount</li> <li>• Total price in the Transaction Currency accompanied by the words "Transaction Currency" and the currency symbol next to the amount</li> <li>• Exchange rate used</li> <li>• Any additional mark up, commission, or fee for the Dynamic Currency Conversion service</li> <li>• A statement in an area easily seen by the Cardholder that: <ul style="list-style-type: none"> <li>- The Cardholder was offered a choice of payment in the Merchant's local currency</li> <li>- Cardholder expressly agrees to the Transaction Receipt information by marking an "accept" box on the Transaction Receipt</li> </ul> </li> <li>• The Transaction Receipt <b>must</b> indicate that Dynamic Currency Conversion is conducted by the Merchant. Each of the above data elements must be show separately.</li> </ul> <p>The Merchant must also send the Cardholder a copy of the Transaction Receipt through the postal service (or by email if selected by the Cardholder) within 3 business days.</p>

(9) Travel & Entertainment Services. If indicated in the Merchant Application, a T&E Merchant may participate in any of the following Visa T&E Services: (a) Visa Reservation Service; (b) T&E Advance Deposit Service; and (c) Priority Check-out Service.

(10) Visa Reservation Service for Lodging.

(a) General Requirements.

(i) A Hotel must participate in the Visa Reservation Service if it accepts Visa Cards to guarantee hotel reservations.

(ii) A participating Hotel must accept all Visa Cards in its category of acceptance, as specified in Section 3(d)(1)(a), for reservations under the Visa Reservation Service.

(b) Billing Information. The Hotel must obtain the Cardholder name, Account Number, and expiration date displayed on the Card.

(c) Accommodation Information.

(i) The Hotel must quote the reserved accommodation rate and the exact name and physical address of the establishment.

(ii) The Hotel must inform the Cardholder that one night's lodging will be billed if the Cardholder has not: (a) registered by check-out time the day following the scheduled arrival date; or (b) properly cancelled the reservation, as specified in Section 3(v)(11)(e) of this Operating Guide.

(d) Reservation Confirmation.

- (i) The Hotel must provide a confirmation code and advise the Cardholder to retain it.
  - (ii) The Hotel must provide this information verbally and, if requested, must provide to the Cardholder a written confirmation with the following information:
    - (a) Cardholder name provided by the Cardholder, Account Number, and Card expiration date displayed on the Card.
    - (b) Confirmation code.
    - (c) Name and exact physical address of the establishment.
    - (d) Visa Reservation Service provisions relating to the Cardholder's obligation.
    - (e) Rate.
    - (f) Any other reservation details.
  - (e) Cancellation Period.
    - (i) A Hotel must accept all cancellations prior to the specified time.
    - (ii) The Hotel must not require more than 72 hours cancellation notification prior to the scheduled arrival date.
    - (iii) If the Cardholder makes the reservation within 72 hours of the scheduled arrival date, the cancellation deadline must be no earlier than 6:00 p.m. Merchant Outlet time on the arrival date or date guaranteed.
    - (iv) If a Hotel requires that a Cardholder cancel before 6:00 p.m. Merchant Outlet time on the date guaranteed, the Hotel must mail the cancellation policy, including the date and time that cancellation privileges expire, to the Cardholder.
  - (f) Cancellation Code.
    - (i) The Hotel must provide a cancellation code (if the reservation is properly cancelled) and advise the Cardholder to retain it in case of dispute.
    - (ii) If requested by the Cardholder, the Hotel must mail a confirmation of cancellation. The confirmation must include the following:
      - (a) Cardholder name, Account Number, and Card expiration date displayed on the Card.
      - (b) Cancellation code.
      - (c) Details related to the cancelled reservation.
  - (g) Unclaimed Accommodations.
    - (i) If the Cardholder has not claimed or cancelled the Visa Reservation Service accommodations by the specified time, the Hotel must hold the rooms available according to the reservation until check-out time the following day.
    - (ii) The Hotel may then complete a Transaction Receipt which must contain the following information:
      - (a) Amount of one night's lodging plus applicable tax.
      - (b) Cardholder name displayed on the Card, Account Number, and Card expiration date.
      - (c) The words "No-Show" on the signature line of the Transaction Receipt.
    - (iii) The Hotel must obtain an Authorization Code for the No-Show Transaction.
  - (h) Alternate Accommodations. If the Visa Reservation Service guaranteed accommodations are unavailable, the Hotel must provide the Cardholder with the following services at no charge: (i) comparable accommodations for one night at another establishment; (ii) if requested, a 3-minute telephone call and message forwarding to the alternate establishment's location; and (iii) transportation to the alternate establishment's location.
- (11) Visa Reservation Service for Car Rentals.
- (a) General Requirements.
    - (i) This section governs Transactions involving a Car Rental Company that accepts Visa Cards to guarantee Peak Time reservations and reservations for Specialized Vehicles.
    - (ii) A participating Car Rental Company must accept all Visa Cards in its category of acceptance, as specified in Section 3(d)(1)(a), for reservations under the Visa Reservation Service.
  - (b) Peak Time Reservation Information.
    - (i) If a Cardholder reserves a vehicle during Peak Time, the Car Rental Company must inform the Cardholder that the reservation: (a) is within a Peak Time period and explain the meaning of Peak Time; and (b) may be cancelled without penalty anytime up to 8 hours before the scheduled rental time.
    - (ii) If a Cardholder is traveling to a car rental location by Airline and the flight is cancelled or the airport is closed, the Cardholder may cancel the Peak Time reservation without penalty up to one hour before the scheduled rental time.
    - (iii) The Car Rental Company must advise the Cardholder that a "no-show" fee (not to exceed one day's rental plus the applicable tax) may be billed if the Cardholder has not: (a) rented the vehicle by the end of the guarantee period; or (b) properly cancelled the reservation, as required in Section 3(v)(11)(f) of this Operating Guide.

(c) Billing Information. The Car Rental Company must obtain the Cardholder name, Account Number, and expiration date as displayed on the Visa Card.

(d) Specialized Vehicle Reservation Information.

(i) If a Cardholder reserves a Specialized Vehicle, the Car Rental Company must inform the Cardholder that the reservation:

(a) Will be held until the scheduled pick-up time, unless cancelled.

(b) May be cancelled without penalty anytime up to 72 hours before the scheduled rental time.

(c) If the reservation is made within 72 hours of the scheduled rental time, may be cancelled without penalty anytime up to 8 hours before the scheduled rental time.

(ii) The Car Rental Company must advise the Cardholder that a "no-show" fee (not to exceed 2 days' rental) may be billed if the Cardholder has not: (a) rented the Specialized Vehicle by the end of the guarantee period; or (b) properly cancelled the reservation, as required in Section 3(v)(11)(f) of this Operating Guide.

(e) Reservation Confirmation.

(i) For a reservation made with at least 72 hours' notice, the Car Rental Company must send the Cardholder a written confirmation containing all of the following information:

(a) Cardholder name, Account Number, and expiration date as displayed on the Visa Card.

(b) Name and exact street address of the Merchant Outlet.

(c) Confirmation code.

(d) Rate.

(e) Cardholder obligations.

(f) Cancellation and any other service details.

(ii) For reservations made with less than 72 hours' notice, the Car Rental Company must mail a confirmation only on Cardholder request.

(f) Cancellation Period. A Car Rental Company in the U.S. Region must not require more than 72 hours' reservation cancellation notification before the scheduled rental date of a Specialized Vehicle. If the Cardholder makes the reservation within 72 hours of the scheduled rental date, the cancellation deadline must be 12 hours before the scheduled rental time on the scheduled pick-up date.

(g) Cancellation Confirmation.

(i) The Car Rental Company must provide a cancellation code and advise the Cardholder to retain it in case of dispute.

(ii) If requested, the Car Rental Company must provide the Cardholder with a written confirmation that contains the following information:

(a) Cardholder name, Account Number, and Card expiration date as displayed on the Visa Card;

(b) Cancellation code; and

(c) Cancellation details.

(h) Unclaimed Vehicles

(i) The Car Rental Company must hold the reserved vehicle according to the reservation if the Cardholder has not claimed or properly canceled the reservation by the specified time.

(ii) The Car Rental Company may then prepare a Transaction Receipt with the following information:

(a) No-Show Transaction fee plus tax, as applicable. The amount of the No-Show Transaction must not exceed the value of: 1) 2 days' rental, including tax, for a Specialized Vehicle reservation; or 2) one day's rental, including tax, for a Peak Time reservation.

(b) Cardholder name, Account Number, and expiration date as displayed on the Card.

(c) The words "No-Show" on the signature line of the Transaction Receipt.

(iii) The Car Rental Company must obtain an Authorization Code for the No-Show Transaction.

(i) Alternate Specialized Vehicles. If the Specialized Vehicle is unavailable, the Car Rental Company must provide the following services at no charge to the Cardholder: (i) a comparable vehicle at another car rental establishment for the reservation period; and (ii) transportation to the alternate car rental establishment.

(j) Alternate Peak Time Reservation Vehicles.

(i) If the vehicle guaranteed as a Peak Time reservation is unavailable, the Car Rental Company must provide the Cardholder with a comparable vehicle no later than one hour from the scheduled rental time.

(ii) If a comparable vehicle cannot be provided within one hour, the Car Rental Company must provide the following services at no charge to the Cardholder: (a) transportation to the Cardholder's destination; (b) delivery of a comparable

vehicle to the Cardholder's destination within 8 hours from the scheduled rental time; and (c) transportation, vehicle delivery, and one day's car rental.

(12) T&E Advance Deposit Service.

(a) General Requirements. A Hotel, Cruise Line Merchant, or Car Rental Company participating in the T&E Advance Deposit Service must: (i) Accept all Visa Cards in its category of acceptance, as specified in Section 3(d)(1)(a), for an advance deposit if the Cardholder agrees to the service, and (ii) Hold a valid T&E Advance Deposit Service contract with an Acquirer, either as part of the Merchant Agreement or as a separate contract.

(b) Billing Information.

(i) The Merchant must obtain the following information from the Cardholder:

- (a) Cardholder name, Account Number, and expiration date as displayed on the Visa Card.
- (b) Telephone number and mailing address.
- (c) Scheduled date of arrival (for a Hotel), embarkation (for a Cruise Line), or rental (for a Car Rental Company).
- (d) Intended length of stay (for a Hotel) or term or rental (for a Car Rental Company).

(ii) The Merchant must determine the T&E Advance Deposit Transaction amount, not to exceed the following:

- (a) For Hotel accommodations, the cost of the intended length of stay, not to exceed 14 nights' lodging.
- (b) For a cruise, the cost of the cruise.
- (c) For a car rental, the cost of the intended term of rental, not to exceed 14 days' rental.

(iii) The deposit amount must be applied to the total obligation.

(c) Reservation Information. The Merchant must inform the Cardholder of the following, as applicable:

Description	Hotel	Cruise Line Merchant	Car Rental Company
Total obligation	√	√	√
Reserved accommodation or car rental rate and the Transaction amount	√	√	√
Exact Hotel or Car Rental Company name and location	√		√
Cruise Line Merchant name, address, and point of embarkation		√	
Accommodation will be held for the number of nights paid for	√	√	
Vehicle will be held for the number of days paid for			√
Merchant's cancellation policy	√	√	√

(d) Reservation Confirmation.

(i) The Merchant must provide: (a) a confirmation code, advising the Cardholder to retain it; and (b) the advance deposit amount, cancellation policy requirements, and for lodging accommodations, the actual date and time that the cancellation privileges expire.

(ii) The Merchant must advise the Cardholder that it will: (a) hold the accommodations according to the reservation; and (b) provide written confirmation of a Cardholder reservation change if requested.

(iii) The Hotel or Cruise Line Merchant must also advise the Cardholder that it will retain the entire T&E Advance Deposit Transaction amount or the amount specified in the Merchant's stated policy, if the Cardholder has not: (a) checked in by check-out time (for a Hotel) the day following the specified last night of lodging used to determine the T&E Advance Deposit Transaction amount; (b) checked in by the departure time (for a Cruise Line); and (c) cancelled the reservation within the specified time frames.

(iv) The Car Rental Company must also advise the Cardholder that it will retain the entire T&E Advance Deposit Transaction amount or the amount specified in the Merchant's stated policy, if the Cardholder has not: (a) rented the vehicle by the end of the last day of the rental period used to determine the amount of the Transaction; or (b) cancelled the reservation within the specified time frames.

(v) Under the T&E Advance Deposit Service, a Merchant must not charge for a No-Show Transaction.

(e) Transaction Receipt Completion. The Merchant must complete a Transaction Receipt with the following information:

- (i) Advance deposit amount.
- (ii) Cardholder name, Account Number, and expiration date as specified in the Visa Operating Regulations.
- (iii) Cardholder telephone number and mailing address.



- (iv) The words "Advance Deposit" on the Transaction Receipt signature line.
  - (v) Confirmation code.
  - (vi) Scheduled check-in, vehicle rental, or embarkation date.
  - (vii) Date and time that cancellation privileges (if any) expire without deposit forfeiture.
- (f) Transaction Receipt Authorization and Deposit.
- (i) The Merchant must follow normal Authorization procedures. If it receives a Decline Response, the Merchant must notify the Cardholder and must not deposit the Transaction Receipt.
  - (ii) If the Transaction is authorized, the Merchant must follow normal Deposit requirements for Hotels, Cruise Line Merchants, and Car Rental Companies as specified in Section 3(r) of this Operating Guide.
  - (g) Transaction Receipt Delivery to Cardholder. The Merchant must mail a Transaction Receipt copy and cancellation policy to the address indicated by the Cardholder within 3 business days from the Transaction Date.
  - (h) Cancellation Period. A Hotel, Cruise Line Merchant, or Car Rental Company must accept all Cardholder cancellations within the time limits specified by the Merchant.
  - (i) Cancellation Confirmation.
    - (i) The Merchant must provide a cancellation code and advise the Cardholder to retain it in case of dispute.
    - (ii) The Merchant must complete a Credit Transaction Receipt, including the following information:
      - (a) The entire T&E Advance Deposit Transaction amount (for a Hotel or Car Rental Company) or applicable amount (for a Cruise Line Merchant).
      - (b) Cardholder name, Account Number, and expiration date as displayed on the Visa Card.
      - (c) Cardholder mailing address.
      - (d) Cancellation code.
      - (e) Words "Advance Deposit" on the Transaction Receipt signature line.
    - (iii) The Merchant must: (a) deposit the Credit Transaction Receipt within 5 calendar days of the Transaction Date; and (b) mail the Cardholder's copy to the Cardholder within 3 calendar days of the Transaction Date of the Credit Transaction Receipt.
  - (j) Alternate Lodging Accommodations. If the reserved accommodations are unavailable, the Merchant must provide to the Cardholder the following services without charge:
    - (i) Credit Transaction Receipt to refund the entire T&E Advance Deposit Transaction amount. The Hotel must provide the Credit Transaction Receipt copy to the Cardholder.
    - (ii) Comparable accommodations at an alternate establishment for the number of nights specified in the reservation, not to exceed 14 nights, or until the reserved accommodations become available at the original establishment, whichever comes first.
    - (iii) If requested, two 3-minute telephone calls and messages forwarding to the alternate establishment.
    - (iv) Transportation to the alternate establishment and return to the original establishment. If requested, the Hotel must provide daily transportation to and from the alternate establishment.
  - (k) Alternate Cruise Line Accommodations.
    - (i) If the reserved accommodations are unavailable, and no comparable accommodations are available on the ship, the Merchant may offer the following services without charge: (a) a comparable cruise within the same approximate sailing dates and number of sailing days specified in the reservation; and (b) any extra nights' accommodations or air fare to a different port city necessitated by the Cardholder's acceptance of alternate accommodations.
    - (ii) The Merchant must provide a Credit Transaction Receipt to refund the entire T&E Advance Deposit Transaction amount, if comparable accommodations are not available or the Cardholder does not accept the offered accommodations. The Merchant must provide the Credit Transaction Receipt copy to the Cardholder.
    - (iii) The Merchant must provide all of the following without charge:
      - (a) One night's hotel accommodation, if required.
      - (b) Transportation to the hotel as well as the airport.
      - (c) Airline transportation to the airport nearest the Cardholder's residence.
      - (d) Reasonable out-of-pocket expenses incurred by the Cardholder because the guaranteed accommodations were not available.
  - (l) Alternate Vehicle. If the reserved vehicle is unavailable, the Merchant must provide the following services to the Cardholder without charge: (i) Credit Transaction Receipt to refund the entire T&E Advance Deposit Transaction amount; and (ii) at least a comparable vehicle for the number of days specified in the reservation, not to exceed 14 days, or until the reserved vehicle becomes available, whichever comes first.

(13) Central Reservation Service.

(a) Participation Requirements. A Central Reservation Service Merchant may participate in the T&E Advance Deposit Service to provide lodging accommodations.

(b) Central Reservation Service Responsibilities.

(i) A Central Reservation Service must:

(a) Have a written contract with the lodging establishment, executed by an officer or manager of the hotel; and

(b) Accept full responsibility for resolving Cardholder problems related to the T&E Advance Deposit Service.

(ii) The Central Reservation Service must not use an agent to perform services on its behalf.

(c) A Central Reservation Service Merchant must permit Merchant Bank or its Agent to conduct a physical inspection of its business premises, including review of: (i) Solicitation or sales materials, and (ii) Operating procedures for Hotels to be serviced.

(14) Priority Check-out Service

(a) Merchant Participation.

(i) A Hotel or Cruise Line Merchant participating in the T&E Services specified in Section 3(v)(10) of this Operating Guide may participate in the Priority Check-out Service.

(ii) The participating Hotel or Cruise Line Merchant must: (a) accept all Cards in its category of acceptance, as specified in Section 3(d)(1)(a), when a Cardholder requests the Priority Check-out Service; and (b) provide the Cardholder with a Priority Check-out Agreement that contains the information required by the Visa Operating Regulations.

(b) Transaction Receipt and Priority Check-Out Agreement Completion. The Merchant must:

(i) Ask the Cardholder to complete, sign, and return a Priority Check-out Agreement. The Cardholder must include the mailing address to receive a copy of the hotel or cruise line bill.

(ii) Complete a Transaction Receipt, including the total obligation amount and the words "Priority Check-out" on the signature line.

(iii) Review the completed Priority Check-out Agreement and ensure that the Account Number matches the Account Number on the Transaction Receipt, if applicable.

(c) Authorization and Deposit. The Merchant must comply with normal Authorization and Deposit requirements for Hotel and Cruise Line Merchants.

(d) Transaction Receipt Delivery. The Hotel or Cruise Line Merchant must mail the Transaction Receipt copy, the itemized bill and, if requested, the signed Priority Check-out Agreement to the Cardholder within 3 business days of the Cardholder's departure.

(e) Retention. The Merchant must retain the itemized bill and signed Priority Check-out Agreement for a minimum of 6 months after the Transaction Date.

(15) Advance Payment Service.

(a) Advance Payment Procedures.

(i) A participating Merchant must comply with all of the following:

(a) Accept all Cards in its category of acceptance, as specified in Section 3(d)(1)(a), for advance payment when the Cardholder agrees to the Advance Payment Service.

(b) Determine the amount of the Advance Payment Service Transaction. The Transaction amount must not exceed the total price of the reserved services or activity.

(c) Inform the Cardholder of the following:

1. Total price of the services or activity.

2. Advance payment amount.

3. Advance payment confirmation code.

4. Cancellation terms. If a cancellation request is not received within the cancellation time specified by the Merchant, the Cardholder must forfeit the advance payment amount.

(d) Obtain all of the following Cardholder information:

1. Cardholder's Account Number, telephone number, and mailing address.

2. Card expiration date.

3. Cardholder name on the Card.

(b) Transaction Receipt. The Merchant must complete a Transaction Receipt for the amount of the advance payment, including all of the following:

(i) Words "Advance Payment" on the signature line.

(ii) Cardholder's Account Number, telephone number, and mailing address.

- (iii) Card expiration date.
- (iv) Cardholder name on the Card.

(c) Authorization Procedures.

- (i) The Merchant must follow normal Authorization procedures.
- (ii) If the Merchant receives an Approval Response, the Merchant must:
  - (a) Deposit the Transaction Receipt as specified in Section 3(r) of this Operating Guide.
  - (b) Mail a written confirmation to the Cardholder, with:
    - 1. Copy of the Transaction Receipt; and
    - 2. Cancellation policy, including any applicable limitations relating to "bad weather" cancellations.
  - (c) For an advance payment made less than 72 hours prior to the scheduled commencement of services, a written confirmation is required only upon Cardholder request.

(iii) If the Merchant receives a Decline Response, the Merchant must advise the Cardholder and must not deposit the Transaction Receipt.

(d) Cancellation Procedures. A Merchant participating in the Advance Payment Service must:

(i) Accept all cancellation requests, provided that the request is made prior to the specified cancellation date and time.

(ii) Provide a cancellation number and advise the Cardholder to retain it in case of a dispute.

(iii) Complete a Credit Transaction Receipt for the amount of the advance payment with all of the following information:

- (a) Words "Advance Payment" on the signature line;
- (b) Cardholder's Account Number and mailing address;
- (c) Card expiration date;
- (d) Cardholder name on the Card; and
- (e) Cancellation number.

(iv) Mail the Credit Transaction Receipt to the address indicated by the Cardholder within 3 business days from the Transaction Date.

(16) Preauthorized Health Care Transactions.

(a) Order Form.

(i) A Cardholder that purchases services from a Health Care Merchant that accepts Preauthorized Health Care Transactions must provide a completed Order Form to the Merchant.

(ii) The Cardholder must specify at least the following on the Order Form:

- (a) Request for the services to be charged to the Cardholder's account.
- (b) Authorization for the Health Care Merchant to charge the Cardholder's account for only that portion of the bill due subsequent to Merchant's receipt of any applicable insurance payment.
- (c) Duration of time, not to exceed one year, for which permission is granted.

(iii) If a Preauthorized Health Care Transaction is renewed, the Cardholder must provide a subsequent Order Form for continuation of services.

(b) Health Care Merchant Responsibilities.

(i) A Health Care Merchant must:

- (a) Retain a microfilm copy of the Order Form during the period it is in effect.
- (b) Provide a copy of the Order Form upon Issuer request for an original Transaction Receipt.
- (c) Type or print the words "PREAUTHORIZED HEALTH CARE" on the signature line of the Transaction Receipt.
- (d) Comply with the Preauthorized Payment Cancellation Service Declined Transaction Procedures.

(ii) The Health Care Merchant must not complete a Preauthorized Health Care Transaction after receiving a: (a) cancellation notice from the Cardholder or Merchant Bank; or (b) Decline Response.

(iii) Upon receipt of the notice of adjudication from the Cardholder's insurance company, the Health Care Merchant must: (a) submit a Transaction Receipt into Interchange within 90 calendar days of the service date; and (b) request Authorization for the amount due.

(17) Health Care Eligibility Service. A Health Care Merchant that participates in the Health Care Eligibility Service must comply with the requirements of the Visa Health Care Eligibility Service Implementation Guide.

(18) Visa ReadyLink.

(a) Load Partner Requirements. A Load Partner that participates in the Visa ReadyLink service must:

- (i) Have a Merchant Agreement for Visa Card acceptance,
- (ii) Comply with the requirements in both the:
  - (a) Applicable Visa International Prepaid Program Guidelines; and
  - (b) Visa ReadyLink Service Description and Implementation Guidelines; and
- (iii) Load value to a Visa Prepaid Card that has been designated for participation in the Visa ReadyLink by the

Issuer.

(b) A Visa ReadyLink Load Partner may sell Visa Prepaid Cards under a Load Partner Issuer Agreement with a participating Issuer.

(19) CPS/Supermarket Transactions.

(a) Requirements. A qualifying CPS/Supermarket Transaction must have the following characteristics: (i) Completed in a Face-to-Face Environment; (ii) The full contents of track 1 or track 2 of the Magnetic Stripe, unaltered Chip, or unaltered Contactless Payment data are read and transmitted; (iii) Merchant is properly assigned Merchant Category Code 5411, "Grocery Stores and Supermarkets"; (iv) Merchant is a non-membership retail store primarily engaged in selling food for home preparation and consumption; (v) Merchant offers a complete line of food merchandise, including self-service groceries, meat, produce, and dairy products; (vi) Merchant has monthly sales of perishables (packaged and in-store bakery goods, dairy products, delicatessen products, floral items, frozen foods, meat, and produce) representing at least 45% of total monthly sales; (vii) Merchant accepts Visa Cards or Visa Electron Cards for the purchase of all goods and services sold in the store, at all check-out lanes that accept checks.

(b) Authorization Requirements. A Supermarket Incentive Program Authorization Request must meet the following Authorization requirements:

- (i) Floor Limit for Supermarket Incentive Program Transactions is zero.
- (ii) Authorization Request originates at an attended Point-of-Transaction Terminal where the:
  - (a) Visa Card or Visa Electron Card is present;
  - (b) Cardholder signature is obtained;
  - (c) Full unaltered contents of track 1 or 2 of the Magnetic Stripe, Chip or Contactless Payment chip are read and transmitted; and
  - (d) POS Entry Mode Code.
- (iii) Merchant obtains only one Authorization Code for each Transaction on the Transaction Date.
- (iv) Transactions are entered into Interchange through VisaNet and authorized through the V.I.P. System, as specified in the appropriate VisaNet User's Manuals.
- (v) The Authorization Request and Clearing Record comply with the VisaNet Clearing Message Content Standards and Required Data for Authorization Requests and Responses.
- (vi) The Transaction amount sent in the Authorization Request and the Clearing Record must be in the same currency.

(20) Telephone Service Transactions. A telephone service Merchant must not accept payment for a telephone call when the Card number is: (a) entered via touchtone key pad, or (b) provided to an operator. This prohibition excludes the following:

- (i) Telephone Service Transactions conducted at an Unattended Cardholder-Activated Terminal
- (ii) Transactions for which the Issuer has a contract with the carrier
- (iii) Transactions involving telephone services that have been explicitly approved by Visa and provide appropriate risk controls.
- (iv) Telephone orders for goods and services.
- (v) Transactions provided by Inbound Teleservices Merchants, as specified by Visa in the Merchant Data Manual.

(21) Visa Cash Back Service.

(a) General Requirements. A Merchant may offer Visa Check Card II Cardholders the Visa Cash Back Service option under the following conditions:

- (i) The service is offered as a part of a purchase Transaction.
- (ii) The Transaction is processed using a Point-of-Transaction Terminal with PIN pad.
- (iii) The PIN is used for Cardholder identification purposes.
- (iv) The Transaction is processed through the Single Message System.

(b) Cash Back Limits.

(i) A participating Merchant may establish its own minimum or maximum cash back amount up to and including \$200. The cash back amount must not exceed \$200.

(ii) The amount of cash back must be less than the total Transaction amount.

**(22) Visa Easy Payment Service Transactions.**

(a) Description. For all Visa Card Transactions under \$25, a Visa Easy Payment Service Merchant is not required to: (i) Obtain the Cardholder signature or (ii) Provide a Transaction Receipt, unless the Cardholder requests one. The applicable transaction limit for Visa Easy Payment Service Transactions is \$50 for the following MCCs: 5310 (Discount Stores); 5411 (Grocery Stores and Supermarkets).

(b) Requirements. To qualify as a Visa Easy Payment Service (VEPS) Transaction, a Transaction must: (i) Be conducted in a Face-to-Face Environment; (ii) Be authorized; (iii) Be conducted at a Merchant Outlet with a Merchant Category Code other than that specified Section 3(v)(22)(c); (iv) Not exceed the Transaction limits specified in Section 3(v)(22)(a); and (v) Have a POS Entry Mode code of "05," "07," "90," or "91".

(c) Any MCC qualifies to conduct a Visa Easy Payment Transaction except: MCC 4829 - "Wire Transfer Money Orders"; MCC 5542 - "Automated Fuel Dispensers"; MCC 5960 - "Direct Marketing - Insurance Services"; MCC 5962 - "Direct Marketing - Travel Related Arrangement Services"; MCC 5964 - "Direct Marketing - Catalog Merchants"; MCC 5965 - "Direct Marketing - Combination Catalog and Retail Merchants"; MCC 5966 - "Direct Marketing - Outbound Telemarketing Merchants"; MCC 5967 - "Direct Marketing - Inbound Telemarketing Merchants"; MCC 5968 - "Direct Marketing -Continuity/Subscription Merchants"; MCC 5969 - "Direct Marketing/Direct Marketers (Not elsewhere classified)"; MCC 6010 - "Financial Institutions - Manual Cash Disbursements"; MCC 6011 - "Financial Institutions - Automated Cash Disbursements"; MCC 6012 - "Financial Institutions - Merchandise and Services"; MCC 7995 - "Betting, including Lottery Tickets, Casino Gaming Chips, Off-Track Betting, and Wagers at Race Track"; MCC 9405 - "Intra-Government Purchases (Government only)"; MCC 9700 - "International Automated Referral Service (Visa use only)"; MCC 9701 - "Visa Credential Server (Visa use only)"; MCC 9702 - "GCAS Emergency Services (Visa use only)"; MCC 9950 - "Intra-Company Purchases".

(d) Restrictions. The following Transactions which require a Transaction Receipt must not be processed as Visa Easy Payment Service Transactions: A Fallback Transaction; An Account Funding Transaction; A Cash-Back Transaction; A Manual Cash Disbursement Transaction; A Quasi-Cash Transaction; A Prepaid Load Transaction; A Transaction where Dynamic Currency Conversion is performed.

(e) A Merchant is not required to obtain Cardholder Verification for a Visa Easy Payment Service Transaction unless the Transaction is an EMV PIN Transaction. For an EMV PIN Transaction, the EMV Terminal must prompt the Cardholder for a PIN if PIN verification is required as a result of EMV processing.

(f) Interchange Reimbursement Fee. Any applicable Interchange Reimbursement Fee may apply to a Visa Easy Payment Service Transaction.

**w. Clearing and Settlement.**

(1) Merchant may designate a third party that does not have a direct agreement with Merchant Bank as its agent for the direct delivery of data-captured Visa Transactions to VisaNet for Clearing and Settlement. If Merchant chooses to designate such third party, Merchant must:

(a) Advise Merchant Bank that it will use a third-party processor;

(b) Agree that Merchant Bank must reimburse the Merchant only for the amount of Visa Transactions delivered by that agent to VisaNet, less the appropriate discount fee;

(c) Assume responsibility for any failure by its agent to comply with the Visa U.S.A. Inc. Operating Regulations, including but not limited to, any violation resulting in a Chargeback.

**4. MASTERCARD PROGRAM REQUIREMENTS.**

**a. Display of Marks and Acceptance Signage.**

(1) A merchant is only permitted to use the MasterCard Marks pursuant to the Merchant Agreement with Bank.

(2) Display of the MasterCard Acceptance Mark.

(a) Merchant must prominently display the MasterCard Acceptance Mark at the point of interaction so that it is clearly visible and to indicate that the Merchant accepts Cards and Access Devices. No other Mark or mark may be used for these purposes. The preferred location to post the MasterCard Acceptance Mark at a physical point of interaction is the entrance, nearby window or door of the Merchant or location, and on the first screen of an electronic point of interaction. Where it is not possible to post signage at the entrance of the Merchant or location, posting the MasterCard Acceptance Mark so that it can easily and readily be seen within the location will satisfy the requirement. Where it is not possible to post the MasterCard Acceptance Mark on the first screen of an electronic point of interaction, posting the MasterCard Acceptance Mark on the payment screen will satisfy the requirement.

(b) A remote services Merchant must display the MasterCard Acceptance Mark wherever payment options are presented.

(c) A Mark may not appear on the Web site of a supplier to a Merchant or of any other entity that is not itself a Merchant (such as, by way of example and not limitation, an entity that is contracted by the Merchant to deliver the products or provide the services that are subject of the Transaction).

(3) Merchant Advertising and Point of Interaction Materials. Merchant may use the MasterCard Acceptance Mark in material or images at the physical or electronic point of interaction to indicate acceptance. Other acceptance marks, symbols, logos, or combinations thereof may appear in the same material or image with the MasterCard Acceptance Mark, if no other acceptance mark, symbol, or logo is more prominent or likely to cause confusion concerning the acceptance of Cards.

(4) Local/Regional Acceptance Brands. The MasterCard Acceptance Mark must be displayed as a free-standing mark, and, as such, may not be displayed so as to suggest that it is either a secondary means of payment to a local/regional acceptance brand, or exclusively linked to a local/regional acceptance brand. Visual parity must be maintained between the MasterCard Acceptance Mark and any local/regional acceptance mark also displayed at a point of interaction or in Merchant advertising.

(5) Provisions Applicable to Direct Mail Cardholder Solicitation Merchants.

(a) Merchant acknowledges that the trademark "MasterCard" and the corresponding logotype are the property of MasterCard International Incorporated. Merchant shall not infringe upon the mark or logo, nor otherwise use the mark or logo in such a manner as to create the impression Merchant's goods or services are sponsored, produced, affiliated with, offered, or sold by MasterCard.

(b) Merchant shall not use the mark or logo on its stationery, letterhead, envelopes, or the like nor in its solicitation; provided, however, that Merchant may use one of the mark or logo in close proximity to the payment or enrollment space in the solicitation in a size not to exceed 1 1/4 inches in horizontal length if a logo is employed, or, if a mark is used, in type not to exceed the size of the type used in the major portion of the text on the same page; provided further that the legend, "Accepted for Payment" must accompany the mark or logo used and must be the equivalent size of the mark or logo. In no case, however, shall Merchant use any of the logo on the front or first page of its solicitation. One truthful statement that Merchant is directing or limiting its offer to MasterCard Cardholders may appear in the body of the solicitation, other than in close proximity to the payment or enrollment space, subject to the limitation that: (i) only the word mark may be used; (ii) the word mark may not (a) exceed in type size the size of any other type on the same page, (b) differ in color from the type used in the text (as differentiated from the titles) on the same page, (c) be as large or as prominent as the name of Merchant, (d) be the first item appearing on any page, nor (e) in any other way be the most prominent element of the page; (iii) Merchant's name and/or logo must appear prominently on the same page as the mark; and (iv) the following disclaimer must appear in close proximity to the mark on the same page and in an equal size and type of print: "MasterCard International Incorporated is not affiliated in any way with [Merchant] and has not endorsed or sponsored this offer."

(c) Merchant further agrees to submit its first direct mail solicitation(s), prior to mailing, to the MasterCard Law Department, to be reviewed only for compliance with MasterCard's trademark rules and shall furthermore not distribute in any manner such solicitations until Merchant shall have obtained MasterCard's written approval of the manner in which it uses MasterCard mark and logo on such solicitations. Merchant shall likewise, upon request, submit to MasterCard any amended solicitations prior to mailing.

(6) Any use of a MasterCard Mark by a Merchant in acceptance advertising, acceptance decals, or signs, must be in accordance with the MasterCard Standards, including MasterCard's reproduction, usage, and artwork standards, as may be in effect from time to time. Chapter 4, Section 2 of the MasterCard Merchant Rules Manual contains usage guidelines for the MasterCard Marks.

(7) The Merchant's use or display of the MasterCard Marks will terminate upon the termination of the Merchant Agreement or upon notification by MasterCard to discontinue such use or display.

(8) The use or display of the MasterCard Marks does not give a Merchant any ownership or interest in the Marks.

**b. Responsibility for Transactions.** Merchant is responsible for ensuring that the Cardholder understands that the Merchant is responsible for the transaction, including the goods or services that are the subject of the transaction, and for related customer service, dispute resolution, and performance of the terms and conditions of the transaction. A Merchant Web site must:

(1) Prominently display the name of the Merchant,

(2) Prominently identify the name of the Merchant as displayed on the Web site as both the Merchant and as the name that will appear on the Cardholder statement, and

(3) Display Merchant name information as prominently as any other information depicted on the Web site, other than images of the products or services being offered for sale.

**c. Cardholder Identification.** A Merchant must not refuse to complete a MasterCard Card Transaction solely because a Cardholder who has complied with the conditions for presentment of a Card at the POI refuses to provide additional identification information, except as specifically permitted or required by the Standards. A Merchant may require additional identification from the Cardholder if the information is required to complete the transaction, such as for shipping purposes. A Merchant in a country or region that supports use of the MasterCard Address Verification Service (AVS) may require the Cardholder's ZIP or postal code to complete a cardholder-activated terminal (CAT) Transaction, or the Cardholder's address and ZIP or postal code to complete a mail order, phone order, or e-commerce Transaction.

**d. Electronic Commerce Transactions.** A Merchant must not refuse to complete an Electronic Commerce Transaction using a MasterCard Card solely because the Cardholder does not have a digital certificate or other secured protocol.

**e. Scrip-dispensing Terminals.** MasterCard Cards must not be accepted at Terminals that dispense Scrip.

**f. Prohibited Practices.**

(1) Discrimination; Merchant Use and Disclosure of BIN Information.

(a) A Merchant may request or encourage a customer to use a payment card with an acceptance brand other than MasterCard or other form of payment or a Card of a different product type (e.g., traditional cards, premium cards, rewards cards) than the Card the consumer initially presents. Except where prohibited by law, it may do so by methods that include, but are not limited to: (i) offering the customer an immediate discount from the Merchant's list, stated, or standard price, a rebate, a free or discounted product or service, or any other incentive or benefit if the customer uses a particular payment card with an acceptance brand other than MasterCard or other particular form of payment; (ii) offering the customer an immediate discount from the Merchant's list, stated, or standard price, a rebate, a free or discounted product or service, or any other incentive or benefit if the customer, who initially presents a Card, uses instead another payment card or another form of payment; (iii) expressing a preference for the use of a particular payment card or form of payment; (iv) promoting the use of a particular general purpose payment card with an acceptance brand other than MasterCard or the use of a particular form or forms of payment through posted information, through the size, prominence, or sequencing of payment choices, or through other communications to customers (provided that the Merchant will abide by the Standards relating to the display of the Marks including, but not limited to, the MasterCard Acceptance Mark), or (v) communicating to customers the reasonably estimated or actual costs incurred by the Merchant when a customer uses particular payment cards or forms of payment or the relative costs of using different general purpose payment cards or forms of payment.

(b) Notwithstanding the foregoing, a Merchant may not offer a discount or other benefit to a Cardholder if the Cardholder uses a particular Issuer's Card at the Point of Interaction (POI), unless the discount or other benefit is available for all other Cards of the same product type or is accessed 1) after the Transaction has been completed (for example, a credit on the billing statement or a rebate); or 2) at the time of or after the Transaction and is effected by a separate instrument and not by the Card (for example, a coupon or a voucher). A Merchant at the POI must not promote a discount or other benefit for use of a particular Issuer's Card.

(c) Bank may provide BIN information or other product-identifying data to the Merchant or its Merchant Servicer solely for purposes of identifying MasterCard Card product types at the point of sale. Bank must provide a complete list of the BINs that apply to Debit MasterCard Cards to Merchants upon any form of reasonable request.

(d) A U.S. Merchant or its Merchant Servicer that receives BIN information or other product-identifying data from Bank must not use such information for any reason other than to identify MasterCard Card product types at the point of sale and to implement acceptance practices permitted by the MasterCard Operating Rules (including, without limitation, Rule 5.11.1 "Discrimination" in the MasterCard Rules manual, the substance of which is set forth above in this section) based on such information, unless authorized by MasterCard.

(e) A U.S. Merchant or its Merchant Servicer must not disclose BIN information or other product-identifying data to any third party without prior written permission from MasterCard.

(f) If Merchant provides BIN or other product data information to a Merchant Servicer, Merchant must: (i) Ensure that the Merchant Servicer complies with the substance of these "Merchant Use and Disclosure of BIN Information" requirements; (ii) Include the substance of these requirements in Merchant's agreement or contract with its Merchant Servicer.

(2) Charges to Cardholders. A Merchant must not directly or indirectly require any MasterCard Cardholder to pay a surcharge or any part of any merchant discount or any contemporaneous finance charge in connection with a MasterCard Card Transaction. A Merchant may provide a discount to its customers for cash payments. A Merchant is permitted to charge a fee (such as a bona fide commission, postage, expedited service or convenience fees, and the like) if the fee is imposed on all like transactions regardless of the form of payment used, or as MasterCard has expressly permitted in writing. A surcharge is any fee charged in connection with a MasterCard Transaction that is not charged if another payment method is used. The merchant discount fee is the fee the Merchant pays to Bank to acquire Transactions.

(3) Minimum/Maximum Transaction Amount Prohibited. A Merchant must not require, or indicate that it requires, a minimum or maximum Transaction amount to accept a valid and properly presented Card. A Merchant may set a minimum Transaction amount to accept a Card that provides access to a credit account, under the following conditions: (a) the minimum Transaction amount does not differentiate between Issuers; and (b) the minimum Transaction amount does not differentiate between MasterCard and another acceptance brand; and (c) the minimum Transaction amount does not exceed \$10 (or any higher amount established by the Federal Reserve by regulation). A Merchant may set a maximum Transaction amount to accept a Card that provides access to a credit account, under the following conditions: (1) the Merchant: (A) is a department, agency or instrumentality of the U.S. Government; or (B) is a corporation owned or controlled by the U.S. Government; or (C) is a Merchant whose primary business is reflected by one of the following MCCs: (i) MCC 8220—Colleges, Universities, Professional Schools, Junior Colleges; or (ii) MCC 8244—Schools, Business and Secretarial; or (iii) MCC 8249—Schools, Trade and Vocational; and (B) the maximum Transaction amount does not differentiate between Issuers; and (C) the maximum Transaction amount does not differentiate between MasterCard and another acceptance brand.

- (4) Prohibited Transactions. A Merchant must not submit for payment into Interchange any transaction:
- (a) that represents the refinancing or transfer of an existing Cardholder obligation that is deemed to be uncollectible, or
  - (b) that arises from the dishonor of a Cardholder's personal check, or
  - (c) that arises from the acceptance of MasterCard Cards at Terminals that dispense Scrip.

(5) Other Forms of Payment. A Merchant must not accept any payment from a customer in any other form (for example, cash or check) with respect to a charge for goods or services that are included on a transaction information document (TID) resulting from the use of a MasterCard Card. A Merchant also must not accept a Card as payment for products or services for which the Merchant has received or expects to receive payment in any other form, whether from the customer or a third party.

**g. Illegal or Brand-Damaging Transactions.** Merchant must not submit for payment into Interchange any Transaction that is illegal or may, in the sole discretion of MasterCard, damage the goodwill of MasterCard or reflect negatively on the MasterCard brand. MasterCard considers any of the following activities to be in violation of this rule: (1) the sale or offer of sale of a good or service other than in full compliance with law then applicable to the Acquirer, Issuer, Merchant, Cardholder or MasterCard; or (2) the sale of a good or service, including an image, which is patently offensive and lacks serious artistic value (such as, by way of example and not limitation, images of nonconsensual sexual behavior, sexual exploitation of a minor, nonconsensual mutilation of a person or body part, and bestiality), or any other material that MasterCard, in its sole discretion, deems unacceptable for sale in connection with a Mark.

**h. Authorizing Transactions.** When required by the Standards or by Bank, the Merchant must obtain an Authorization before completing a Transaction. Standards concerning Authorizations are set forth in Section 8.3.3 of the MasterCard Rules, which can be found at: [http://www.mastercard.com/us/merchant/pdf/BM-Entire\\_Manual\\_public.pdf](http://www.mastercard.com/us/merchant/pdf/BM-Entire_Manual_public.pdf).

**i. Submitting Transactions.**

(1) Valid Transactions. A Merchant must submit to Bank records of valid Transactions only between the Merchant and a bona fide Cardholder. A Merchant must not present to Bank a Transaction that it knows or should have known to be fraudulent or not authorized by the Cardholder, or that it knows or should have known to be authorized by a Cardholder colluding with the Merchant for a fraudulent purpose. Within the scope of this rule, the Merchant is responsible for the actions of its employees, agents, and representatives.

(2) Submit Transactions within Three Business Days. The Merchant must present records of valid Transactions to Bank no later than three bank business days after the date of the Transaction, except:

(a) the record must not be presented until after the goods are shipped or the services are performed unless, at the time of the Transaction, the Cardholder agrees to a properly disclosed delayed delivery of the goods or services;

(b) when the Merchant receives Authorization for a delayed presentment (in which case the words "Delayed Presentment" must be noted on the TID);

(c) when the Merchant is obligated by law to retain the TID or return it to a buyer upon timely cancellation, in which case the merchant should present the record within 10 business days after the Transaction Date, and

(d) when the Merchant has multiple locations and uses a central facility to accumulate and present records to Bank. In this case, the Merchant must present the record in accordance with applicable laws and regulations and, in any event, within 30 calendar days of the Transaction Date.

**j. Account, Cardholder, Transaction, and Merchant Information.**

(1) Sale or Exchange of Account and Cardholder Information Prohibited. A Merchant must not sell, purchase, provide, exchange or in any manner disclose MasterCard Account Number, Transaction, or personal information of or about a Cardholder to anyone other than Bank, to MasterCard, or in response to a valid government request. This prohibition applies to Card imprints, TIDs, carbon copies, mailing lists, tapes, database files, and all other media created or obtained as a result of a MasterCard Transaction.

(2) Fraudulent or Unauthorized Use of Account Information Prohibited. A Merchant must not request or use MasterCard Account Number or personal information for any purpose that it knows or should have known to be fraudulent or in violation of MasterCard Standards, or for any purpose that the Cardholder did not authorize.

(3) Account, Cardholder and Transaction Data Must Be Kept Secure. Merchants and DSEs must keep all systems and media containing MasterCard account, Cardholder, or Transaction information (whether physical or electronic) in a secure manner so as to prevent access by, or disclosure to, any unauthorized party. Merchants and DSEs must destroy all media not necessary to retain in a manner that will render the data unreadable. Only MasterCard account, Cardholder, and Transaction information may be stored, and then only to the extent permitted by the Standards. If an account compromise occurs, the following will apply:

(a) The Merchant must notify Merchant Bank immediately.

(b) Merchant Bank shall provide MasterCard with complete information about the account compromise.

(c) For additional requirements applicable in the event of account data compromise, refer to the Security Rules and Procedures manual, found at: <http://www.mastercard.com/us/wce/PDF/Security%20Rules%20-%20Merchant.pdf>

(4) Account Information Must Not Be Recorded on a Mailer. Merchant must not ask a Cardholder to record a Card account number or other account information on the exterior of any order form or other similar device designed to be mailed.



(5) Merchant Identification. A Merchant must prominently and unequivocally inform the Cardholder of the identity of the Merchant at all points of interaction so that the Cardholder readily can distinguish the Merchant from any other party such as a supplier of goods or services to the Merchant.

(6) Data Storage Entity (DSE) Identification and Registration Requirements. The Merchant must inform Bank promptly of the identity of any DSE that the Merchant intends to afford access to Card account, Cardholder, or Transaction information. A DSE must comply with the MasterCard Site Data Protection (SDP) Program in accordance with the implementation schedule set forth in Section 10.3 of the *Security Rules and Procedures manual*. Information about the SDP Program can be found at [www.mastercard.com/sdp](http://www.mastercard.com/sdp).

(7) Storage of Account, Cardholder, and Transaction Data. A Merchant and any DSE must not store in any system or in any manner, discretionary card-read data, CVC 2 data, PIN data, Address Verification Service (AVS) data, or any other prohibited information as set forth in the MasterCard Standards including, but not limited to, Section 10.2 of the *Security Rules and Procedures manual*, except during the Authorization process for a Transaction, that is, from the time an Authorization Request message is transmitted and up to the time the Authorization Request Response message is received. MasterCard permits storage of only the Card Account Number, expiration date, Cardholder name, and Service Code, each of which, if stored, must be stored in a secure environment to which access is limited, and then only to the extent that this data is required for bona fide purposes and only for the length of time that the data is required for such purposes.

**5. VISA AND MASTERCARD SURCHARGE RULES.** The following rules apply to Merchants who assess a surcharge for use of a Visa Card or MasterCard Card.

**a. Definitions.** The following definitions are applicable to this [Section 5](#).

(1) “Cardholder” means the authorized user of a Visa or MasterCard Credit Card.

(2) “Competitive Credit Card Brand” includes any brand of Credit Card or electronic credit payment form of a nationally accepted payment network other than Visa or MasterCard (as the case may be), specifically including without limitation MasterCard or Visa (as the case may be), American Express, Discover, and PayPal.

(3) “Competitive Credit Card Brand Cost of Acceptance” is a Merchant’s average Merchant Discount Rate applicable to transactions on a Competitive Credit Card Brand at the Merchant for the preceding one or twelve months, at the Merchant’s option.

(4) “Credit Card” means a card or other device that may be used to defer payment of debt or incur debt and defer its payment.

(5) “Independent Consideration” means material value a Merchant receives specifically in exchange for the Merchant’s agreement to waive or otherwise restrict its right to Surcharge transactions on a Competitive Credit Card Brand.

(6) “Visa or MasterCard Credit Card” means a Credit Card bearing the Visa or MasterCard brand.

(7) “Visa or MasterCard Credit Card Transaction” means a Transaction in which a Visa or MasterCard Credit Card is presented for payment and that is performed in accordance with the Standards.

(8) The “Maximum Surcharge Cap” shall be no less than the product of 1.8 times the sum of the system-wide average effective U.S. domestic Visa Credit Card interchange rate or MasterCard Credit Card interchange rate plus average network fees (defined to include network set fees to Acquirers or Merchants associated with the processing of a Transaction or with the acceptance of the network’s brand) as published from time to time on the Visa or MasterCard public website.

(9) “Merchant Discount Rate” is the fee, expressed as a percentage of the total transaction amount that a Merchant pays to its Acquirer or Service Provider for transacting on a Credit Card brand. For purposes of Brand-level and Product-level Surcharging, irrespective of whether the identified fees and costs are paid via the merchant discount or by check, withholding, offset, or otherwise, the Merchant Discount Rate shall include: (i) The interchange rate; (ii) Network set fees associated with the processing of a transaction; (iii) Network set fees associated with the acceptance of the network’s brand; (iv) The Acquirer set processing fees associated with the processing of a transaction; and (v) Any other services for which the Acquirer is paid via the mechanism of the per transaction merchant discount fee. Other than the fees listed in (i) through (iv) above, the Merchant Discount Rate excludes any fees (such as the cost of rental of point-of-sale terminal equipment for, for example) that are invoiced separately or not paid via the mechanism of the per transaction merchant discount fee.

(10) “Surcharge” means any fee charged by the Merchant for use of a Card. Merchant may only require a Visa or MasterCard Credit Card Cardholder to pay a Surcharge by choosing to apply either of the following Surcharge methods: (i) Brand-level Surcharge—The application of the same Surcharge to all Visa or MasterCard Credit Card Transactions regardless of the Issuer; or (ii) Product-level Surcharge—The application of the same Surcharge to all Visa or MasterCard Credit Card Transactions of the same product type regardless of the Issuer.

**b. Brand-level Surcharging.**

(1) The following additional definitions apply only to this [Section 5\(b\)](#).

(a) “After accounting for any discounts or rebates offered by the Merchant at the Point of Interaction (POI)” means that the amount of the Surcharge for a Visa or MasterCard Credit Card or a Competitive Credit Card Brand is to include the amount of

any discount or rebate that is applied to that card or brand at the POI but which is not equally applied to all Visa or MasterCard Credit Card Transactions.

(b) "Visa or MasterCard Credit Card Cost of Acceptance" is (A) A percentage of the Visa or MasterCard Credit Card Transaction amount calculated based upon the average effective interchange rate plus the average of all fees imposed by the network upon Acquirers or Merchants as applicable to Visa or MasterCard Credit Card Transactions at the Merchant for the preceding one or twelve months, at the Merchant's option, or (B) If a Merchant cannot determine its Visa or MasterCard Credit Card Cost of Acceptance, then the Merchant may use the Visa or MasterCard Credit Card Cost of Acceptance for the Merchant's merchant category as published from time to time on the Visa or MasterCard public Web site.

(2) The following requirements apply to a Merchant that chooses to impose a Surcharge at the brand level:

(a) The same Surcharge must apply to all Visa or MasterCard Credit Card Transactions after accounting for any discounts or rebates offered by the Merchant on Visa or MasterCard Credit Card Transactions at the POI. A Merchant may choose to Surcharge all face-to-face and/or non-face-to-face Visa or MasterCard Credit Card Transactions.

(b) The Surcharge assessed on a Visa or MasterCard Credit Card Transaction may not exceed the lesser of: (A) The Merchant's Visa or MasterCard Surcharge Cap, or (B) The Maximum Surcharge Cap, as published by Visa or MasterCard from time to time.

(c) The Merchant must comply with the Surcharge disclosure requirements set forth in [Section 5\(d\)](#).

(d) If a Merchant's ability to Surcharge a Competitive Credit Card Brand that the Merchant accepts, in either a face-to-face or non-face-to-face environment, is limited by that Competitive Credit Card Brand in any manner other than by prohibiting a Surcharge greater than the Competitive Credit Card Brand's Cost of Acceptance, then the Merchant may Surcharge Visa or MasterCard Credit Card Transactions in accordance with (1) through (3) above pursuant to either: (A) the same terms under which the Competitive Credit Card Brand permits a Merchant to Surcharge transactions of the Competitive Credit Card Brand in a face-to-face or non-face-to-face environment, or (B) the same terms under which the Merchant actually Surcharges transactions of the Competitive Credit Card Brand, in a face-to-face or non-face-to-face environment, after accounting for any discounts or rebates offered by the Merchant at the POI to the Competitive Credit Card Brand Cards.

(e) The requirements outlined in [Section 5\(b\)\(2\)\(d\)](#) above are not applicable if: (A) The Competitive Credit Card Brand does not prohibit or effectively prohibit surcharging Credit Cards and the Competitive Credit Card Brand Cost of Acceptance to the Merchant is less than the Visa or MasterCard Credit Card Cost of Acceptance; or (B) The Competitive Credit Card Brand prohibits or effectively prohibits the surcharging of Credit Cards and the Merchant Surcharges the Competitive Credit Card Brand in an amount at least equal to the lesser of: (1) The Competitive Credit Card Brand Cost of Acceptance; or (2) The amount of the Surcharge imposed on the Visa or MasterCard Credit Card Transaction to be Surcharged; or (C) The Merchant has entered into an agreement with the Competitive Credit Card Brand which waives or limits the Merchant's right to Surcharge transactions on that Competitive Credit Card Brand and the agreement: (1) Is not indefinite but is for a fixed duration; (2) Is unique to the Merchant, not a standard agreement generally offered by the Competitive Credit Card Brand to multiple Merchants; (3) Is not a condition to the Merchant's acceptance of the Competitive Credit Card Brand, thus the Merchant must have the ability to accept the Competitive Credit Card Brand for payment if the agreement were not in place; (4) Is in exchange for Independent Consideration; and (5) Contains a price under which the Merchant may accept Competitive Credit Card Brand transactions and surcharge those transactions up to the Merchant's Merchant Discount Rate for the Competitive Credit Card Brand after accounting for applicable discounts or rebates offered by the Merchant at the POI.

### **c. Product-level Surcharging.**

(1) The following additional definitions apply only to this [Section 5\(c\)](#):

(a) "After accounting for any discounts or rebates offered by the Merchant at the POI" means that the amount of the Surcharge for Visa or MasterCard Credit Cards of the same product type or a Competitive Credit Card Product is to include the amount of any discount or rebate that is applied to that card or product at the POI but which is not equally applied to all Visa or MasterCard Credit Card Transactions of the same product type.

(b) "Competitive Credit Card Product" includes any product within a brand of Credit Card or electronic credit payment form of a nationally accepted payment network other than Visa or MasterCard (as the case may be), specifically including without limitation MasterCard or Visa (as the case may be), American Express, Discover, and PayPal.

(c) "Competitive Credit Card Product Cost of Acceptance" means the Merchant's average effective Merchant Discount Rate applicable to transactions on the Competitive Credit Card Product at the Merchant for the preceding one or twelve months, at the Merchant's option.

(d) "Debit Card Cost of Acceptance" means the amount of the cap for debit transactions established by the Board of Governors of the Federal Reserve System pursuant to 15 U.S.C. § 1690-2 and its implementing regulations or, if the Board of Governors discontinues establishing a cap for debit transactions, the merchant's average effective Merchant Discount Rate for all PIN-based debit transactions for the preceding twelve months.

(e) "Visa or MasterCard Credit Card Product Cost of Acceptance" means: (A) The average effective interchange rate plus the average of all fees imposed by the network upon Acquirers or Merchants, expressed as a percentage of the Transaction amount, applicable to Visa or MasterCard Credit Card Transactions of a product type at the Merchant for the preceding one or twelve months, at the merchant's option; or (B) If a Merchant cannot determine its Visa or MasterCard Credit Card Product Cost of

Acceptance, then the Merchant may use the Visa or MasterCard Credit Card Product Cost of Acceptance for its Merchant category as published by Visa or MasterCard on the Visa or MasterCard public Web site.

(f) The “Visa or MasterCard Credit Surcharge Cap” for a product type is the average effective Merchant Discount Rate applicable to Visa or MasterCard Credit Card Transactions of that product type at the Merchant for the preceding twelve months. At any given point in time, the actual Merchant Discount Rate paid in the time period covered by the Merchant’s most recent statement relating to Visa or MasterCard Credit Card Transactions may be deemed a proxy for this amount.

(2) The following requirements apply to a Merchant that chooses to impose a Surcharge at the product level:

(a) The same Surcharge must apply to all Visa or MasterCard Credit Card Transactions of the same product type after accounting for any discounts or rebates offered by the Merchant at the POI. A Merchant may choose to Surcharge all face-to-face and/or non-face-to-face Visa or MasterCard Credit Card Transactions of the same product type.

(b) The Surcharge assessed on a Visa or MasterCard Credit Card Transaction may not exceed the lesser of: (A) The Merchant’s Visa or MasterCard Credit Surcharge Cap for that product type minus the Debit Card Cost of Acceptance, or (B) The Maximum Surcharge Cap, as published by Visa or MasterCard from time to time.

(c) The Merchant must comply with the surcharge disclosure requirements set forth in [Section 5\(d\)](#) below.

(d) If a Merchant’s ability to Surcharge a Competitive Credit Card Brand that the Merchant accepts, in either a face-to-face or non-face-to-face environment, is limited by that Competitive Credit Card Brand in any manner other than by prohibiting a surcharge greater than the Competitive Credit Card Brand’s Cost of Acceptance, then the Merchant may Surcharge Visa or MasterCard Credit Card Transactions in accordance with (1) through (3) above pursuant to either: (A) The same terms under which the Competitive Credit Card Brand permits a Merchant to surcharge transactions of the Competitive Credit Card Brand in a face-to-face or non-face-to-face environment, or (B) The same terms under which the Merchant actually surcharges transactions of the Competitive Credit Card Brand, in a face-to-face or non-face-to-face environment, after accounting for any discounts or rebates offered by the Merchant at the POI on the Competitive Credit Card Brand.

(e) The requirements outlined in [Section 5\(c\)\(2\)\(d\)](#) above are not applicable if: (A) The Competitive Credit Card Brand does not prohibit or effectively prohibit surcharging Credit Cards and the Competitive Credit Card Product Cost of Acceptance to the Merchant is less than the Visa or MasterCard Credit Card Product Cost of Acceptance, or (B) The Competitive Credit Card Brand prohibits or effectively prohibits the surcharging of Credit Cards and the Merchant surcharges the Competitive Credit Card Brand in an amount at least equal to the lesser of: (1) The Competitive Credit Card Brand Cost of Acceptance, or (2) The amount of the Surcharge imposed on the Visa or MasterCard Credit Card Transaction to be Surcharged, or (C) The Merchant has entered into an agreement with a Competitive Credit Card Brand which waives or limits the Merchant’s right to surcharge transactions on that Competitive Credit Card Brand and the agreement: (1) Is not indefinite but is for a fixed duration; (2) Is unique to the Merchant, not a standard agreement generally offered by the Competitive Credit Card Brand to multiple Merchants; (3) Is not a condition to the Merchant’s acceptance of the Competitive Credit Card Brand, the Merchant must have the ability to accept the Competitive Credit Card Brand for payment if the agreement were not in place; (4) Is in exchange for Independent Consideration; and (5) Contains a price under which the Merchant may accept Competitive Credit Card Brand transactions and surcharge those transactions up to the Merchant’s Merchant Discount Rate for the Competitive Credit Card Brand after accounting for applicable discounts or rebates offered by the Merchant at the POI.

**d. Requirements for Merchant Disclosure of a Surcharge at the POI.**

(1) A Merchant that chooses to Surcharge, either at the brand level or the product level, must prominently display a clear disclosure of the Merchant’s Surcharge policy at the point of store entry or when conducting an e-commerce Transaction, on the first page that references Credit Card brands. The disclosure must include a statement that the Surcharge that the Merchant imposes is not greater than the Merchant’s Merchant Discount Rate for Visa or MasterCard Credit Card Transactions.

(2) The Merchant must provide a disclosure of the Merchant’s Surcharging practices at the POI or point of sale and that disclosure must not disparage the brand, network, Issuer, or payment card product being used. A statement that the Merchant prefers or requests that a cardholder use a form of payment with lower acceptance costs does not constitute disparagement under this Rule. This disclosure must include: (A) The Surcharge percentage that is applied to Visa or MasterCard Credit Card Transactions; (B) A statement that the Surcharge is being imposed by the Merchant; and (C) A statement that the Surcharge is not greater than the applicable Merchant Discount Rate for Visa or MasterCard Credit Card Transactions at the Merchant.

(3) A Merchant that chooses to Surcharge must provide clear disclosure of the Surcharge amount on the Transaction Information Document.

**e. Notice of Brands.** A Merchant that chooses to impose a Surcharge must provide Visa and MasterCard and its Acquirer with no less than thirty (30) days advance written notice that the Merchant intends to impose a Surcharge on Visa or MasterCard Credit Card Transactions at either the brand level or product level. The Acquirer must register the identity of the Merchant with Visa or MasterCard within ten (10) days of receipt of the Merchant’s notification

**f. Surcharge Transaction Receipt.** In addition to any other Transaction Receipt Requirements applicable to a transaction as specified in this Operating Guide, the Transaction Receipt must show the U.S. Credit Card Surcharge amount separately on the front of the receipt in the same type font and size as the other items, after the subtotal (allowing for any discounts) and before the final Transaction amount. The U.S. Credit Card Surcharge amount must not be identified as a Visa-imposed surcharge.

## **6. DISCOVER PROGRAM REQUIREMENTS.**

### **a. Use of Discover Program Marks.**

(1) Merchant agrees to prominently display, at each of Merchant's locations, in catalogs and websites, signage (decals) or logos showing the Discover Acceptance Mark in such manner and with such frequency as accorded any other third-party credit, charge, debit, stored value or other payment card accepted by Merchant. Merchant's use or display of the Discover Program Marks must be in accordance with the terms of this Operating Guide, the Merchant Agreement or in accordance with any other specifications provided by Discover.

(2) Merchant is prohibited from using the Discover Program Marks other than as expressly authorized in writing by Processor. Additionally, Merchant shall not use the Discover Program Marks other than to display decals, signage, advertising and other forms depicting the Discover Program Marks that are provided to Merchant by Processor pursuant to the Card Program services or otherwise approved in advance in writing by Processor. Merchant may use the Discover Program Marks only to promote the services covered by the Discover Program Marks by using them on decals, indoor and outdoor signs, websites, advertising materials and marketing materials; provided that all such uses by Merchants must be approved in advance by Processor in writing. Merchant shall not use the Discover Program Marks in such a way that customers could believe that the products or services offered by Merchant are sponsored or guaranteed by the owners of the Discover Program Marks. Merchant recognizes that it has no ownership rights in the Discover Program Marks. Merchant shall not assign to any third party any of the rights to use the Discover Program Marks.

(3) Merchant's license to use the Discover Program Marks shall terminate upon the earlier of (i) the termination of your Merchant Agreement, or (ii) delivery of notice by Processor or Discover to Merchant of the termination of this license. Merchant must immediately discontinue use or display of the Discover Program Marks, immediately upon termination of the license.

### **b. Disclosure of Data and Information.**

(1) Merchant permits Processor to disclose Discover Transaction data and other information relating to the Merchant to Discover, current and prospective Issuers, current and prospective acquirers, regulatory authorities and other entities to whom Discover is required to provide such information and to Discover's and each of their respective Affiliates, agents, subcontractors and employees for the purposes Discover deems necessary in its reasonable discretion, including in connection with the performance of its obligations under its agreement with Processor, and in connection with the maintenance and disclosure of information contained in the Consortium Merchant Negative File. Information which may be disclosed includes: (a) detailed information about the Card Transactions conducted by Merchants, including Card Transaction data required by these Operating Regulations, the Technical Specifications, and the Dispute Rules Manual, to be delivered to us in connection with Authorization Requests, Sales Data, and Dispute responses; (b) aggregate and individual Merchant information and detail about the Card Transactions accepted by Merchants, including the Merchant Category Code assigned by you to a Merchant; (c) Collective and detailed information about individual Merchant's Card Transactions, Disputes, and (d) other information reasonably required by us during an investigation of a Merchant. Information regarding the aggregate number, type, and kind of Card Transactions accepted by Merchants, individually and in the aggregate, in the Authorized Jurisdiction. Bank may disclose to Discover, and permit Discover to disclose to current and prospective Acquirers, current and prospective Issuers, regulatory authorities, and other entities to whom Discover is required to provide such information, and to our and each of their respective Affiliates, agents, subcontractors, and employees, the information about Merchant and its principals as disclosed above.

(2) A Chargeback may be debited to a Merchant's Settlement Account for numerous reasons outlined in this Operating Guide. If an Issuer submits a Chargeback, Processor will send the Merchant a Chargeback notification, which may also include a request for Transaction Documentation. Due to the short time requirements imposed by Discover, it is extremely important that a Merchant respond to a Chargeback notification and Transaction Documentation request within the time frame set forth in the notification. The Merchant must not process a Credit Transaction once a Chargeback is received; Discover will credit the Cardholder's Discover Card Account (unless the Chargeback is reversed). The Processor may request a Representment of the Discover Transaction on behalf of Merchant and at the request of Merchant if the information provided by Merchant is both timely and, in Processor's sole discretion, sufficient to warrant a Representment and/or reversal of the Chargeback. Representment or reversal is not a guarantee that the Chargeback has been resolved in Merchant's favor. If Discover rejects the Representment request and Merchant feels strongly that the Chargeback is invalid, Processor may, at its discretion and on behalf of Merchant and at the request of Merchant, submit the matter for Dispute arbitration before Discover. Discover charges fees for Representment requests and an arbitration fee as published in Discover's fee schedule. Discover's Operating Rules prohibits Processor and/or Merchant from contacting the Cardholder directly regarding any Dispute or any other matter, except as required for acceptance of Discover Transactions, and require Processor and/or Merchant to submit any responses to Dispute notices directly to Discover.

(3) Information publicly disclosed by Merchant such as telephone numbers, URLs, contact information and participation in a program offered by Discover or Issuers in connection with Discover Card Acceptance (e.g., Recurring Payment Plans) may be compiled by Discover or third parties in a database designed to encourage and promote such programs.

**c. Use and Storage of Confidential Information.** Merchant is prohibited from using, storing or disclosing any confidential information of Discover or any Cardholder or Discover Transaction information other than as necessary to complete a Discover Transaction, including any retention or storage of lists of Discover Account Numbers or Discover Transaction information and any use of or access to Cardholders' personal information for marketing and/or other purposes.

**d. Surcharges.** Merchant may assess a surcharge on a Discover Transaction conducted using a credit Card, subject to the restrictions in this Section 6(d). Merchant may not levy a fee or other penalty of any kind on a Cardholder using a Discover Card other than a credit Card, for a Discover Transaction. Furthermore, Merchant may not levy a fee or other penalty of any kind on a Cardholder using a credit Card where such fee is not assessed on all other credit cards accepted by the Merchant for the purchase of goods or services. Merchant may not adopt any practice that unfavorably discriminates against or provides for unequal and unfavorable treatment of any Person who elects to pay using a Discover Card versus any other credit, charge, debit, stored value or other payment card accepted by Merchant, except with respect to your proprietary cards (e.g., private label and loyalty cards) and gift cards.

**e. Discover Card Checks.** Discover Card checks are frequently issued to Cardholders. Merchant agrees to accept Discover Card checks on a basis consistent with the terms of Merchant's policy applicable to the acceptance of other payment card checks. Merchant should handle these Discover Card checks like any other personal check drawn upon a bank in United States.

**f. Termination of Discover Card Acceptance.**

(1) Processor may immediately terminate Merchant's rights of Discover Card Acceptance under any of the following conditions: (i) Merchant does not meet the eligibility requirements to be a Merchant under the Operating Rules; (ii) Merchant does not meet standards for proof of Identity and creditworthiness; (iii) Merchant's corporate structure does not comply with the definition of "Merchant" in the Operating Rules; (iv) Merchant operates a business in a Prohibited Merchant Category or that otherwise creates excessive risk; (v) Merchant is a Sanctioned Person; (vi) Merchant's business operations do not or, if they were conducted in the United States, would not comply with U.S. law or other Requirements of Law applicable to the Merchant, regardless of the jurisdiction in which the Merchant accepts or conducts Discover Transactions; (vii) Merchant fails to comply with the terms governing Discover Card Acceptance in the Operating Rules; (viii) the procedures used by the Merchant to conduct, transact, transmit or store Discover Transactions and related data do not comply with the Security Requirements or the Operating Rules; (ix) Merchant uses the Discover Program Marks in a manner inconsistent with the license granted to Merchant, (x) Merchant has breached the Merchant Agreement, this Operating Guide, or a Requirement of Law, (xi) Merchant has had, or may have, an unusual or inappropriate number of Cardholder inquiries, credit requests or Disputes during a relevant period, or (xii) Merchant's financial condition or other conditions warrant earlier termination.

(2) In the event a Merchant's Discover Card Acceptance is terminated, Processor will cease to provide the Card Program services to Merchant, except in connection with the issuance of Credit Transactions or the resolution of Disputes related to Discover Transactions conducted prior to the termination date. Merchant may not thereafter transmit any Authorization Requests or Sales Data for Discover Transactions. Notwithstanding any termination of Merchant's Discover Card Acceptance, Merchant shall remain fully responsible for Disputes of Discover Transactions conducted prior to the termination date and for compliance with the Dispute Rules with respect to such Disputes.

**g. Authorizations.**

(1) Processor has established a Floor Limit of US\$0.00 for all Discover Transactions, meaning that Processor requires Merchant to submit an Authorization Request and obtain an Authorization Response for all Discover Transactions. Unless an alternative Floor Limit has been established by Processor, Merchant must obtain a positive Authorization Response and corresponding Authorization Code before completing each Discover Transaction. A positive Authorization Response will remain valid for thirty (30) calendar days from the date the Issuer provides the Authorization Response. If a positive Authorization Response is granted, the Authorization Code must be displayed on the printed Transaction Receipt or noted in the appropriate location on the face of the Sales Slip. Even if a positive Authorization Response is granted for a Discover Transaction it is not a guarantee of payment. An Authorization Code only indicates the availability of credit on the Discover Card Account at the time Authorization is requested. Merchant may pay higher fees if Merchant completes a Discover Transaction without receiving a positive Authorization Response, if Merchant submits Sales Data to us regarding Discover Transactions for which Merchant did not receive a positive Authorization Response or if the Authorization Code is not properly designated in the Sales Data and/or the Discover Transaction may be subject to Dispute.

(2) If Merchant is capable of accepting Partial Authorization Approvals as indicated in the Authorization Request, which Authorization Request shall comply with the requirements herein, the Issuer may provide a Partial Authorization Approval. If a Merchant receives a Partial Authorization Approval, the Merchant should not complete a Discover Transaction for an amount greater than the amount indicated in the Partial Authorization Approval, and if the Merchant does, the excess amount may be subject to Dispute.

(3) Each Authorization Request must fully comply with the applicable provisions of this Operating Guide. Merchant may be obligated to pay higher fees if Merchant submits Sales Data to Processor regarding Discover Transactions for which Merchant did not submit an Authorization Request that fully complies with the requirements of this Operating Guide and/or the Discover Transaction may be subject to Dispute.

(4) If Merchant receives a Referral Response in response to an Authorization Request, the Merchant should contact Processor for additional information. A Referral Response is not a positive Authorization Response. If Merchant subsequently completes a Discover Transaction where the Issuer provided a Referral Response without subsequently receiving a positive Authorization Response and corresponding Authorization Code, Merchant may be obligated to pay higher fees for failure to receive a positive Authorization Response and/or the Discover Transaction may be subject to Dispute.

(5) Electronic Authorization Procedures.

(a) The procedures that follow apply to Card-Present Environment Discover Transactions at retail locations. If Merchant conducts a Discover Transaction using a Point-of-Transaction Terminal to electronically capture data from the Discover Card, the Authorization Request must include the unaltered contents of tracks 1 and 2 (and track 3, if available) from the Track Data contained on the Discover Card (which includes the Card Expiration Date, Card Verification Value (CVV) Data, DCVV Data or iCVV Data, as applicable). If Track Data is not included in the Authorization Request, Merchant may be obligated to pay higher fees and/or may lose a Dispute of the Discover Transaction. If required DCVV Data or iCVV Data verification is not performed at the time of the Authorization Request, Merchant may receive a declined Authorization Response from the Issuer.

(b) The Point-of-Transaction Terminal used by Merchant to conduct the Discover Transaction must be capable of receiving the full, unaltered Authorization Response when sent. If a Discover Transaction is conducted using a Point-of-Transaction Terminal for a Card-Present Environment Discover Transaction but the Discover Card cannot be read electronically, Merchant must manually input the required Discover Transaction information into the Point-of-Transaction Terminal except for Prepaid Cards that are not embossed with Discover Card features, in which case the Merchant shall not manually enter Discover Transaction information on the Point-of-Transaction Terminal, prior to submitting the Authorization Request. If Merchant manually enters Discover Transaction information for a Prepaid Card with unembossed Discover Card features into a Point-of-Transaction Terminal, the Discover Transaction may be subject to Dispute and Merchant may lose such Dispute. In addition, Merchant must imprint the Discover Card on the Transaction Receipt, except for Prepaid Cards that are not embossed with Discover Card features and cannot be imprinted. If Merchant's Point-of-Transaction Terminal is unable to receive an electronic Authorization Response, Merchant should call Processor to submit a voice Authorization Request.

(c) Merchants may use Offline Authorization Procedures for Chip Card Transactions in the amount of \$300.00 or less. For Chip Card Transactions in an amount more than \$300.00 and all Chip Card Transactions, Merchant must obtain an Authorization Response using a method other than Offline Authorization Procedures or the Chip Card Transactions may be subject to Dispute. If Chip Fallback procedures are used to obtain an Authorization Response, the Chip Card Transaction is treated as a standard Card Transaction. The following MCCs are not permitted to use Offline Authorization Procedures: 4829 (Money Transfer-Merchant); 6010 (Member Financial Institution-Manual Cash Disbursements); 6011 (Member Financial Institution-Automated Cash Disbursements); 6012 (Member Financial Institution-Merchandise & Services); 6050 (Quasi Cash-Member Financial Institution); 6051 (Quasi Cash-Non-Financial Institution); 6211 (Security Brokers/Dealers); 6300 (Insurance Sales/Underwriting/Premiums); 6513 (Real Estate Agents and Managers-Rental); 6531 (Payment Service Provider-Money Transfer for a Purchase); 6532 (Payment Service Provider-Member Financial Institution-Payment Transaction); 6533 (Payment Service Provider-Merchant-Payment Transaction); 6534 (Money Transfer-Member Financial Institution).

(d) Merchants that accept Chip Card Transactions must require the Cardholder to enter a PIN when prompted by the Chip Card Terminal. Before completing a Chip Card Transaction, Merchant should validate the PIN entered on a Chip Card Terminal. Failure to do so may result in a declined Authorization Response.

(6) Voice Authorization Procedures. If Merchant's Point-of-Transaction Terminal is unable to submit an Authorization Request or unable to receive an Authorization Response, or if Merchant does not use a Point-of-Transaction Terminal to conduct a Discover Transaction, Merchant must call Processor to submit a voice Authorization Request. When Merchant calls to communicate a voice Authorization Request, Merchant must provide the following information to Processor, in this order: (i) Merchant's complete MID; (ii) the Discover Account Number; (iii) the CID; (iv) the expiration date on the Discover Card (4 digits, mm/yy); and (v) the total amount of the Discover Transaction in an Approved Currency. When a positive voice Authorization Response is granted by the Issuer, Merchant will be provided with an Authorization Code. Merchant must manually enter this Authorization Code in the Point-of-Transaction Terminal in such a manner that the Authorization Code is printed on the Transaction Receipt. If the Discover Transaction is not conducted using a Point-of-Transaction Terminal, Merchant must record the Authorization Code in the appropriate box on the Sales Slip. In the event of a negative Authorization Response, neither Merchant nor your employees may comment to the Discover Card presenter on the reason for the decline of the Authorization Request. If the Discover Card presenter requests information about the reason for the decline of the Authorization Request, Merchant should inform the Discover Card presenter to contact the Issuer.

(7) Cardholder Verification and Discover Card Retrieval. Occasionally in response to an Authorization Request, Processor may, on behalf of an Issuer, direct Merchant to obtain certain information from the Discover Card presenter to verify the Discover Card presenter's identity. If instructed to do so, the Merchant must clearly write the appropriate identification source and numbers in the space provided on the Transaction Receipt. Also, in response to an Authorization Request, Processor may, on behalf of an Issuer, occasionally direct Merchant to take and retain a Discover Card from the Discover Card presenter.

(8) Request for Cancellation of Authorization. If a Discover Transaction is cancelled or the amount of the Discover Transaction changes following Merchant's receipt of Authorization for the Discover Transaction, Merchant must cancel the Authorization by (i) processing a cancellation of the corresponding Authorization Request as described below using its Point-of-Transaction Terminal (if the Authorization was obtained using a Point-of-Transaction Terminal), or (ii) calling Processor to request a cancellation of the corresponding Authorization Request (if the Authorization was a voice Authorization). An Authorization may be cancelled at any time within eight (8) calendar days of Merchant's receipt of the Authorization but must be cancelled before Sales Data relating to the Discover Transaction has been submitted to Processor. Once Sales Data relating to the Discover Transaction has been submitted to Processor, the Authorization cannot be changed. When calling to obtain cancellation of a voice Authorization, Merchant must provide the following information to Processor, in this order: (i) the complete MID used in the

Authorization; (ii) the Discover Account Number; (iii) the original amount of the Authorization in an Approved Currency; (iv) the new amount of the total transaction (if any) in an Approved Currency; (v) the original Authorization Code for the Authorization being cancelled; (vi) the expiration date on the Discover Card being presented (4 digits, mm/yy); and (vii) a brief reason the Authorization is being cancelled.

(9) Authorization Requests must be submitted in an Approved Currency. Merchant may not convert from Merchant's local Approved Currency into another Approved Currency, including U.S. Dollars, prior to submitting the Authorization Request. Merchant may not submit an Authorization Request in any currency other than an Approved Currency.

(10) Minimum/Maximum Transaction Amount Prohibited. A Merchant may require that a Card Sale or Cash Advance with a Credit Card (but not a Debit or Prepaid Card) meet a minimum amount of up to \$10, provided Merchant applies such minimum limit uniformly to all card transactions. Merchant may not limit the maximum amount that a Cardholder may spend when using a Card other than when the Issuer has not provided a positive Authorization Response for a Card Transaction, except that Merchant may permit a U.S. federal agency or an institution of higher education to limit the maximum amount that a Cardholder may spend with a Credit Card (but not a Debit or Prepaid Card), provided Merchant applies such maximum limit uniformly to all card transactions.

**h. Verification of Discover Card Expiration Date.** Merchant must check or obtain the expiration date on the Discover Card and confirm that the Discover Card is not expired prior to completing the Discover Transaction. The Discover Card is valid through the last day of the month embossed on the Discover Card. If the Discover Card has expired, Merchant cannot accept it for a Discover Transaction. If Merchant is suspicious that the Discover Card presenter is not an authorized user of the Discover Card, Merchant should call Processor and request a Code 10 Authorization.

**i. Card Identification Data (CID).** Merchant is required to submit CID with the Authorization Request for a Card-Absent Environment Discover Transaction. Merchant's failure to include the CID in an Authorization Request where required may result in a negative Authorization Response and may increase the fees you are obligated to pay. If Merchant does not submit CID with an Authorization Request for a Card-Absent Environment Discover Transaction, even where not required above, the Discover Transaction may be subject to Dispute. Merchant is prohibited from retaining, archiving or otherwise storing the CID in any form or format for any reason, including the recording of the CID on Transaction Documentation or the making of photocopies of the front or back of Discover Cards.

**j. Transaction Documentation.**

(1) Merchant must prepare Transaction Documentation for each Discover Transaction and provide a copy of the Transaction Documentation to the Discover Card presenter at the time of completion of the Discover Transaction. The form and format of the Transaction Documentation prepared by Merchant must be acceptable to Discover. Merchant shall ensure that the Transaction Documentation for each Discover Transaction, whether electronically generated or manually printed on paper, is legible and contains all of the information required herein.

(2) For Card-Present Environment Discover Transactions that are data-captured by electronically reading or scanning a Discover Card using a Point-of-Transaction Terminal, the Transaction Receipt must include all of the following information, a copy of which must be provided to the Cardholder: (i) Discover Account Number (not necessary to imprint if successfully captured electronically), provided that Merchant must only display a truncated Discover Account Number where required by law; (ii) Cardholder's name as it appears on the Discover Card, if present, unless prohibited by law; (iii) Discover Card expiration date, if present, unless prohibited by law; (iv) Merchant's name and location (city/town and state); (v) Amount of cash provided to the Cardholder as Cash Over in addition to the amount of goods or services purchased in the Discover Transaction; (vi) the total amount of the transaction (including Cash Over provided, sales taxes and/or tip) indicating the Approved Currency in which Merchant conducted the Discover Transaction; (vii) Cardholder's signature (except as otherwise provided in this Operating Guide); (viii) The complete Authorization Code; and (ix) the Discover Transaction date. If Merchant electronically scans or reads a Discover Card, it must compare the Discover Account Number on the printed Transaction Receipt to the embossed number on the front of the Discover Card to confirm the numbers match. If the numbers do not match, Merchant may not accept the Discover Card as payment and should contact Processor. Requirements for the preparation of Sales Data for Card-Absent Environment transactions are described in [Section 6\(o\)](#) and Merchant must comply with such requirements.

(3) The Cardholder must sign the Transaction Receipt in the Merchant's presence and the Merchant must verify the signature on the Transaction Receipt matches the signature on the back of the Card except for No Signature Required Discover Transactions (which include Discover Transactions of \$25 or less, and any Chip Card Discover Transaction for which valid Authorization is obtained excluding Chip Card Transactions initiated by Merchants with the following MCCs: 4829 Money Transfer – Non-Financial Institution; 6010 Member Financial Institution – Manual Cash Disbursements; 6011 Member Financial Institution – Automated Cash Disbursements; 6050 Quasi Cash – Member Financial Institution; 6051 Quasi Cash – Non-Financial Institution; 6531 Payment Service Provider – Money Transfer for a Purchase; 6532 Payment Service Provider – Member Financial Institution – Payment Transaction; 6533 Payment Service Provider – Merchant – Payment Transaction; 6534 Money Transfer – Member Financial Institution; 7995 Betting). For No Signature Required Card Sales, Merchant must provide the Cardholder with a copy of the Transaction Receipt upon request.

(4) If Merchant is unable to successfully capture the Discover Card information electronically using a Point-of-Transaction Terminal in a Card-Present Environment transaction for any reason and must hand-key the Discover Card information into the Point-of-Transaction Terminal, Merchant must use a suitable imprinter to clearly imprint the embossed information, including the stylized D where designated in [Section 6\(r\)\(1\)](#), from the Discover Card on the Transaction Receipt and Merchant must fully complete the Transaction Receipt as described below. The imprint must clearly, and in a legible manner, capture all of the

embossed Discover Card security features identified in [Section 6\(r\)](#), except as noted in [Section 6\(o\)](#) (Card-Absent Environment) and [Section 6\(p\)](#) (Special Circumstances). If a valid Discover Card, as described in [Section 6\(r\)\(1\)](#), is not capable of being imprinted, Merchant may request the Cardholder's standard Discover Card. If the Discover Card cannot be imprinted because it does not have embossed features, Merchant should determine whether the Discover Card displays the features of a valid Discover Card described in [Section 6\(r\)\(1\)](#). If a Discover Card imprint does not display all of the embossed features that are capable of being imprinted as indicated in [Section 6\(r\)\(1\)](#), the Discover Transaction may be subject to Dispute or a Dispute of the Discover Transaction may be resolved against Merchant. Failure of Merchant to properly imprint the Transaction Documentation in such circumstances may result in a Dispute of the Discover Transaction.

(5) Valid Prepaid Identity Known Cards and Prepaid Gift Cards may be issued without embossed Discover Card features, and are incapable of being imprinted. Merchant shall not manually enter Discover Transaction information onto the Point-of-Transaction Terminal for such Cards. If Merchant manually enters Discover Transaction information for a Prepaid Card with unembossed Discover Card features into a Point-of-Transaction Terminal, the Discover Transaction may be subject to Dispute and Merchant may lose such Dispute.

(6) If Merchant is permitted to submit paper Sales Slips, Merchant must imprint the Discover Card on the Sales Slip as described in [Section 6\(j\)\(3\)](#). In addition, Merchant should fill in the information described below and ensure that all printed and written information is clearly readable on all copies.

(7) Each Sales Slip completed by Merchant for Card-Present Environment and Card-Absent Environment Discover Transactions should clearly indicate the following information: (i) truncated Card number and Cardholder Name if present on the Card and permitted by law; (ii) quantity and brief description of the merchandise or service purchased; (iii) Discover Transaction date; (iv) Authorization Code; (v) initials of Merchant representative that conducted the Discover Transaction; (vi) sales taxes; (vii) total amount of the transaction, including tax and tip, with the name of the Approved Currency used; (viii) Cardholder's signature (except as otherwise provided in this Operating Guide); (ix) the words "Card Not Present" must be written on the Sales Slip in lieu of the Cardholder's signature in Card-Absent Environment transactions (except as otherwise provided in this Operating Guide); (x) Merchant's name and location (city/town and state); and (xi) imprint of the Discover Card as required under this Operating Guide. Failure to imprint the Sales Slip may result in a Dispute of the Discover Transaction, except in Card-Absent Environment Discover Transactions ([Section 6\(o\)](#)) or as otherwise provided in this Operating Guide.

(8) The Cardholder must sign the Sales Slip in Merchant's presence and the Merchant must verify the signature.

#### **k. Cardholder Signature.**

(1) Except in Card-Absent Environment Discover Transactions and other special circumstances (as described in [Section 6\(o\)](#), including Recurring Payment Plans, and [Section 6\(p\)](#), including No Signature Required Discover Transactions), Transaction Documentation must be signed by the Discover Card presenter in the presence of Merchant's authorized representative or employee at the time of the Discover Transaction. The signature on the Transaction Documentation must reasonably match the signature appearing on the signature panel of the Discover Card and the Cardholder's name as displayed on the front of the Discover Card (except where the valid Discover Card does not bear a Cardholder name on the front of the Discover Card).

(2) Merchant must verify that there is a signature on the signature panel on the back of the Discover Card and verify that the name on the back of the Discover Card is reasonably similar to the name displayed on the front of the Discover Card (except for a valid Card that does not bear the Cardholder name on the Card front).

(3) If a Discover Card bearing an unsigned signature panel is presented to a Merchant, Merchant must request two pieces of identification, one of which must be a government-issued picture identification. When Merchant has confirmed that the person presenting the Discover Card is the Cardholder, Merchant must require the Cardholder to sign the back of the Discover Card. If Merchant is unable to positively identify the Discover Card presenter as the Cardholder, or if Merchant has reason to suspect fraud, Merchant should call Processor to request a Code 10 Authorization.

#### **l. Submission of Sales Data.**

(1) Merchant shall transmit Sales Data to Processor each day. Except for Cardholder deposits for purchases, Merchant may not send Sales Data for goods or services ordered by a Cardholder in a Discover Transaction until the goods or services have been delivered or furnished to the Cardholder. Sales Data for Discover Transactions submitted for Settlement more than thirty (30) calendar days after the Discover Transaction date may be rejected, subject to higher fees or subject to Dispute. Processor may withhold Settlement and/or assess higher fees to Merchant for any Sales Data sent to Processor that does not include all of the information required to be included by Discover. Additional requirements for the preparation and transmission of Sales Data for Card-Absent Environment transactions are described in [Section 6\(o\)](#) and Merchant must comply with these requirements. Merchant must include all merchandise and/or services purchased or returned/refunded at one time and at one cash register on one Transaction Receipt, Credit Transaction Receipt or Transaction Slip, or in a single transmission of electronic Discover Transaction data, and Merchant must transmit the Sales Data relating to merchandise and/or services purchased or returned/refunded at one time and at a single cash register to Processor in a single electronic transmission of Sales Data unless otherwise approved by Processor in writing. Notwithstanding the foregoing, Merchant may use separate Transaction Receipts, Credit Transaction Receipts or Transaction Slips or use multiple transmissions to submit electronic Discover Transaction data for bona fide deposits, partial payments and Recurring Payment Plans that comply with the requirements in [Section 6\(p\)](#).

(2) Processor will notify Merchant if all or a portion of the Sales Data received cannot be processed due to invalid, missing or unreadable data. In the event that all or a portion of the Sales Data is invalid, missing or unreadable, Merchant is responsible for:



(i) retrieving and resubmitting valid, readable Sales Data in proper form immediately; and (ii) the risk of any loss with respect to the Discover Transactions described in the Sales Data, including for damage to or destruction of Sales Data, whether or not held by Processor, until complete, usable Sales Data is successfully received by Processor.

(3) Merchant is required to transmit Sales Data to Processor in the form and format specified by Processor from time to time and to the location that Processor specifies. All Sales Data transmitted to Processor must conform to this Operating Guide.

(4) Merchant must submit Sales Data in an Approved Currency. Merchant may not convert Merchant's local Approved Currency into another Approved Currency, including U.S. Dollars, prior to submitting the Sales Data to Processor. All Settlement, resolution of Disputes and reporting will be reflected in U.S. Dollars.

(5) Merchant may not quote or otherwise advise Cardholders of the total Discover Transaction amount in U.S. Dollars if the transaction was completed in an Approved Currency other than U.S. Dollars. Such quotes significantly increase Cardholder inquiries and Disputes because the U.S. Dollar equivalent at the time of the Discover Transaction is not necessarily the actual amount billed to the Cardholder due to fluctuating exchange rates between the Discover Transaction date and Settlement of the Discover Transaction.

(6) Merchant must keep original copies of all mail/telephone order forms and other documentation relating to Discover Transactions (including copies of Transaction Documentation) for the later to occur of (i) 365 calendar days following the Discover Transaction date or (ii) the resolution of any pending or threatened Disputes, claims, disagreements or litigation involving or relating to the Discover Transaction. Merchant must keep a microfilm or other copy of Sales Data for no less than three (3) years from the date of the Discover Transaction. Merchant must provide Processor with a copy of any Transaction Documentation, Sales Data or any other documentation retained by Merchant within 22 calendar days of Processor's request for such information, as indicated in the Retrieval Request. In addition, Merchant is responsible for retaining copies of documentation for a period sufficient to enable Merchant to respond to any Disputes that may be initiated with respect to Discover Transactions. If Merchant does not provide a copy of any Transaction Documentation, Sales Data or other documentation requested by Processor or the Discover, the Discover Transaction may be subject to Dispute, including Chargeback, or other fees.

#### **m. Credit Transactions for Returns.**

(1) If a Cardholder returns goods or services purchased with a Discover Card in accordance with Merchant's return policy, Merchant must give a Credit Transaction to the Discover Card Account as described in this [Section 6\(m\)](#). If a Cardholder receives merchandise or services that are defective or not as agreed upon at the time of the Discover Transaction, Merchant must give the Cardholder a Credit Transaction, if requested by the Cardholder. If Merchant does not give a Cardholder a requested Credit Transaction in the above circumstances, the Discover Transaction may be subject to Dispute. Merchant will submit the Sales Data for each Credit Transaction to Processor within ten (10) calendar days after Merchant has promised the Credit Transaction to the Cardholder or a Dispute for the original Discover Transaction may occur. Merchants may not issue Credit Transactions for the Cash Over portion of a Discover Transaction. Processor is not obligated to reimburse Merchant for any Credit Transactions granted by Merchant for the Cash Over portion of a Discover Transaction. Merchant must give written evidence of the Credit Transaction to the Cardholder in the form of Transaction Documentation. Excessive Credit Transactions by Merchant may result in Merchant being required to establish a Reserve Account between Merchant and Processor and/or comply with additional requirements provided by Processor, including fraud prevention procedures.

(2) Merchant may not give cash refunds for returns of merchandise or services purchased using a Discover Card.

(3) Merchant is not required to obtain an Authorization to issue Credit Transactions for returns or refunds with respect to merchandise or services purchased using a Discover Card.

(4) Merchant may issue a refund in the form of a Credit Transaction to a Discover Card Account only with respect to a Discover Transaction originally made with a Discover Card. The amount credited to the Discover Card Account for a refund may not exceed the amount of the original Discover Transaction. For non-reloadable Prepaid Cards, the Credit amount also may not exceed the original value of the Prepaid Card. In the case of even exchanges of the same merchandise or services, Merchant is not required to transmit any Sales Data to us; however, the Cardholder must be given a receipt indicating the even exchange. For uneven exchanges, Merchant shall send Processor Sales Data for the total amount of the Credit Transaction as a result of returned merchandise or unused services, including appropriate taxes, and new Sales Data for the total amount of the Discover Transaction related to the new merchandise or services purchased, and Merchant must provide the Cardholder with a copy of the Transaction Documentation for each of the Discover Transactions.

(5) Merchant must ensure that all Credit Transaction Receipts created as a result of a Credit Transaction include the following information: (i) Discover Account Number, truncated where required by law; (ii) Cardholder's name, as it appears on the Discover Card, if present, unless prohibited by law; (iii) Merchant's name and location (city/town and state); (iv) date of the Credit Transaction issuance; and (v) total amount of the Credit Transaction, including taxes, and the Approved Currency used.

(6) Merchant must ensure that all Credit Slips include the following information: (i) quantity and brief description of merchandise or service returned or refunded; (ii) Discover Account Number (imprinted, if possible), truncated where required by law; (iii) Cardholder's name, as it appears on the Discover Card, if present, unless prohibited by law; (iv) Merchant's name and location (city/town and state); (v) date of the Credit Transaction issuance; and (vi) total amount of the Credit Transaction, including taxes, and the Approved Currency used.

(7) In Disputes involving returns, Processor will honor a Merchant's return policy as long as it complies with all federal, state and local laws and is clearly posted or otherwise made known to the Cardholder at the time of the Discover Transaction. Processor may request a copy of the Merchant's return policy from Merchant at any time.

**n. Payments from Cardholders.** Merchant is prohibited from receiving or processing, any funds representing a Cardholder's payment to an Issuer. The Issuer has the sole right to receive payment from Cardholders for all Discover Transactions. If, for any reason, Merchant receives a payment from a Cardholder, Merchant must immediately contact Processor for further instructions.

**o. Card-Absent Environment Transactions.** Card-Absent Environment transactions are not subject to Dispute for Merchant's failure to obtain a Cardholder signature, except as otherwise provided in this [Section 6\(o\)](#), provided that Merchant complies with the requirements of this [Section 6\(o\)](#), in addition to other applicable requirements in this Operating Guide.

(1) Discover Transactions over the Internet. Prior to undertaking Discover Transactions over the Internet, Merchant must register its website with Processor. For each Discover Transaction over the Internet, Merchant must comply with the following requirements, in addition to the other requirements in this Operating Guide.

(a) Merchant may only accept those Internet Discover Transactions that are encrypted and otherwise transmitted in accordance with the Security Requirements. Payment of Settlement Amounts may be withheld from Merchant until it can be verified that Merchant is in compliance with the Security Requirements. Merchant is prohibited from accepting Discover Account Numbers by electronic mail over the Internet.

(b) Merchant is prohibited from accepting any Internet Discover Transaction unless the transaction is sent by an Internet browser that supports the protocol and security measures described in the Security Requirements.

(c) Merchant is prohibited from accepting any Internet Discover Transaction except in compliance with this Operating Guide, including the following additional requirements:

(i) Merchant must obtain Authorization for each Internet Discover Transaction in accordance with [Section 6\(g\)\(2\)](#) or [Section 6\(g\)\(5\)](#) and in accordance with the CID provisions in [Section 6\(i\)](#).

(ii) Merchant must obtain Address Verification for each Internet Discover Transaction as described in [Section 6\(o\)\(4\)](#). Merchant is prohibited from completing any Internet Discover Transaction where the billing address provided by the customer at the time of the Internet Discover Transaction does not match the billing address on file with the Address Verification Service. Failure to obtain Address Verification in connection with an Internet Discover Transaction may result in a negative Authorization Response, payment of higher fees and/or a Dispute or loss of a Dispute of the Discover Transaction.

(iii) Merchant must submit Sales Data as described in [Section 6\(l\)\(3\)](#).

(iv) Merchant must not submit Sales Data until Merchant has shipped the merchandise or provided the service purchased by the Cardholder.

(v) Merchant must obtain proof of delivery of the goods or services to the address designated by the Cardholder and must retain records documenting such proof of delivery for 365 calendar days from the delivery date in case of a Dispute of the Discover Transaction.

(d) In addition to complying with the requirements for preparation of Sales Data in [Section 6\(j\)](#), Merchant must obtain the Cardholder name and shipping address from the Cardholder for each Internet Discover Transaction. Merchant must retain such information, along with the shipping date and other information required to be included in the Transaction Documentation, for the record retention period specified in [Section 6\(l\)\(6\)](#). Merchant must provide the shipping date to the Cardholder at the time of each Internet Discover Transaction.

(e) At the time of delivery of goods or services ordered in an Internet Discover Transaction, Merchant must provide the Cardholder with Transaction Documentation that includes the information required in [Section 6\(j\)](#). Merchant is required to obtain proof that delivery of goods and/or services occurred as directed by the Cardholder. Merchant must retain proof of delivery for the record retention period specified in [Section 6\(l\)\(6\)](#). If a Cardholder visits Merchant's retail location to pick up goods ordered over the Internet, Merchant must obtain an imprint of the Discover Card, as described in [Section 6\(j\)\(4\)](#), as well as the Cardholder's signature. In the event of a Dispute by a Cardholder with respect to delivery of goods or services ordered over the Internet, the Discover Transaction is subject to Chargeback if Merchant cannot document that delivery of the goods and/or services ordered over the Internet occurred as directed by the Cardholder or third party designated by the Cardholder or if the Authorization requirements were not followed.

(f) Merchant must comply with the Security Requirements set forth in [Section 6\(s\)](#).

(g) Any Discover Transaction conducted over the Internet that fails to comply with the requirements of this Operating Guide may be assessed higher fees, may be subject to Dispute and may result in your loss of a Dispute of the Discover Transaction. In addition, Processor may terminate your rights of Discover Card Acceptance if Merchant fails to comply with the terms of this [Section 6\(o\)\(1\)](#).

(2) Telecommunication Discover Transactions are defined as individual local or long-distance telephone calls, for which the telephone service provider is paid directly. Pre-paid telephone service cards are not considered telecommunication Discover Transactions, but instead are considered Card-Present Environment Discover Transactions. All telecommunications Discover Transactions are considered Card-Absent Environment Discover Transactions when the Discover Card is not swiped through a Point-of-Transaction Terminal integrated with the telephone. Telecommunication Discover Transactions may only be transacted by

Merchant in U.S. Dollars. Prior to conducting a telecommunication Discover Transaction, Merchant must contact Processor for approval and further instructions, rules and requirements. Failure to do so could result in additional charges or termination of the Merchant Agreement.

(3) Merchant may accept Discover Cards for mail-order or telephone-order Discover Transactions if Merchant follows the procedures in this Operating Guide for accepting such Discover Transactions.

(a) Merchant is prohibited from accepting any mail-order or telephone-order Discover Transaction except in compliance with this Operating Guide, including the following additional requirements.

(i) Merchant must obtain Authorization for each mail-order or telephone-order Discover Transaction in accordance with Section 6(g) and in accordance with the CID provisions in Section 6(i).

(ii) Merchants must obtain Address Verification for each mail-order and telephone-order Discover Transaction as described in Section 6(o)(4). Merchant is prohibited from completing any mail-order or telephone-order Discover Transaction where the billing address provided by the customer at the time of the mail-order or telephone-order Discover Transaction does not match the billing address on file with the Address Verification Service. Failure to obtain Address Verification in connection with a mail-order or telephone-order Discover Transaction may result in a negative Authorization Response, payment of higher fees, and/or a Dispute or loss of a Dispute of the Discover Transaction.

(iii) Merchant must submit Sales Data as described in Section 6(l)(3).

(iv) Merchant must not submit Sales Data until Merchant has shipped the merchandise or provided the service purchased by the Cardholder.

(b) In addition to complying with the requirements for preparation of Sales Data in Section 6(j), Merchant must obtain the Cardholder name and shipping address from the Cardholder for each mail-order or telephone-order Discover Transaction. Merchant must retain such information, along with the shipping date and other information required to be included in the Transaction Documentation, for the record retention period in Section 6(l)(6). Merchant must provide the shipping date to the Cardholder at the time of each telephone-order Discover Transaction and, upon request, for each mail-order Discover Transaction.

(c) At the time of delivery of merchandise or services ordered in a mail-order or telephone-order Discover Transaction, Merchant must provide the Cardholder with Transaction Documentation that includes the information as described in Section 6(j). If delivery of the merchandise is made to the Cardholder, Merchant must obtain, through the delivering carrier, the Cardholder's signature as proof of delivery. If the Cardholder requests delivery of the merchandise to a third party, Merchant must obtain, through the delivering carrier, the signature of an authorized agent of the Cardholder as proof of delivery. Merchant must retain proof of delivery for the record retention period specified in Section 6(l)(6). If a Cardholder visits Merchant's retail location to pick up merchandise ordered by mail or telephone, Merchant must obtain an imprint of the Discover Card used in the mail-order or telephone-order, as described in Section 6(j)(3), as well as the Cardholder's signature. In the event of a Dispute by a Cardholder with respect to delivery of merchandise or services ordered by mail or telephone, the Discover Transaction is subject to Chargeback if Merchant has not obtained a valid signature from the Cardholder or third party designated by the Cardholder upon the delivery of the merchandise or if the Authorization requirements were not followed.

(4) For each Card-Absent Environment Discover Transaction, Merchant must verify the billing address of the Cardholder conducting the Discover Transaction using the electronic Address Verification procedures described in Section 6(o)(4)(a).

(a) Address Verification must be obtained by 11:59 p.m. Eastern Time on the same day that Merchant sends the Authorization Request regarding the Discover Transaction to Processor, regardless of whether the Authorization Request is approved or declined. To obtain Address Verification for a Discover Transaction, Merchant must comply with the following procedures: (i) use an electronic terminal to request Address Verification; or (ii) if Merchant does not have an electronic terminal or is unable to obtain Address Verification using its electronic terminal, Merchant should call Processor and submit the Address Verification request to Processor. When calling to obtain Address Verification by telephone, Merchant must provide the following information: (a) complete MID of the Merchant conducting the Discover Transaction; (b) Discover Account Number; (c) numeric portion of the Cardholder's billing address (5 digits); and (d) ZIP code of the Cardholder's billing address (5 or 9 digits).

(b) The Address Verification Service is made available to Merchant to reduce the risk of Disputes alleging fraud associated with Card-Absent Environment Discover Transactions. Completing an Address Verification is not a guarantee against possible Dispute, only a tool by which to reduce the risk or occurrence of fraudulent activity in Card-Absent Environment Discover Transactions. Merchant will not be provided with any information about a Cardholder or Discover Card Account in response to a request for Address Verification, but will only verify the Cardholder information provided.

(c) The Discover Card must always be presented for a transaction when the Cardholder is physically present for a Discover Transaction or where the Cardholder is present at a retail location to take delivery of merchandise ordered in a Card-Absent Environment Discover Transaction. In each case, the Discover Card should be clearly imprinted on the Sales Slip or successfully swiped through the Point-of-Transaction Terminal in order to prove the Discover Card was present at the time of the Discover Transaction.

**p. Special Circumstances/Industry Requirements.** The following provisions detail handling information for certain industries and special circumstances, including store closings, Recurring Transactions, car rentals, delayed delivery transactions, lodging transactions, transactions at Customer Activated Terminals (CATs), Chip Card Transactions, Contactless Card Sales and No Signature Required Card Sales.

(1) Discover Card Acceptance During Store Closings or Liquidation. Merchant must comply with the following requirements during the liquidation and/or closure of any Merchant outlets, locations and/or entire business: (i) post signs, clearly visible to customers, stating that “All Sales Are Final,” during the liquidation; (ii) stamp Transaction Documentation with a notice that “All Sales Are Final” and, where applicable, “As Is”, in order to indicate the Cardholder’s acknowledgement that Credit Transactions are not permitted; and (iii) promptly notify Processor of the closure or liquidation of Merchant or any of Merchant’s outlets or locations. Merchant remains responsible for payment of amounts owed due to Disputes of Discover Transactions conducted during and after the closing and/or liquidation of Merchant that are resolved in favor of the Cardholder or Issuer.

(2) Recurring Payment Plans. When accepting Discover Cards for Recurring Payment Plans, Merchant must comply with the following requirements:

(a) If Merchant offers Cardholders the ability to designate a Card as payment for a Recurring Payments Plan over the Internet, Merchants must provide clear and conspicuous disclosure of all material terms of the transaction to the Cardholder and obtain the Cardholder’s express informed consent to the Recurring Payments Plan Discover Transaction, in each case before accepting a Discover Card as payment, in addition to complying with the requirements in Section 6(o). Merchant must provide Cardholders with a simple method of canceling Recurring Payments Plans and permit a Cardholder to terminate use of a Card as payment for a Recurring Payments Plan. Merchant may receive a negative or declined Authorization Response if a Cardholder terminates use of a Card as payment for a Recurring Payments Plan. The following MCCs shall not enter into or participate in Recurring Payments Plans: 4829 Money transfer—Merchant; 5933 Pawn shops; 6050 Quasi cash—Member Financial Institution; 6051 Quasi cash—Merchant; 6211 Security brokers/Dealers; 9223 Bail Bonds and Payments. Recurring Payments Plan Discover Transactions that do not comply with the requirements in these Operating Regulations are subject to Dispute.

(b) Merchant must comply with the Authorization requirements in Section 6(g), as supplemented by this Section, with respect to each amount billed to a Discover Card Account pursuant to a Recurring Payment Plan. If Merchant fails to comply with any of the requirements in this Section with respect to a Recurring Payment Plan, or if a Cardholder initiates a Dispute at any time with respect to (i) a Discover Transaction involving a Recurring Payment Plan or (ii) the goods or services that Merchant agreed to provide pursuant to a Recurring Payment Plan, a Dispute may be initiated against Merchant of any Recurring Payment Card Sale, in addition to any payments that were previously submitted to and settled by Processor.

(c) If Merchant engages in Recurring Transactions, Merchant must obtain a separate, current Authorization Response for each Recurring Transaction at the time each Recurring Transaction becomes due. If the Merchant Agreement has been terminated, Merchant may not submit Authorization Requests for Recurring Transactions that are due after the termination date of the Merchant Agreement. If the Discover Card Account of the Cardholder who agreed to the Recurring Payment Plan is terminated, the Issuer will respond with a negative Authorization Response to any subsequent Authorization Requests, including Authorization Requests related to Recurring Payment Plan initiated prior to the termination of the Discover Card Account. An Issuer’s positive Authorization Response for one Recurring Transaction is not a guarantee that any future Recurring Transaction Authorization Request will be approved or paid. If Discover Card Acceptance by Merchant is suspended or terminated for any reason, Merchant may not submit any Authorization Requests for Recurring Payment Plans during the suspension or after the termination of the Merchant Agreement. If Merchant submits Sales Data for a Recurring Transaction that has not received a positive Authorization Response, the Recurring Transaction may be subject to Dispute and/or Merchant may pay higher fees. If a Cardholder disputes any Recurring Transaction or Merchant’s performance of its obligations in connection with the Recurring Payment Plan, a Dispute may be initiated with respect to the disputed Recurring Transactions and any prior Recurring Transactions for which Merchant has received Settlement.

(d) Merchant must obtain the Cardholder’s written or electronic approval to charge amounts to the Cardholder’s Discover Card Account in accordance with a Recurring Payment Plan. If Merchant uses the Internet or another electronic process to receive a Cardholder application for a Recurring Payment Plan, Merchant must retain all electronic evidence of the Cardholder’s approval of the Recurring Payment Plan. The Cardholder’s approval, whether written or electronic, must include all of the following information: (i) Merchant Name and Merchant’s MID; (ii) Cardholder’s name and address; (iii) amount of each Recurring Transaction, unless amount can vary; (iv) total amount of Recurring Transactions to be billed to Discover Card Account, including taxes and tip(s), if an installment agreement; (v) timing or frequency of payments; (vi) length of time over which the Cardholder permits Merchant to bill Recurring Transactions to the Discover Card Account; and (vi) Discover Account Number and Discover Card expiration date. Merchant must retain evidence of the Cardholder’s approval of the Recurring Payment Plan for the longer of either: (i) the term of the Recurring Payment Plan, or (ii) the term of the record retention period as described in Section 6(l)(6). Upon Processor’s request, Merchant must provide Processor with evidence of the Cardholder’s approval of the Recurring Payment Plan. In the event of renewal of a Recurring Payment Plan or the expiration of the term of a Recurring Payment Plan, Merchant must obtain additional evidence of the Cardholder’s approval of such continued participation in the Recurring Payment Plan.

(e) In addition to obtaining an Authorization for each Recurring Transaction as required under Section 6(p)(2)(b) and retaining evidence of the Cardholder’s approval of the Recurring Payment Plan as required under Section 6(p)(2)(c), the Sales Data that Merchant submits for Recurring Transactions must comply with Section 6(l), as supplemented by the following requirements.

(i) Sales Data for each Recurring Transaction must include a general description of the transaction, Merchant’s name and a toll-free customer service number that the Cardholder may call to obtain customer assistance from Merchant or to revoke written approval of the Recurring Payment Plan. If this information is provided in a Supplementary Data Record (SDR) with the Sales Data, Merchant is not required to send a separate statement of charges to the Cardholder for each amount billed to the Discover Card Account in a Recurring Payment Plan.

(ii) Sales Data submitted for each Recurring Transaction billed to a Discover Card Account must receive a positive Authorization Response using the most current expiration date for the Discover Card. If a Discover Card expires during the term of a Cardholder's Recurring Payment Plan, Merchant must obtain a current Discover Card expiration date from the Cardholder and Merchant must obtain an approved Authorization Response using the new Discover Card expiration date before Merchant submits Sales Data for any installment that comes due after the Discover Card expiration date. An approved Authorization Response for a Discover Transaction for an installment under a Recurring Payment Plan is not a guarantee that any future installment billed to a Discover Card will be authorized or paid.

(f) Merchant must submit Sales Data for each Recurring Transaction in the form and format specified in Section 6(l).

(g) If the Merchant Agreement is terminated, Merchant may not submit Sales Data for Recurring Transactions that are due after the effective date of the termination. If a Cardholder who agreed to a Recurring Payment Plan ceases to be a Cardholder due to the Cardholder's or the Issuer's termination of the Discover Card Account, Merchant may not submit Sales Data for any further installments on that Discover Card Account and Merchant must find an alternate method of collecting the balance owed by the Cardholder.

(3) Airlines and Passenger Railways. For Card Sales by airlines and passenger railways, Merchant must provide the information listed below to the Cardholder at the time of the Discover Transaction: Address where the ticket was purchased, delivered, or picked up; Passenger name; Travel agent name and location, if applicable; Airline flight or railway itinerary information; and Ticket Number.

(4) Car Rental Industry.

(a) At the time of a car rental, any Merchant in the car rental industry must clearly disclose in a written agreement signed by the Cardholder each of the following amounts: car rental charges, the amount of insurance (and, if selected by the Cardholder, the Merchant must retain evidence of the Cardholder's consent to insurance coverage) and other costs and charges, including refueling charges, agreed upon by the Cardholder at the time of the car rental.

(b) Merchant may obtain Authorization for an amount equal to the estimated total of a Cardholder's charges based upon the Cardholders intended rental period and other criteria, provided that the Merchant discloses to the Cardholder at the time of the car rental the calculation process and an estimated total to be billed to the Card Account in a written agreement signed by the Cardholder that also discloses the amount of any additional and/or delayed charges including insurance (where specifically agreed to in writing by the Cardholder, the amount and conditions of coverage), refueling charges (and the cost per gallon), mileage-related charges, late fees, alternative location drop-off charges and tickets (citations) for parking and traffic violations. Merchant must also provide a copy of the rental car agreement to the Cardholder and retain a copy for use in the event of a Dispute. Merchant must comply with the following procedures when obtaining an Authorization for estimated charges and for any additional Authorizations obtained if the actual charges, additional costs, and/or damage disclosed in the car rental agreement signed by the Cardholder exceed the estimated charges for which an Authorization was already obtained:

(i) At the time the Cardholder takes possession of the rental car, Merchant may estimate the Cardholder's total charges based upon the following criteria disclosed in the rental car agreement and obtain an Authorization for the amount of that estimate: Intended length of rental; Rental rate, including insurance and other elected options; Applicable taxes; Applicable service charges, including estimated mileage and fuel options; and any miscellaneous charges, as dictated by experience.

(ii) Merchant need not obtain a final (or additional) Authorization at the end of the vehicle rental period if the final amount (total sum) of the Cardholder's charges does not exceed 120 percent of the sum of the charges estimated by the Merchant with respect to which the Merchant obtained an Authorization Response. However, Merchant must issue an Authorization cancellation equal to the amount by which the estimated Authorization, as described above, exceeds the actual amount payable by the Cardholder pursuant to the rental car agreement signed by the Cardholder.

(iii) If the Cardholder agreed to be responsible for certain delayed charges in the car rental agreement, the Merchant need not obtain additional approval from the Cardholder to submit a subsequent Authorization Request and Sales Data for charges incurred by the Cardholder during the rental period but that were not identified by the Merchant until after the Merchant submitted Sales Data for the car rental. Merchant must always obtain a separate Cardholder approval before the Merchant may submit an Authorization Request or Sales Data for insurance costs and/or charges related to vehicle loss, theft or damage during the rental period.

(5) Delayed Delivery Sales. For delayed delivery sales in which Merchant charges a deposit, Merchant may prepare two separate Transaction Receipts or Sales Slips - one Transaction Receipt/Sales Slip labeled "Deposit" and one labeled "Balance." Merchant may not submit Sales Data relating to the Transaction Receipt/Sales Slip labeled "Balance" until the merchandise or service is completely delivered to the Cardholder. For delayed delivery sales, Merchant must obtain the "Deposit" Authorization before they submit Sales Data for the "Deposit" or "Balance" Discover Transaction. Any Authorization for delayed delivery of merchandise or services will be valid for thirty (30) calendar days. If delivery of the merchandise or service purchased will occur more than thirty (30) calendar days after the "Deposit" Authorization, Merchant must obtain a subsequent Authorization for the "Balance." In addition, Merchant must complete Address Verification at the time of the "Balance" Authorization and must obtain proof of delivery upon delivery of the service or merchandise. Any delayed delivery Discover Transaction that is not conducted in accordance with the foregoing requirements may result in an assessment of fees and/or may be subject to Dispute.

(6) Hotel Industry.

(a) Requirements for Guaranteed Reservations. Merchant may accept a Cardholder's reservation for accommodations and guarantee a room for late arrival after the normal 6:00 p.m. (local time) check-in deadline if Merchant follows the procedures in this Section 6(p)(6)(a). If the check-in deadline passes without a cancellation of the reservation by the Cardholder, Merchant may bill the Cardholder for one night's lodging (plus applicable taxes), provided Merchant has complied with the requirements of this Section 6(p)(6)(a).

(i) At the time of reservation, Merchant must verify the Cardholder's desire to guarantee the Cardholder's reservation. If a guarantee is requested, Merchant must advise the Cardholder of the following rights and obligations and must inform the Cardholder of the room rate and reservation confirmation number.

- (a) Accommodations of the type requested will be held until check-out time on the day following the scheduled arrival date.
- (b) If the Cardholder seeks to cancel the reservation, the Cardholder must do so before 6:00 p.m. (local time) on the scheduled arrival date. Resorts may move the 6:00 p.m. (local time) deadline back no more than three hours to 3:00 p.m. (local time), provided that the Cardholder has been verbally informed of the date and time the cancellation privileges expire.
- (c) When the reservation is made, Merchant should provide a telephone number for the Cardholder to call to cancel the reservation.
- (d) If the reservation is not cancelled within the allowed time frame and the Cardholder does not use the accommodation and Merchant does not use or rent the room to another guest, Merchant may bill the Cardholder for a no-show charge equal to one night's lodging (plus applicable taxes).

(ii) After confirming a Cardholder's understanding of the responsibilities and obligations related to the guaranteed reservation and the cancellation of reservations, Merchant must obtain and maintain a record of the following information for the guaranteed reservation: (i) Cardholder's name as it appears on the Discover Card, if present; (ii) Discover Account Number and Discover Card expiration date, if present; (iii) anticipated arrival date and length of stay; (iv) the cancellation policy in its entirety, inclusive of the date and time the cancellation privileges expire; and (v) any other pertinent details related to the reserved accommodations.

(iii) Merchant must provide the Cardholder with written confirmation of a guaranteed reservation. The confirmation must contain: (i) Cardholder's name as it appears on the Discover Card, if present; (ii) Discover Account Number (truncated as and to the extent required by law) and Discover Card expiration date; (iii) reservation confirmation number; (iv) anticipated arrival date and length of stay; (v) the cancellation policy in its entirety, inclusive of the date and time the cancellation privileges expire; and (vi) any other pertinent details related to the reserved accommodations.

(iv) If a Cardholder requests a cancellation in accordance with Merchant's cancellation policy and specified time frames, Merchant must provide the Cardholder with a cancellation number and instructions to retain a record of it. If a Cardholder requests a written confirmation of the cancellation, Merchant must forward this confirmation within three (3) Business Days of the Cardholder's request. The cancellation confirmation must contain: (i) Cardholder's reference that charges were placed on the Discover Card, if applicable, or a guarantee that a "no-show" charge will not be placed on the Discover Card; (ii) Cardholder's name as it appears on the Discover Card, if present; (iii) Discover Account Number, truncated as and to the extent required by law, and Discover Card expiration date, if present, unless prohibited by law; (iv) reservation cancellation number; (v) date of cancellation; (vi) The name of the Merchant's employee that processed the cancellation; and (7) any other pertinent information related to the reserved accommodations.

(v) If the Cardholder does not cancel a reservation in accordance with Merchant's disclosed cancellation policy and specified time frames and the Cardholder does not use the accommodations and Merchant does not rent the accommodations to another guest, Merchant may submit a "no-show" Discover Transaction equal to one night's lodging (plus applicable taxes) to the Discover Card Account by preparing and submitting to Processor Sales Data including the following information: (i) Cardholder's name as it appears on the Discover Card, if present; (ii) Discover Account Number and Discover Card expiration date, if present; (iii) hotel name and location imprinted on the Sales Data; (iv) room rate (as quoted when the reservation was made), including applicable taxes; (v) transaction date; and (vi) Authorization Code. The Transaction Documentation prepared by Merchant in connection with a no-show Discover Transaction must, in addition to the information required above, display the Merchant employee's initials and the words "No Show" printed clearly on the Cardholder's signature line.

(b) Advance Deposit Policy. Merchant may require a Cardholder to pay a deposit at the time the Cardholder makes a reservation if Merchant complies with the requirements of this Section 6(p)(6)(b). The amount of the deposit may not exceed the cost of seven (7) nights lodging (plus applicable taxes) and the deposit must be applied to the Cardholder's entire bill.

(i) If Merchant takes advance deposits for reservations, Merchant must comply with the following requirements: (i) hold reserved accommodations until check-out time following the last day covered by the advance deposit; (ii) specify a reservation cancellation time frame including the date and time when cancellation privileges expire; (iii) fully reimburse an advance deposit when the Cardholder cancels a reservation within the specified time frame; and (iv) provide a written disclosure informing the Cardholder of his or her rights and obligations and that failure to cancel a reservation within the specified time frame may result in forfeiture of all or part of an advance deposit. Merchant may not charge a "no-show" penalty in addition to a forfeited advance deposit.

(ii) For each advance deposit taken by Merchant, Merchant must prepare Sales Data in the amount of the advance deposit and transmit such Sales Data immediately after Merchant takes the reservation for the advance deposit. Sales Data for advance deposits must contain the following information: (i) Cardholder's name as it appears on the Discover Card, if present; (ii) Discover Account Number and Discover Card expiration date, if present; (iii) Cardholder's complete mailing address and telephone number; (iv) transaction date; (v) anticipated arrival date and length of stay; (vi) reservation confirmation number; (vii) Authorization Code; and (viii) advance deposit amount (including applicable taxes).

(iii) Merchant must provide the Cardholder with written confirmation of an advance deposit that contains the following information: (i) Cardholder copy of the advance deposit Transaction Documentation; (ii) reference that charges were placed on the Discover Card Account; (iii) Cardholder's name as it appears on the Discover Card, if present; (iv) Discover Account Number (truncated as and to the extent required by law) and Discover Card expiration date, if present, unless prohibited by law; (v) reservation confirmation number; (vi) anticipated arrival date; (vii) the cancellation policy in its entirety, including the date and time the cancellation privileges expire; and (viii) any other pertinent information related to the reserved accommodations.

(iv) If a Cardholder requests a cancellation of a reservation in accordance with Merchant's cancellation policy and time frames, Merchant must issue a Credit Transaction to the Cardholder's Discover Card Account for the full amount of the advance deposit charged to the Discover Card Account within ten (10) calendar days of Merchant's receipt of the Cardholder's cancellation request. In addition, Merchant must: (i) provide a cancellation number to the Cardholder, with instructions to retain a record of the number; (ii) immediately upon issuance of the Credit Transaction, prepare and submit Credit Sales Data for the full amount of the Discover Transaction previously charged to the Discover Card Account; and (iii) send a copy of the Transaction Documentation reflecting the Credit Transaction to the Cardholder within seven (7) calendar days of issuing the Credit Transaction.

(v) The credit Sales Data Merchant must deliver to Processor for a cancellation of an advance deposit reservation must contain the: (i) Cardholder's name as it appears on the Discover Card, if present; (ii) Discover Account Number and Discover Card expiration date, if present; (iii) Cardholder's complete mailing address and telephone number, if available; (iv) Discover Transaction date; (v) reservation cancellation number; and (vi) advance deposit amount (including applicable taxes). The Transaction Documentation prepared by Merchant in connection with an advance deposit Credit Transaction must, in addition to the information required above, display the words "Advance Deposit Refund" printed clearly on Merchant's signature line.

(c) Overbookings. If accommodations reserved by a Cardholder pursuant to a guaranteed reservation or advance deposit are unavailable upon the Cardholder's arrival, Merchant must, at its own expense, arrange the following: (i) comparable accommodations for one night at a similar establishment (including applicable taxes); (ii) transportation to the alternate establishment; and (iii) forwarding of all calls and messages for the Cardholder to the alternate establishment.

(d) Priority Check-out Service. If Merchant offers priority check-out services, Merchant must comply with the following requirements: (i) require the Cardholder to sign the registration card at the time of check-in acknowledging responsibility for all charges, and obtain an Authorization for the estimated amount of the accommodations at check-in; (ii) complete Sales Data at check-out by entering the total amount of charges incurred during the stay, including restaurant bills, telephone charges, convenience bar charges, missing item fees and miscellaneous expenses; (iii) write the words "Priority Check-out" on the Cardholder signature line of the Transaction Documentation; (iv) obtain a final Authorization Code for any additional amounts from the check-in estimate to equal the total amount to be billed to the Cardholder by following the normal Authorization procedures as set forth in [Section 6\(g\)](#); and (v) mail (at the address shown on the registration card) or otherwise deliver a copy of the Transaction Documentation and the itemized lodging bill (portfolio) to the Cardholder within seven (7) calendar days of check-out.

(e) Estimated Authorizations. If a Hotel seeks to obtain an Authorization for the estimated amount of charges to be billed to a Cardholder, Merchant must comply with the procedures in this [Section 6\(p\)\(6\)\(e\)](#). At the beginning of the Cardholder's stay, and on a periodic basis thereafter, Merchant may obtain Authorization as set forth in [Section 6\(g\)](#) for an amount equal to the estimated total of a Cardholder's charges based upon the Cardholders intended length of stay and other criteria. Merchant must comply with the following procedures when obtaining an Authorization for estimated charges expected during the length of a Cardholder's stay and for any additional Authorizations obtained if the actual charges exceed the estimated charges for which an Authorization was already obtained.

(i) At check-in, Merchant may estimate the Cardholder's total charges based upon the following criteria and obtain an Authorization for the amount of that estimate: (i) intended length of stay; (ii) room rate; (iii) applicable taxes; (iv) applicable service charges; and (v) any miscellaneous charges, as dictated by experience.

(ii) Merchant must monitor the actual charges incurred during the course of a Cardholder's stay to ensure that the actual charges do not exceed the amount of the original estimated Authorization. In the event the charges begin to exceed the original estimated Authorization, the following conditions apply:

- (a) Merchant must submit an Authorization Request for each incremental amount of actual charges that exceed the original estimated Authorization.
- (b) Each Authorization Request should not include any amounts with respect to which Merchant has previously obtained a positive Authorization Response. Each additional Authorization Request should cover a separate portion of the total amount of charges incurred by the Cardholder.
- (c) If any Authorization Request is declined, Merchant must not submit additional Authorization Requests for that Cardholder and any portion of the Cardholder's total charges not receiving a positive Authorization Response that Merchant submits in Sales Data to Processor is subject to Dispute.

(d) A final (or additional) Authorization is not required if the final amount (total sum) of the Cardholder's charges does not exceed 120 percent of the sum of the previously Authorized charges, including the estimated charges upon check-in. The dates, Authorized amounts and their respective Authorization Codes must be individually recorded on the Sales Data and sent as separate Discover Transactions for processing.

(7) Cash Over. If approved by Processor, Merchant may issue Cash Over in connection with Discover Transactions, provided Merchant complies with this Operating Guide for each Discover Transaction and with the following additional requirements applicable to each Discover Transaction involving Cash Over:

(a) Merchant shall make such system changes as are necessary to offer Cash Over to Cardholders at that Merchant's Cash Over locations, including producing electronic Point-of-Transaction Terminal prompts to Cardholders.

(b) Merchant must deliver a single Authorization Request for the aggregate total of the goods/services purchase amount and the Cash Over amount of the Discover Transaction. Merchant may not submit separate Authorization Requests for the goods/services purchase amount and the Cash Over amount.

(c) The Sales Data submitted in connection with a Discover Transaction involving Cash Over must include both the purchase amount and the Cash Over amount of the Discover Transaction. Merchant may not submit separate Sales Data for the purchase amount and the Cash Over amount.

(d) Merchant shall not assess or charge fees of any type or amount on Cash Over transactions. None of the fees or charges applicable to Cash Advances shall be applied to Cash Over transactions.

(e) No minimum purchase is required for Merchant to issue Cash Over to a Cardholder, provided that some portion of the total Discover Transaction amount must be attributable to the purchase of goods or services by the Cardholder. Merchant must not issue Cash Over as a stand-alone transaction.

(f) The maximum amount of cash that Merchant may issue to a Cardholder as Cash Over in connection with a Discover Transaction is \$100.00. Merchant may, in its discretion, establish a lower limit on the amount of Cash Over that such Merchant will provide as Cash Over to a Cardholder.

(g) Cash Over may only be dispensed in Card-Present Environment Discover Transactions, but not in Card-Present Environment Recurring Transactions. Cash Over may not be dispensed in connection with Credit Transactions, Cash Advances, or any Discover Transaction for which Merchant is unable to electronically capture Track Data using the Point-of-Transaction Terminal.

(h) Any Authorization Requests and Sales Data submitted in connection with a Discover Transaction involving Cash Over must comply with all requirements of this Operating Guide and the Operating Rules.

(8) No Signature Required Discover Transactions.

(a) Card Present Card Sales of \$25.00 or less, including applicable taxes, gratuity, and/or Cash Over, except Card Sales by Merchants operating in certain MCCs designated in Section 6(j)(3), are not subject to Dispute for the Merchant's failure to obtain the Cardholder's signature on Transaction Documentation if Track Data is transmitted to us with the Authorization Request. Card Present Card Sales of more than \$25.00 including applicable taxes, gratuity, and/or Cash Over, except Chip Card Transactions, are not eligible for treatment as No Signature Required Card Sales and are subject to Dispute if the Merchant fails to obtain the Cardholder's Signature on the Transaction Documentation. For No Signature Required Card Sales, Merchant is only required to provide a copy of the Transaction Receipt upon request by the Cardholder.

(b) Chip Card Transactions in an amount of \$25.00 or less by Merchants operating in any MCC other than those listed in Section 6(j)(3) do not require the Cardholder's signature on Transaction Documentation if the Merchant obtains a positive Authorization Response on a Chip Card Terminal. Chip Card Transactions of more than \$25.00 by Merchants operating in MCCs other than those listed in Section 6(j)(3) and Chip Card Transactions of any amount by Merchants operating in the MCCs listed in Appendix I are not required to display the Cardholder's signature on the Transaction Documentation if the Merchant obtains a positive Authorization Response that includes validation of the PIN on a Chip Card Terminal. Chip Card Transactions are subject to Dispute if the Merchant does not use the procedures in this Section 6(p)(8) and in Section 6(g)(5).

(c) Contactless Card Transactions are eligible as No Signature Required Card Sales if the Merchant obtains a positive Authorization Response and submits Track Data to us with the Authorization Request. No Signature Required Card Sales conducted in accordance with the foregoing requirements may be subject to Dispute for other reasons specified in these Operating Regulations and the Dispute Rules.

(9) Automated Terminals or Point-of-Transaction Terminals.

(a) Customer Activated Terminals (CATs). If Merchant has received Processor's prior approval, Merchant may use CATs to accept Discover Cards provided that Merchant must comply with the following requirements prior to using any CAT to obtain an Authorization or conduct a Discover Transaction:

(i) Merchant must use its MID assigned for use with Merchant's CATs for every Discover Transaction conducted using a CAT. Merchant is prohibited from using the MID assigned for use with Merchant's CATs for any Discover Transactions conducted at Merchant not using a CAT.



(ii) A Petroleum Merchant (MCC 5542) may submit an Authorization Request for US\$1.00 for a Transaction undertaken using a CAT. If the Issuer approves the \$1.00 Authorization Request, the Card Sale will not be subject to Dispute for the Merchant's failure to obtain an approved Authorization Response for the full amount of the Discover Transaction up to and including \$100.00.

(iii) In connection with each Discover Transaction at a CAT, (a) the Discover Card must be present at the time of the Authorization Request, and (b) the Authorization Request must include the entire, complete, and unaltered Track Data. Sales Data relating to the actual Discover Transaction must be submitted within ten (10) calendar days following the Authorization Request.

(iv) A CAT may not be used to conduct Cash Over transactions even if Merchant is otherwise permitted to conduct Cash Over transactions as described in [Section 6\(p\)\(7\)](#).

(v) If Merchant complies with the requirements set forth in this [Section 6\(p\)\(9\)\(a\)](#), Merchant will not be subject to Chargeback of Discover Transactions accepted at CATs for Merchant's failure to obtain the Cardholder's signature. Merchant may, however, be subject to Chargeback of Discover Transactions conducted at CATs for other reasons specified in this Operating Guide or the Operating Rules.

(b) Self-Service Terminals. Merchant may use Self-Service Terminals to conduct Discover Transactions provided that Merchant complies with the requirements indicated below prior to using any Self-Service Terminal to obtain an Authorization for a Discover Transaction: (i) the Discover Transaction at the Self-Service Terminal must comply with all of the requirements in this Operating Guide for a Card-Present Environment Discover Transaction at a Point-of-Transaction Terminal that is staffed by an attendant; (ii) the Self-Service Terminal must require, and Merchant is required to retain a Transaction Receipt documenting the signature of the Cardholder conducting in the Discover Transaction, provided Merchant is not required to obtain or retain the Cardholder's signature for Discover Transactions if otherwise excepted herein; and (iii) a Self-Service Terminal may not be used to conduct Cash Over transactions, even if Merchant with the Self-Service Terminal is otherwise permitted to provide Cash Over as described in [Section 6\(p\)\(7\)](#). Unlike a CAT where the Cardholder's signature is not required if the Discover Transaction at the CAT otherwise complies with the requirements in this Operating Guide, Discover Transactions at Self-Service Terminals require a Cardholder signature. Discover Transactions at Self-Service Terminals should comply with the same requirements for Discover Transactions conducted using Merchant-attended standard Point-of-Transaction Terminals. If Merchant's Self-Service Terminal does not require and obtain the Cardholder's signature for each Discover Transaction, Merchant will be subject to higher fees for the Discover Transaction and the Discover Transaction may be subject to Dispute.

**q. Cash Advance Policies.** If approved in advance by Processor, Merchants that are financial institutions (referred to as Cash Advance Merchants) may dispense Cash Advances to Cardholders as described in this Operating Guide. Cash Advances are available only in face-to-face transactions between Cardholders and Cash Advance Merchant personnel in accordance with the terms and conditions set forth in this Operating Guide. Cash Over ([Section 6\(p\)\(7\)](#)) does not constitute a Cash Advance that is subject to this [Section 6\(q\)](#). In addition to the other requirements of this Operating Guide, Cash Advance Merchants must comply with the additional requirements set forth in this [Section 6\(q\)](#) in connection with Cash Advance transactions.

(1) Cash Advance Merchants. Only approved Cash Advance Merchants are permitted to dispense Cash Advances. If Merchant is not an approved Cash Advance Merchant and Merchant dispenses cash in connection with the presentation of a Discover Card, the entire Cash Advance is subject to Dispute. Cash Advances must be conducted in U.S. Dollars. Any Cash Advance that is conducted in a currency other than U.S. Dollars, even an Approved Currency, is subject to additional fees and Dispute.

(2) Conditions for Cash Advance Card Acceptance. Cash Advance Merchants must comply with each of the following requirements for each Cash Advance transaction.

(a) A Discover Card must be physically present for all Cash Advances. Cash Advance Merchants are prohibited from distributing cash when the Discover Card is not physically present, and, if a Cash Advance Merchant distributes cash when the Discover Card is not physically present, the Cash Advance may be subject to additional fees and Dispute.

(b) A Cash Advance Merchant must verify that the Discover Card is not expired before the Cash Advance Merchant may accept the Discover Card for a Cash Advance.

(c) A Cash Advance Merchant must verify that there is a signature on the Discover Card as described in [Section 6\(k\)\(2\)](#), and must comply with the requirements of [Section 6\(k\)\(3\)](#) if the Discover Card is not signed.

(3) Authorization for Cash Advances. Cash Advance Merchants must obtain an Authorization Response for each Cash Advance transaction, as described in [Section 6\(g\)](#). Each Authorization Request submitted must indicate that the Discover Transaction is a Cash Advance. All Cash Advance transactions are final once the cash is dispensed to the Cardholder. Under no circumstances are returns of or Credit Transactions for Cash Advances permitted. If a Cash Advance Merchant issues a credit to a Cardholder for a return of a Cash Advance, Merchant will not be reimbursed for the amount of the credit or the amount of any such credit will be subject to Dispute. Cash Advances transactions that do not comply with this Operating Guide are subject to additional fees and Dispute.

(4) Cash Advance Merchant Creation of Transaction Documentation. Cash Advance Merchant must prepare Transaction Documentation for each Cash Advance transaction and Cash Advance Merchant must provide a copy of the Transaction Documentation to the Cardholder at the time of completion of the Cash Advance transaction, in each case in accordance with this

Section 6(g)(4). The form and format of the Transaction Documentation used by Cash Advance Merchants must be acceptable to Processor.

(a) When a Cash Advance transaction is completed using a Point-of-Transaction Terminal, the Cash Advance Merchant must retain a copy of the Transaction Receipt and provide one copy of the Transaction Receipt to the Cardholder. The Transaction Receipt must comply with the requirements of Sections 6(j)(7) and 6(j)(1). The Transaction Receipt must also include the following additional items:

(i) Cardholder's street address, city, state and zip code (and country, if other than U.S.). If the Cardholder's address on the identification presented in connection with the Cash Advance transaction is different than his/her current address, the Cash Advance Merchant shall record the most current address on the Transaction Receipt.

(ii) Type, number and state of issuance of at least one of the following pieces of government issued photographic identification presented by the Cardholder, unless the writing of this number is prohibited by applicable law, in which case the Cash Advance Merchant shall identify the type of identification: Driver's License, Passport, U.S. Armed Forces Identification, U.S. Alien Registration or Non-Driver State Identification Card.

(b) Cash Advance Merchants that do not use a Point-of-Transaction Terminal to conduct a Cash Advance transaction must prepare a Sales Slip, one complete copy of which must be provided to the Cardholder at the time of the Cash Advance. The Sales Slip must comply with the requirements of this Operating Guide. The Sales Slip must also include the following additional items:

(i) Cardholder's street address, city, state and zip code (and country, if other than U.S.). If the Cardholder's address on the identification presented in connection with the Cash Advance transaction is different than his/her current address, the Cash Advance Merchant shall record the most current address on the Sales Slip.

(ii) Type, number and state of issuance of at least one of the following pieces of government issued photographic identification presented by the Cardholder, unless the writing of this number is prohibited by applicable law, in which case the Cash Advance Merchant shall identify the type of identification: Driver's License, Passport, U.S. Armed Forces Identification, U.S. Alien Registration or Non-Driver State Identification Card.

(iii) Name or initials of Cash Advance Merchant employee issuing the Cash Advance.

(5) Submitting Cash Advance Sales Data. Merchant must transmit all Cash Advance Sales Data in the form and format specified by Processor and in accordance with the requirements of Section 6(l), provided that Processor may reject and shall not be obligated to provide Settlement to Merchant for any Cash Advance Sales Data received more than ten (10) calendar days after the date of the Cash Advance. If Processor accepts Cash Advance Sales Data more than ten (10) calendar days after the date of the Cash Advance, the Cash Advance is subject to Dispute.

(6) Fees to Cardholders. Notwithstanding the provisions of Section 5(d), Cash Advance Merchants are prohibited from assessing or otherwise imposing a fee or surcharge on any Cardholder for any Cash Advance transaction. The amount of the Cash Advance transaction reflected in Cash Advance Sales Data submitted for Settlement must be the amount of cash disbursed to the Cardholder. If any fees were assessed to the Cardholder in connection with a Cash Advance, including, a fee paid in cash after the transaction was completed, the entire amount of the Cash Advance transaction is subject to Dispute.

#### **r. Security Features & Risk/Fraud Management.**

(1) Merchant must review the validity of Discover Cards presented for Discover Transactions and Cash Advances and verify that any Discover Card presented is valid prior to initiating a Discover Transaction. Additionally, Merchant must implement and maintain appropriate and effective security controls and fraud prevention/detection measures in full compliance with all Requirements of Law, the Security Requirements and the Operating Rules. Merchant is responsible for monitoring for abnormal Discover Transaction activity and, when abnormal or unusual Discover Transaction activity is suspected or detected, for taking appropriate action to prevent fraud.

(2) Card Security Features. Merchant must review the validity of Discover Cards presented for Discover Transactions must verify that any Discover Card presented is valid prior to initiating a Discover Transaction. Merchant may verify the validity of a Discover Card by examining it to confirm that it includes the features described in this Section. Merchant and the Merchant's employees should become familiar with the features of valid Discover Cards. If it is determined that a Discover Card involved in a Discover Transaction did not display one or more of the features of a valid Discover Card, the Discover Transaction may be subject to Dispute, including Chargeback.

(a) All valid standard rectangular plastic Discover Cards bearing the Discover Acceptance Mark include the following common characteristics and distinctive features; however, please note that valid Discover Cards may not always be rectangular in shape (e.g. Discover 2GOSMCard) and certain valid Contactless Payment Devices approved by Discover for use in accessing Discover Card Accounts (e.g., contactless stickers, key fobs, and Mobile Commerce Devices) and to conduct Contactless Discover Transactions may not display the features described below.

(i) Discover Account Numbers are made up of at least 16 digits displayed on the front of the Discover Card;

(ii) Discover Account Numbers are clear and uniform in size and spacing within groupings;

(iii) "Valid thru" date, if present, appears in mm/yy format and indicates the last month in which the Discover Card is

valid;

(iv) Cards display a three-dimensional hologram on the front or back of the Card OR a three-dimensional holographic magnetic stripe on the back of the Card. Valid Cards do not display holograms on both front and back;

(v) On embossed Cards, the stylized “D,” appears on the same line as the embossed “Member Since” date (if present) and the “Valid Thru” date. Some Prepaid Cards may not display the “Member Since” date or Cardholder name;

(vi) DISCOVER or DISCOVER NETWORK will appear in ultraviolet ink on the front of the Discover Card when it is held under an ultraviolet light;

(vii) An underprint of “void” on the signature panel becomes visible if erasure of the signature is attempted;

(viii) The last four digits of the Discover Account Number displayed on the signature panel on the back of the Discover Card should match the number embossed on the front of the Discover Card and appear in reverse indent printing;

(ix) The Discover Account Number on the back of the Discover Card is followed by the Card Identification Data (“CID”);

(x) An overprint on the signature panel reads Discover. On some cards, the overprint may display the name of the Discover Card (i.e. Discover, Discover 2GO, Discover Platinum);

(xi) A Discover Zip Indicator may appear on the back of a standard rectangular plastic Discover Card indicating the Discover Card can be used to conduct Contactless Discover Transactions.

(b) The features described below are found on Prepaid Gift Cards; however, the placement of these features may vary. Merchants must use the electronic Authorization procedures described in [Section 6\(g\)](#) to obtain Authorization for Discover Transactions with unembossed Prepaid Cards. If Merchant key enters Discover Transaction data into a Point-of-Transaction Terminal or uses stand-in Authorization Services to obtain Authorization Responses for Discover Transactions involving such Prepaid Cards, Merchant may lose a Dispute of such a Discover Transaction.

(i) Unembossed Prepaid Cards display a printed Card Number. The “Valid Thru” date and the Cardholder Name may or may not be printed on the Card. The embossed “D” security character is not present. “Electronic Use Only” is printed on the front or the back of an unembossed Card. Merchant must obtain an electronic Authorization Response using a POS Device for unembossed Prepaid Cards;

(ii) The front of the Discover Card may display “Debit Card,” “Temporary Card,” “Prepaid Card,” or “Gift Card”;

(c) Valid Prepaid Cards not embossed with security features must conform to the requirements below. Merchant will lose a Dispute of a Discover Transaction involving an unembossed Prepaid Card if the Merchant did not use the electronic Authorization procedures described in [Section 6\(g\)](#) to obtain an Authorization Response.

(d) Certain Discover Cards accepted on the Discover will bear an Other Acceptance Mark. Discover Cards bearing the same Other Acceptance Mark will have security characteristics and distinctive features described below to assist Merchants in identifying valid Discover Cards.

(i) All Discover Cards bearing the China UnionPay Mark include the following common characteristics and distinctive features. Text on Discover Cards bearing the China UnionPay Mark may not be printed in English.

(a) A 16-digit Discover Account Number starting with ‘622’ is embossed on the front of the Discover Card.

(b) Embossed digits on the Discover Card should be clear and uniform in size and spacing;

(c) The embossed expiration date appears in mm/yy format and indicates the last month in which the Discover Card is valid;

(d) The Discover Card contains a Magnetic Stripe;

(e) A three-dimensional hologram image of a temple in the foreground with Chinese characters in the background appears on the front of all such Discover Cards. The hologram reflects light as it is rotated;

(f) “Valid Thru” and the Cardholder name (which may not be in English) are embossed on the front of the Discover Card; and

(g) The CID appears on the upper right corner of the signature panel.

(ii) From time to time Processor may provide you details regarding security features of Discover Cards bearing Other Acceptance Marks.

(3) Code 10: Suspicious Situations. If Merchant is suspicious of the validity of a Discover Card or the Discover Card presenter for any reason, Merchant should notify Processor using the Code 10 Authorization procedures described below. The Code 10 Authorization procedures apply only to situations where the Discover Card is physically present, but can be used regardless of the amount of the Discover Transaction.

(a) Merchant should call Processor's Authorization Center and ask for a Code 10 Authorization.

(b) Security personnel will ask a brief series of “Yes” or “No” questions about the Discover Card or the presenter, and may direct Merchant's employee to request confirming identification from the presenter.

(c) If the Issuer's security representative is able to confirm the identity of the Discover Card presenter as a valid Cardholder or authorized user of the Discover Card, the Issuer will give a positive Authorization Response for the Discover Transaction and the presenter will not be aware that anything unusual has transpired.

(i) If the Authorization Response is approved, Merchant will be given an Authorization Code and Merchant must manually enter the Authorization Code into the Point-of-Transaction Terminal. For Discover Transactions not conducted using a Point-of-Transaction Terminal, Merchant must record the Authorization Code on the Sales Slip.

(ii) If the Authorization Response is negative, Merchant may not complete the Discover Transaction and should return the Discover Card to the Cardholder, except as otherwise provided in this Operating Guide.

(d) Examples of suspicious situations include, but are not limited to:

(i) The Discover Card cannot, for whatever reason, be clearly or completely imprinted.

(ii) The Discover Account Number embossed on the front of the Discover Card is different from the Discover Account Number printed on the Transaction Receipt when the Discover Account Number is captured electronically using a Point-of-Transaction Terminal.

(iii) Merchant suspects that the Discover Card presented has been stolen, altered or counterfeited, or that the nature or circumstances of the Discover Transaction are suspicious or unusual.

(e) Indications that a Discover Card is Counterfeit/Altered include:

(i) Security features described in Section 6(r)(1) are not present. Examine the Discover Card for signs of alteration. Check the security features on the Discover Card to ensure that they are valid, including, without limitation, checking Discover Cards to determine if the stylized "D" is present (if applicable).

(ii) Signs of erasure or alteration on the signature panel.

(iii) Disparity between the Discover Account Numbers embossed on the front of the Discover Card and those on the printed Transaction Receipt.

(iv) Discover Account Numbers have been clearly altered, re-embossed or have other marked irregularities such as smudged, poorly aligned, crooked or improperly spaced numbers.

(v) Warped or misshaped Discover Card that would reasonably be expected to appear as a standard, plastic rectangle. Note: The Discover 2GO™ Card has an irregular outline.

(f) Arrests for Fraudulent Discover Card Usage. Some Issuers may request Merchant to cause the arrest of a Discover Card presenter who is suspected of the fraudulent use of a Discover Card. If Merchant elects to comply with such a request, Merchant must use reasonable, lawful means, and must have the arrest made by local law enforcement authorities. Merchant, its employees, vendors and other agents should never physically detain or harm the Discover Card presenter. Merchant agrees that Merchant, its employees, vendors and other agents will not initiate an arrest of a Discover Card presenter for use of a Discover Card except at the Issuer's explicit request. Merchant, its employees, vendors and other Agents that cause the arrest or prosecution of any person for use of a Discover Card without the Issuer's direct request or that fail to use reasonable, lawful means in effecting an arrest which has been requested by the Issuer, will bear all responsibility for claims, liabilities, costs and expenses resulting from such action and the resulting arrest or prosecution, if any. Notwithstanding the foregoing, Merchant is not required to comply with any Issuer's request to cause the arrest of a Discover Card presenter.

(g) Pick-Up Cards. Some Issuers may request that Merchant retain a Discover Card that is suspected of being counterfeit, in the possession of someone other than the Cardholder or a person authorized by the Cardholder to use the Discover Card or that is suspected of being used fraudulently. Under such circumstances, Merchant may receive a "pick-up Card" or "call center" message in response to an Authorization Request. When complying with such a request, Merchant must use reasonable, lawful means to retain the Discover Card. Once retained, the Discover Card must be cut in half and mailed to the following address: Pick-Up Cards, Attn: Network Security, P.O. Box 3013, New Albany, OH 43054. Payment of a reward for Merchant's retention of Discover Cards in response to an Issuer's Pickup Card request is at the discretion of the Issuer. Merchant will bear all responsibility for claims, liabilities, costs and expenses as a result of any failure by Merchant, Merchant employees, vendors or agents that attempt to retain a Discover Card without the Issuer's direct request or that fail to use reasonable, lawful means in retaining or attempting to retain a Discover Card. Notwithstanding the foregoing, Merchant is not required to comply with any Issuer's "pick-up Card" request.

(h) Reminders for Preventing Fraudulent Card Usage. In addition to complying with Authorization requirements in Section 6(g), Merchant should pay careful attention to both the Discover Card presenter and the Discover Card presented. In particular, Merchant should:

(i) Verify that the signature on the Transaction Documentation is reasonably similar to the signature on the back of the Discover Card. If the signature on the back of the Discover Card is not reasonably similar to the signature on the Transaction Documentation, Merchant must utilize the Code 10 procedures outlined in Section 6(r)(2).

(ii) Check the signature panel for signs of erasure or alteration. Merchant should not accept the Discover Card if the word "VOID" appears in the signature panel.

(iii) Check the Discover Card expiration date, if present, and not accept any expired Discover Card.

(iv) Examine the Discover Card for signs of alteration as described in Section 6(r)(2)(e).

(v) If Merchant has any doubts about the validity of the Discover Card or the Discover Card presenter, Merchant may request additional identification from the Discover Card presenter and/or utilize the Code 10 procedures outlined in Section 6(r)(2).

(vi) When using a Point-of-Transaction Terminal and printer to process Discover Transactions, Merchant must verify that the Discover Account Number printed on the Transaction Receipt matches the Discover Account Number embossed on the front of the Discover Card.

(vii) Follow procedures for Address Verification in Section 6(o)(4) if the Discover Transaction is a Card-Absent Environment transaction.

(viii) Enter the CID for all Authorization Requests in all Card-Absent Environment transactions (Section 6(i)).

(4) Risk Management/Fraud Prevention.

(a) Merchant must notify Processor immediately of any change to the information included in its Merchant profile, including if Merchant engages in, or in the future elects to engage in, any new lines or types of business activities not previously disclosed to Processor or if Merchant changes its business activities in any of the following ways: (i) change of ownership; (ii) change in type or kind of business; (iii) change in Merchant Identity, including corporate/legal name or address; (iv) closing or liquidating business entirely or any locations; (v) change in processing method (i.e. Transaction Slips to Point-of-Transaction Terminal); (vi) voluntary or involuntary party in a bankruptcy case; (vii) entry into a loan or other agreement with a third party that seeks to affect the Merchant Agreement; (viii) change to the entity that is a party to the Merchant Agreement or entities listed in Processor's records, including by merger or acquisition; and (ix) change to or from a business that conducts exclusively retail sales to one that accepts Discover Transactions by mail, telephone order or Internet transactions. Processor has the right to terminate Discover Card Acceptance by Merchant and Merchant's sublicense to use the Discover Program Marks if Merchant fails to notify Processor of any change to the information in its Merchant Profile or of any of the events mentioned in this Section. In addition, Discover Transactions by Merchant relating to a new business activity of which Processor has not been notified may be rejected or subject to Dispute.

(b) Merchant acknowledges that Processor will report Merchant fraud to Discover and termination of Merchant for actual or suspected Merchant fraud will result in the placement of Merchant in the Consortium Merchant Negative File. Merchant fraud includes: (i) business owner(s) and/or officer(s) being criminally convicted of fraud; (ii) excessive acceptance of counterfeit Discover Cards; (iii) excessive Chargebacks; (iv) excessive submission of Sales Data for Discover Transactions not authorized by the Cardholder or an Authorized User; (v) reasonable determination by Processor following a fraud audit or investigation that the Merchant engaged in fraudulent activity; (vi) factoring, as defined below; (vii) presentation of Sales Data that was not for valid Discover Transactions between the Merchant and a Cardholder; (viii) collusion by Merchant with a Discover Card thief or counterfeiter to submit Sales Data for unauthorized or illegitimate Discover Transactions; (ix) Merchant noncompliance with the applicable Merchant Agreement, this Operating Guide or the Operating Rules; and (x) Collusive Activity involving Merchant.

(c) Factoring is considered Merchant fraud. Factoring is expressly prohibited. In instances where a Cardholder expresses a complaint or dissatisfaction with the service supplied, the Discover Transaction may be subject to Dispute and such Dispute will be the responsibility of the Merchant whose MID was submitted with the Sales Data. This means a Merchant that submitted the Sales Data on behalf of another Person will suffer any losses associated with the Dispute of Discover Transactions. Also, if any fraud is involved, the Factoring Merchant could face criminal prosecution.

**s. Miscellaneous.**

(1) Compliance with Requirements of Law, Merchant Agreement, Operating Guide and Operating Rules. Merchant is responsible for performing its obligations in compliance with all Requirements of Law, the Merchant Agreement, this Operating Guide and the Operating Rules. Merchant is responsible for ensuring that each of its employees, agents and contractors comply with all such applicable Requirements of Law, the Merchant Agreement, this Operating Guide and the Operating Rules. With respect to any concerns regarding any potential noncompliance of Merchant, your employees or agents, with Requirements of Law, the Merchant Agreement, this Operating Guide or the Operating Rules, Processor may conduct an investigation of Merchant regarding the relevant facts and Merchant agrees to fully cooperate in such investigation. In addition to any other remedies available to Processor at law, under the Merchant Agreement and the Operating Rules, Merchant may be assessed fees and penalties for any failure by you to comply with the terms, conditions and requirements of the Merchant Agreement, this Operating Guide or the Operating Rules, as such fees and penalties may be specified by Discover from time to time.

(2) Books and Records; Examination of Merchant's Performance. Merchant must maintain books and records of Merchant's performance of all of Merchant's obligations under the Merchant Agreement. Merchant and each of Merchant's agents and contractors shall be subject to periodic examinations and audits, at such times and frequencies as Discover or Processor deem appropriate in their reasonable discretion, conducted by Discover, Processor or a third party designated or approved by Discover or Processor, in their reasonable discretion, of Merchant's and/or any of Merchant's agent's operations, procedures and records relating to Merchant's and/or any of Merchant's agent's compliance with the Merchant Agreement, the Operating Guide, and the Discover Operating Rules, including the Security Requirements, and Requirements of Law, as applicable. All such examinations and audits will be at Merchant's sole cost and expense. The scope of each examination and audit shall meet the standards prescribed by Discover and/or Processor, and the results may be made available to Discover.

### (3) Data Security Procedures.

(a) Merchant must comply, and must ensure that Merchant's agents and contractors comply, with the Security Requirements to the extent applicable. In exercising its rights under the Operating Rules, Discover may contact any Merchant and Merchant's agents directly. Processor may periodically request that Merchant and/or any of Merchant's agents certify Merchant's or their respective compliance with the Security Requirements, including copies of security compliance assessments and reports, processes, procedures, technology and policies, and Merchant will promptly comply, and must ensure that Merchant's agents promptly comply, with such requests; provided that such requests will not require the disclosure of any information prohibited from being disclosed pursuant to Requirements of Law. Merchant will promptly notify Processor of a material change in status to any of Merchant's or Merchant's agents' security compliance assessments and reports, processes, procedures, technology and policies. Merchant agrees that Discover or Processor, or a third party designed by either, may, at their discretion, periodically perform information security compliance reviews and audits (including vulnerability scans) of Merchant and any or Merchant's agents. Such reviews and audits may include onsite inspections and passive internet scans to detect vulnerabilities. Nothing in this [Section 6\(s\)\(3\)](#) or in [Section 6\(s\)\(4\)](#) will be construed as limiting Merchant's or any of Merchant's agents' obligations to comply with the Security Requirements and this [Section 6\(s\)\(3\)](#) and [Section 6\(s\)\(4\)](#). While Processor or its agents may periodically perform a review of Merchant and Merchant's agents' security as described above, Merchant is solely responsible for Merchant's and the Merchant's agents' compliance with the Security Requirements and this [Section 6\(s\)\(3\)](#) and [Section 6\(s\)\(4\)](#).

(b) Merchant and any of Merchant's agent may not retain any CID, CVV, DCVV or iCVV Data (regardless of whether such data is in written, electronic or other form) captured in connection with any Discover Transaction. The CID, CVV, DCVV or iCVV Data may not be recorded on Transaction Documentation or any other evidence of the Discover Transaction, including in any records maintained by Merchant or Merchant's agents.

### (4) Security Failures.

(a) Merchant must notify Processor as soon as reasonably practicable and in no event more than 24 hours after becoming aware of (i) any suspected or actual data security breach in any of Merchant's or any Merchant agent's systems or databases used to conduct or in any way process Discover Transactions or to store Cardholder information, including websites or electronic links used to conduct Discover Transactions, and (ii) any noncompliance by Merchant or any of Merchant's agents with the Security Requirements. Such breaches shall include third party incursions that could in any way result in access to Discover Transaction information, Discover Card Account information or Cardholder information. Merchant shall make the notification to Processor initially by telephone by calling Processor at 800-654-9256, followed by written notification using a standard form and format specified by Processor. The foregoing obligations are in addition to any data security breach notification obligations that may be applicable to Merchant or Merchant' agents under Requirements of Law. Merchant and any of Merchant's agents must (i) perform or cause to be performed an independent investigation (including a forensics analysis) of any suspected or actual data security breach, (ii) perform or cause to be performed any remedial actions recommended by any such independent investigation, and (iii) cooperate with Discover and Processor in the investigation and resolution of any suspected or actual data security breach. Merchants and any Merchant agent must provide Processor with the following information concerning any suspected or actual data security breach: (i) the date of such breach, (ii) details concerning the data compromised (e.g., Discover Account Numbers and expiration dates, Cardholder names and addresses), (iii) the method of such breach, (iv) Merchant's security personnel contacts and those of any of Merchant's agents affected by such breach, (v) the name of any Person (including any law enforcement agency) assisting Merchant with Merchant's investigation of such breach, and (vi) any other information which Discover or Processor may reasonably request from Merchant and/or Merchant's agents concerning such breach, including any forensics report(s). Merchant will provide the information listed in (i)-(vi) as soon as is reasonably practicable and the information listed in (i)-(v) shall in any event be provided to Processor within 48 hours of your initial notification to Processor of such breach. Merchant and any of Merchant's agents must provide Processor with copies of any reports concerning such breach as soon as practicable. Merchant must not issue, and Merchant must prevent Merchant's agents from issuing, any press release or other public announcement concerning such breach until after you have provided Processor with the information requested in (i)-(v) above. Merchant must cooperate with Discover and Processor to ensure that appropriate security measures and procedures are implemented by a mutually agreeable deadline if Merchant is notified that Merchant's or any of Merchant's agent's security procedures in connection with Discover Transactions are inadequate or do not comply with the Security Requirements.

(b) If either Discover or Processor determine or reasonably suspect, in their reasonable discretion, that Merchant or any of Merchant's agent's security procedures, including with respect to Discover Transactions, are inadequate or otherwise do not comply with the Security Requirements regardless of whether Processor has received certification from Merchant or Merchant' agent of compliance with the Security Requirements as described in this Operating Guide, Discover and/or Processor may, in their sole discretion, assess noncompliance fees to Merchant for each discrete event of noncompliance, including for each failure to comply with a Security Requirement regardless of whether Discover, Processor, an Issuer or Cardholder has experienced damage as a result of such noncompliance. Additional fees may be assessed during the period that such noncompliance remains uncured. Processor may also suspend the ability of Merchant or of any of Merchant's agents to accept or process Discover Transactions upon notice to Merchant until such time as Processor determines that Merchant or the applicable agent has adopted security procedures that comply with the Security Requirements regardless of whether Discover, Processor, an Issuer or Cardholder has experienced damage as a result of such noncompliance. In addition, Discover and Processor may each contact any of Merchant's agents, without prior notice to Merchant, if Discover or Processor determines or reasonably suspects that any such Person is not in full compliance with the Security Requirements. If Merchant does not ensure that Merchant and each of Merchant's agents complies with the Security Requirements by a mutually acceptable deadline, Processor may terminate the Merchant Agreement

and the ability of Merchant to accept Discover Cards and/or assess noncompliance fees to Merchant. Merchant is responsible for any Disputes resulting directly or indirectly from Merchant or any of Merchant's agent's failure to comply with the Security Requirements and this Operating Guide, and any resulting costs, expenses, damages or other losses experienced by Discover, Processor, any Issuer or Cardholder.

(c) Merchant shall bear financial responsibility for fraudulent transactions and any damages that Discover, Processor, Issuers and/or Cardholders incur as a result of the theft, loss or unauthorized use or disclosure of Cardholder information or Discover Transaction information by Merchant or any of Merchant's agents. Merchant may be assessed a fine in the aggregate amount of: (i) US\$7.50 for each notification to Cardholders by Issuers, (ii) US\$10.00 for each Discover Card reissued by Issuers, and (iii) a US\$10.00 penalty for each unique Discover Account Number compromised. These fines (the "Data Security Breach Fees") may be assessed for each data security breach incident at Merchant or one of Merchant's agents.

(5) Enforcement. Processor reserves the right to conduct on-site visits of Merchant and Merchant's agents, or to otherwise contact any of Merchant's agents directly, to ensure compliance with all of the requirements of this Operating Guide and Operating Rules. Merchant will implement corrective actions immediately upon receipt of written notification from Processor, and will provide Processor with documentation detailing those actions. Failure to implement immediate corrective actions may, at Processor's discretion, result in termination of Merchant or the offending agent and/or termination of the Merchant Agreement.

(6) Termination of Processing Services. Processor may, in its sole discretion, terminate or temporarily suspend the receipt of Processor's processing services by Merchant, Discover Transaction types or Merchant types for any reason, including (i) if Discover or Processor have security concerns (including if either identifies an actual or suspected failure to comply with the Security Requirements), (ii) if Merchant is conducting activities in a Prohibited Merchant Category, including as a Sanctioned Person, (iii) if Merchant is otherwise not in compliance with Requirements of Law or any of the requirements in Section 6 or (iv) if Merchant otherwise fails to comply with any of Merchant's obligations under the Merchant Agreement, this Operating Guide or the Operating Rules.

(7) Advertising and Publicity. Except as otherwise explicitly permitted by the terms of the Merchant Agreement or this Operating Guide, neither party nor its respective agents shall use the registered trademarks, service marks, logos or any proprietary information of the other party or the other party's Affiliates without the prior written consent of the owner of such intellectual property and the prior review, by such owner, of the materials in which such marks, logos or proprietary information is proposed to be used, including in any press release. Neither party shall make any public statement or press release regarding the Merchant Agreement or this Operating Guide without the prior written approval of the other party.

(8) Employee Purchases. Merchant is prohibited from conducting Cash Advances, Discover Transactions or returns for goods or services with the Merchant's owners, officers or employees using such individuals' personal Discover Cards, except for bona fide Discover Transactions in the ordinary course of Merchant's business. Merchant is responsible for the actions and omissions of Merchant's principals, officers, employees and agents, including any fraud committed by, and/or any intentional or negligent acts or omissions by, any owner, officer or employee of Merchant.

## **7. AMERICAN EXPRESS MERCHANT REQUIREMENTS.**

**a. Card Acceptance.** Merchant must accept the Card as payment for goods and services (other than those goods and services prohibited under Section 7(b) sold, or (if applicable) for charitable contributions made, at all of its Establishments, except as expressly permitted by state statute. Merchant is jointly and severally liable for the obligations of Merchant's Establishments under the Agreement.

### **b. Prohibited Uses of the Card.**

(1) Merchant must not accept the Card for any of the following:

(a) adult digital content sold via Internet Electronic Delivery;

(b) amounts that do not represent bona fide sales of goods or services (or, if applicable, amounts that do not represent bona fide charitable contributions made) at Merchant's Establishments; for example, purchases at Merchant's Establishments by Merchant's owners (or their family members) or employees contrived for cash flow purposes, or payments that Merchant have accepted in order to advance cash to Cardmembers in connection with the Transaction;

(c) amounts that do not represent bona fide, direct sales by Merchant's Establishment to Card Members made in the ordinary course of Merchant's business;

(d) cash or cash equivalent (e.g., gold, silver, platinum, and palladium bullion and/or bars ). Collectible coins and jewelry are not prohibited;

(e) Charges that the Card Member has not specifically approved;

(f) costs or fees over the normal price of the goods or services (plus applicable taxes) that the Card Member has not specifically approved;

(g) damages, losses, penalties, or fines of any kind;

(h) gambling services (including online gambling), gambling chips, gambling credits, or lottery tickets;

(i) unlawful/illegal activities, fraudulent business transactions or when providing the goods or services is unlawful/illegal (e.g. unlawful/illegal online internet sales of prescription medications or controlled substances; sales of any goods that infringe the rights of a Rights-holder under laws applicable to us, Merchant, or the Card Member; online child pornography);

(j) overdue amounts or amounts covering returned, previously dishonored or stop-payment checks (e.g., where the Card is used as a payment of last resort); and

(k) sales made by third parties or Entities conducting business in industries other than Merchant's.

(2) Merchant must not use the Card to verify a customer's age.

**c. Doing Business with American Express.**

(1) Compliance with the Technical Specifications. Merchant must ensure that it and any third parties it enlists to facilitate Transaction processing with American Express complies with the American Express Technical Specifications (valid and accurate data must be provided for all data elements in accordance with the American Express Technical Specifications). Failure to comply with the American Express Technical Specifications may impact Merchant's ability to successfully process Transactions.

The American Express Technical Specifications are available at:

<https://www217.americanexpress.com/MTP/inter/UN/nsNavigateAction.do>.

(2) Establishment Closing. If a Merchant closes any of its Establishments, Merchant must follow these guidelines:

(a) Notify Processor immediately.

(b) Policies must be conveyed to the Card Member prior to completion of the Charge and printed on the copy of a receipt or Charge Record the Card Member signs. See Section 7(d)(13), "Return and Cancellation Policies" for additional information.

(c) If not providing refunds or exchanges, post notices indicating that all sales are final (e.g., at the front doors, by the cash registers, on the Charge Record and on websites and catalogs).

(d) Return and cancellation policies must be clearly disclosed at the time of sale.

(e) For Advance Payment Charges or Delayed Delivery Charges, delivery of the goods or services which have already charged to the Card Member is required or Credit must be issued for any portion of the Charge for the goods or services not delivered.

(3) Verification and Disclosure of Information. Processor must ensure that the Merchant is notified that the information disclosed to the Processor either directly by the Merchant or through the Merchant's payment processing company, can be shared with Processor's agents, subcontractors, Affiliates and other parties including industry organizations and reporting agencies, for any purpose permitted by Requirements of Law. Furthermore, the Processor must ensure they disclose that any person providing permission to obtain or disclose information in connection with the Agreement, releases and waives any right or Claim arising out of or related to such disclosure, including defamation Claims, even if the information that is disclosed is incorrect or incomplete. Merchant acknowledges that Merchant's business name and the name of Merchant's principals may be reported to the MATCH™ (Member Alert to Control High Risk Merchants) listing maintained by MasterCard. Merchant hereby specifically consents to the reporting, and waives and hold the Processor harmless from all Claims and liabilities Merchant may have as a result of such reporting.

**d. Transaction Processing.**

(1) Completing a Transaction at the Point of Sale.

(a) All valid Transactions begin with a Card Member's purchase at the point of sale. Whether the physical Card is used to facilitate a Card Present Charge, or the Card Member provides his or her Card Member Information over the phone, via mail order, or the internet, the Transaction must not be completed without the Card and/or information provided by the Card Member.

(b) To accept the Card for Charges at Merchant's Establishments, at the point of sale, Merchant must:

(i) clearly and conspicuously, disclose all material terms of sale prior to obtaining an Authorization; and

(ii) clearly and conspicuously inform Card Members at all points of interaction (e.g., sales conducted in person, over the internet, mobile or via mail or telephone order) what Entity is making the sales offer, so that the Card Member can clearly distinguish Merchant from any other party involved in the interaction (e.g., a vendor of goods or provider of services Merchant may engage, or another Merchant seeking to conduct business with the Card Member).

(c) The Transaction Data the Merchant collects to facilitate the Charge must be or have been provided directly to the Merchant by the Card Member.

(d) Merchant must not accept or have accepted Transaction Data from, nor shall Merchant provide or have provided Transaction Data to, any third parties other than Merchant's Covered Parties. If Merchant fails to comply with this requirement. Processor may be charged non-compliance fees and/or have its Card acceptance privileges at Merchant's Establishments suspended or disentitled.

(2) Processing an In-Person Charge.

(a) Magnetic Stripe Card Charges. When presented with a Card at the point of sale, Merchant must:

(i) Verify that the Card is not visibly altered or mutilated;



(ii) Verify that the customer is the Card Member (except when the Card Member name is not captured on the Charge Record or for Prepaid Cards that do not show a name on their face) (Cards are not transferable);

(iii) Capture Magnetic Stripe data by swiping the Card (unless the Charge was already initiated by waving the contactless Chip Card in close proximity to the Point of Sale System);

(iv) Obtain an Authorization Approval;

(v) Obtain signature (excluding Charges at CATs) and verify that the signature is identical to the name on the Card (except when the Card Member name is not captured on the Charge Record or for Prepaid Cards that do not show a name on their face). Failure to obtain a signature, when required, can render Merchant liable for Chargebacks if the Card Member disputes the Charge. Obtaining a signature may not be required if Merchant's Establishment and the Charge qualify for the No Signature Program;

(vi) Compare the signature (when obtained) on the Charge Record with the signature on the Card;

(vii) Verify the Card's Expiration Date;

(viii) Match the Card Number and the Expiration Date on the Card to the same information on the Charge Record;

and

(ix) Ensure the name that prints on the Charge Record matches the name on the front of the Card (except when the Card Member name is not captured on the Charge Record or for Prepaid Cards that do not show a name on their face).

(b) Contact Chip Card Charges. When presented with a Chip Card to be inserted into a Chip Card reader, Merchant must:

(i) Verify that the Card is not visibly altered or mutilated;

(ii) Verify that the customer is the Card Member (except when the Card Member name is not captured on the Charge Record or for Prepaid Cards that do not show a name on their face)\* (Cards are not transferable);

(iii) Capture Chip Card Data by inserting the Card into the Chip Card reader. The Point of Sale System will advise Card Members to enter their PIN (a Chip and PIN Charge) or sign for the Charge (a Chip and signature Charge):

(a) Chip and PIN Charges: Card Members will enter their PIN into the Point of Sale System using the keypad. If the Chip and PIN Charge is unable to be completed due to a technical problem, the Point of Sale System will show an error message (Follow the procedures for a swiped Charge in Section 7(d)(2)(a), "Magnetic Stripe Card Charges");

(b) Chip and signature Charge: Obtain the Card Member's signature on the Charge Record and compare the signature on the Charge Record to the name and signature on the Card.\* Failure to obtain a signature, when required, can render Merchant liable for Chargebacks if the Card Member disputes the Charge. Obtaining a signature may not be required if Merchant's Establishment and the Charge qualify for the No Signature Program;

(c) Obtain an Authorization Approval;

(d) Verify the Card's Expiration Date;

(e) Match the Card Number and the Expiration Date on the Card to the same information on the Charge Record; and

(f) Ensure the name that prints on the Charge Record matches the name on the front of the Card (except when the Card Member name is not captured on the Charge Record or for Prepaid Cards that do not show a name on their face).

(3) Contactless Chip Card Charge. Some Chip Card Charges involve transmission of payment information when the Card is waved in close proximity to a contactless reader. When presented with a Chip Card to be read via a contactless reader and the Charge qualifies for the No Signature Program, Merchant must:

(a) Capture Magnetic Stripe or Chip Card Data using the contactless reader; and

(b) Obtain an Authorization Approval.

(c) For Charges that do not qualify under the No Signature Program, follow the relevant Card acceptance procedures outlined in either:

(i) Section 7(d)(2)(a), ("Magnetic Stripe Card Charges"); or

(ii) Section 7(d)(2)(b), ("Contact Chip Card Charges");

(d) See Section 7(d)(19), "No Signature Program" for additional information.

(4) Mobile Contactless Charges. A mobile contactless Transaction is a Transaction initiated through a contactless-enabled mobile phone at a contactless-enabled Point of Sale System. These mobile phones contain a payment application which can initiate a contactless Transaction when the phone is waved in close proximity to a contactless-enabled Point of Sale System. When presented with a contactless-enabled mobile phone, Merchant must:

(a) Capture Magnetic Stripe or Chip Card data by waving the contactless-enabled mobile phone in close proximity to the contactless reader;

(b) Obtain an Authorization Approval;

(c) Obtain signature (excluding Charges at CATs), unless the Charge qualifies for the No Signature Program (see Section 7(d)(19), “No Signature Program” for additional information); and

(d) Compare the signature (when obtained) on the Charge Record with the signature on the companion physical Card or a valid form of formal identification (e.g. driver’s license). Merchant must not record or store the information from such formal identification in any way.

(e) If a mobile contactless Transaction cannot be processed for any reason, Merchant should request that the Card Member provide the companion physical Card and complete the Transaction by following the relevant Card acceptance procedures outlined in:

(i) Section 7(d)(2)(a), (“Magnetic Stripe Card Charges”);or

(ii) Section 7(d)(2)(b), (“Contact Chip Card Charges”).

(5) Key-Entered Charges. There are instances when the Merchant will need to key-enter an In-Person Charge. This occurs most often when the POS System cannot read the Card. If the Card cannot be read electronically, Merchant must:

(a) Verify that the Card is not visibly altered or mutilated;

(b) Verify that the customer is the Card Member (Cards are not transferable);

(c) Key-enter the data;

(d) Obtain an Authorization Approval;

(e) Obtain signature and verify that the signature is identical to the name on the Card (except when the Card Member name is not captured on the Charge Record or for Prepaid Cards that do not show a name on their face). Failure to obtain a signature, when required, can render Merchant liable for Chargebacks if the Card Member disputes the Charge. Obtaining a signature may not be required if Merchant’s Establishment and the Charge qualify for the No Signature Program (see Section 7(d)(19), “No Signature Program” for additional information);

(f) Compare the signature (when obtained) on the Charge Record with the signature on the Card;

(g) Verify the Card’s Expiration Date;

(h) Match the Card Number and the Expiration Date on the Card to the same information on the Charge Record; and

(i) Validate the Card’s presence by taking an imprint of the Card (the imprint is for Merchant’s records). Failure to validate the Card’s presence by taking an imprint of the Card can render Merchant liable for Chargebacks if the Card Member disputes the Charge (except when the Card Member name is not captured on the Charge Record or for Prepaid Cards that do not show a name on their face).

(j) Merchant may also validate the Card’s presence by ensuring the Charge meets the criteria of the Keyed No Imprint Program. See Section 7(d)(18), “Keyed No Imprint Program” for additional information. Key-entered Charges are subject to a fee. Charges initiated with a contactless-enabled mobile phone must not be key-entered.

(6) Actions for In-Person Charges. The following table describes the course of action required during an In-Person Transaction cycle:

IF	THEN
The Card is obviously altered or counterfeit.	Do not accept the Card.
The Card Member is attempting to use the Card outside of its Valid Dates. <b>Note:</b> Cards are valid through the last day of the month on the front of the Card.	Do not accept the Card. Advise the Card Member to contact the customer service number on the back of the Card.
It appears that someone other than the Card Member is attempting to use the Card.	Do not accept the Card. Indicate that the Cards are non-transferable and that only the Card Member is permitted to use the Card
The signature does not match the name on the Card.	Contact Merchant's payment processing company.
Merchant unable to obtain Authorization electronically.	Contact Merchant's payment processing company.
The Authorization is Declined.	Do not accept the Card, and follow Merchant's internal policies for handling various Authorization responses. See <a href="#">Section 7(e)(4)</a> , "Possible Authorization Responses".
The customer presents an unsigned Card.	An unsigned Card is invalid. Show customer that the Card is not signed. Ask the customer to sign the Card and also request photo identification (ID) such as a valid driver's license or passport to compare the signatures. If the customer refuses to sign the Card, and Merchant accept it, Merchant are liable for a Chargeback.
The customer's signature on the Charge Record does not appear to match the customer's signature on the Card.	Contact Merchant's payment processing company and follow Code 10 procedures, or, if Merchant prefer, simply decline to accept the Card.
The Card Numbers and Valid Dates on the Card do not match the Charge Record.	
The name on the Charge Record does not match the name on the Card (except in the case of a Prepaid Card which may not show a name on its face).	
The appearance of the Card or the actions of the customer make Merchant suspicious.	

(7) Customer Activated Terminals. Charges for purchases at Merchant's Customer Activated Terminals (CATs) must meet the requirements for Charge Records as detailed in [Section 7\(d\)\(9\)](#), "Charge Records" as well as comply with the Technical Specifications.

(a) Merchant must include:

- (i) Full Magnetic Stripe data stream or Chip Card Data in all Authorization requests; and
- (ii) CAT indicator on all Authorization requests and Submissions.

(b) American Express will not be liable for actual or alleged fraudulent Charges occurring through Customer Activated Terminals and will have the right to Chargeback for those Charges.

(8) Processing a Card Not Present Charge.

(a) Merchant must:

- (i) Obtain information of the Card Member as described below;
- (ii) Obtain an authorization Approval; and
- (iii) Submit the Charge to American Express (via Processor).

(b) For Card Not Present Charges, Merchant must create a Charge Record as described in [Section 7\(d\)\(9\)](#), "Charge Records". The information Merchant must ask the Card Member to provide includes:

- (i) Card Number; and
- (ii) Card Expiration Date.

(c) In addition it is recommended that Merchant ask for:

- (i) name as it appears on the Card;
- (ii) Card Member's billing address; and
- (iii) ship-to address, if different from the billing address.

(d) American Express has the right to Chargeback for any Card Not Present Charge that the Card Member denies making or authorizing. American Express will not Chargeback for such Charges based solely upon a Card Member claim that he or she did not receive the disputed goods if Merchant has:

- (i) verified the address to which the goods were shipped was the Card Member's full billing address; and
- (ii) provided Proof of Delivery signed by the Card Member or an authorized signer of the Card indicating the delivery of the goods or services to the Card Member's full billing address.

(e) American Express will not be liable for actual or alleged fraudulent Transactions over the internet and will have the right to Chargeback for those Charges. For Internet Orders, Merchant must:

- (i) use any separate Merchant Numbers (Seller ID) established for Merchant for Internet Orders in all Merchant's requests for Authorization and Submission of Charges;
- (ii) provide us with at least one (1) month's prior written notice of any change in Merchant's internet address; and
- (iii) comply with any additional requirements that American Express provides from time to time.

(f) Additionally, if a Disputed Charge arises involving a Card Not Present Charge that is an Internet Electronic Delivery Charge, American Express may exercise Chargeback for the full amount of the Charge and place Merchant in any of its Chargeback programs. When providing Proof of Delivery, a signature from the Card Member or an authorized signer of the Card is not required.

(9) Charge Records.

(a) Merchant must create a Charge Record for every Charge. For each Charge submitted electronically, Merchant must create an electronically reproducible Charge Record, and the Charge must comply with the Technical Specifications. The Charge Record (and a copy of the customer's receipt) must disclose Merchant's return and/or cancellation policies. See [Section 7\(d\)\(12\)](#), "Return and Cancellation Policies" for additional information. If the Card Member wants to use different Cards for payment of a purchase, Merchant may create a separate Charge Record for each Card used. However, if the Card Member is using a single Card for payment of a purchase, Merchant shall not divide the purchase into more than one Charge, nor shall Merchant create more than one Charge Record.

(b) For all Charge Records, Merchant must:

- (i) submit the Charge to American Express directly, or through Merchant's Processor, for payment;
- (ii) retain the original Charge Record (as applicable) and all documents evidencing the Charge, or reproducible records thereof, for the timeframe listed in our country-specific policies. See [Section 7\(h\)](#), "Protecting Card Member Information" for additional information; and
- (iii) provide a copy of the Charge Record to the Card Member.

(c) Merchant may be able to create more than one Charge Record if the purchase qualifies for a Delayed Delivery Charge. See [Section 7\(d\)\(17\)](#), "Delayed Delivery Charges".

(d) The retention timeframe for Charge Records is twenty-four (24) months from the date Merchant submitted the corresponding Charge to American Express.

(e) Pursuant to Requirements of Law, truncate the Card Number and do not print the Card's Expiration Date on the copies of Charge Records delivered to Card Members. Truncated Card Number digits must be masked with replacement characters such as "x," "\*", or "#," and not blank spaces or numbers.

(10) Processing a Credit. A Credit may occur when a Merchant processes a refund for purchases or payments made on the Card.

(a) Follow these steps to issue a Credit:

- (i) Create a Credit Record;
- (ii) Compare the last four digits on the Charge Record against the Card presented (when applicable);
- (iii) Have the Card Member sign the Credit Record (when applicable); and
- (iv) Provide a copy of the Credit Record to the Card Member.

(b) Merchant must submit Credits to Merchant's payment processing company within seven (7) days of determining that a Credit is due and create a Credit Record that complies with our requirements (see [Section 7\(d\)\(11\)](#), "Credit Records" for additional information). Merchant must not issue a Credit when there is no corresponding Charge, nor issue a Credit in exchange for cash or other consideration from a Card Member.

(c) Merchant must submit all Credits under the Establishment where the Credit originated.

(d) A Credit must be issued in the currency in which the original Charge was submitted to us. Merchant must issue Credits to the Card used to make the original purchase; however, if the Credit is for the return of a gift by someone other than the Card Member who made the original purchase, apply Merchant's usual refund policy.

(e) If the Card Member indicates that the Card on which the purchase was originally made is no longer active or available, do the following:

(i) For all Cards except Prepaid Cards, advise the Card Member that Merchant must issue the Credit to that Card. If the Card Member has questions, advise him or her to call the customer service number on the back of the Card in question.

(ii) If the inactive or unavailable Card is a Prepaid Card, apply Merchant's usual refund policy for returns.

(f) If Merchant issues a Credit, American Express will not refund the Discount or any other fees or assessments previously applied on the corresponding Charge. The Discount on Chargebacks will not be refunded.

(11) Credit Records. Merchant must create a Credit Record for any Credit Merchant issue. For each Credit submitted electronically, Merchant must create an electronically reproducible Credit Record, and the Credit must comply with the Technical Specifications. See Section 7(c)(1), "Compliance with the Technical Specifications".

(a) If Merchant submits Credits on paper, Merchant must create a Credit Record containing all of the following required data:

(i) full Card Number and Expiration Date (pursuant to Requirements of Law), and if available, Card Member name;

(ii) the date the Credit was issued;

(iii) the amount of the Credit;

(iv) Merchant's Establishment name and address and, if applicable, store number; and

(b) For all Credit Records, Merchant must:

(i) Submit the Credit through Merchant's Processor;

(ii) Retain the original Credit Records (as applicable) and all documents evidencing the Transaction, or reproducible records thereof, for the timeframe listed below; and

(iii) Provide a copy of the Credit Record to the Card Member.

(c) The retention timeframe for Credit Records is twenty-four (24) months from the date. If, under extraordinary circumstances, Merchant submits Transactions on paper, Merchant must do so in accordance with our instructions outlined in Section 7(d), "Transaction Processing". Examples of circumstances that may prevent Merchants from submitting electronically are:

(i) special events (e.g., conferences, outdoor marketplaces, concerts);

(ii) Merchants that do not conduct business from fixed locations (e.g., taxis and limousine services); and

(iii) remote locations, or Merchants who experience System Outages.

(d) If Merchant submits Charges on paper, Merchant must create a Charge Record containing all of the following required data:

(i) Full Card Number and Expiration Date (pursuant to Requirements of Law), and if available, Card Member name;

(ii) The date the Charge was incurred;

(iii) The amount of the Charge, which must be the total price for the purchase of goods and services (plus applicable taxes and gratuities) purchased on the Card;

(iv) The Authorization Approval;

(v) A clear description of the goods or services purchased by the Card Member;

(vi) An imprint or other descriptor of Merchant's name, address, Merchant Number and, if applicable, store number; and

(vii) The words "No Refunds" if Merchant has a no refund policy, and Merchant's return and/or cancellation policies. See Section 7(d)(12), "Return and Cancellation Policies" for additional information.

(e) The retention time frame for Credit Records is twenty-four (24) months from the date Merchant submitted the corresponding Credit to American Express.

(f) Pursuant to Requirements of Law, truncate the Card Number and do not print the Card's Expiration Date on copies of Credit Records delivered to the Card Member.

(12) Return and Cancellation Policies.

(a) Merchant's return and cancellation policies must be fair and clearly disclosed at the time of sale in compliance with Requirements of Law. Merchant's policies must be conveyed to the Card Member prior to completion of the Charge and printed on a copy of a receipt or Charge Record.

(b) Merchant must not give cash refunds to Card Members for goods or services they purchase on the Card, unless required by Requirements of Law. Merchant's refund policy for purchases on the Card must be at least as favorable as Merchant's refund policy for purchases made with Other Payment Products or other payment methods.

(c) Return Policy recommendations:

(i) Provide clear return instructions for Merchant's customers, including the following information:

(a) customer service telephone number;

(b) reference number for the return;

- (c) expected processing time for the Credit; and
- (d) return address, preferably on a pre-formatted shipping label (if applicable).

(d) Cancellation Policy recommendations. Document cancellation policy and terms and conditions on the contract the Card Member signs, or on Merchant's website, as applicable. Provide Card Member with a cancellation number that can be tracked in Merchant's records.

(13) Return Policy for Prepaid Products. This section applies to Merchants who accept the Card for the purchase of any prepaid product (Prepaid Cards, non-American Express branded stored value or gift cards, or both). If Merchant's return policy for the purchase of prepaid products is different from Merchant's standard return policy, notwithstanding the requirements listed in Section 7(d)(12), "Return and Cancellation Policies", Merchant must ensure that such prepaid product-specific return policy is clearly disclosed to the Card Member at the time of purchase and also coded to print on all receipts and copies of Charge Records Merchant provide to Card Members.

(14) Processing Transactions for Specific Industries. Most policies and procedures in the Merchant Requirements are applicable to all Merchants, regardless of industry. Some Merchants classified in specific industries, however, are subject to additional policies and procedures. These policies and procedures are contained in Section 7(l), "Specific Industries".

(15) Advance Payment Charges.

(a) An Advance Payment Charge is a Charge for which full payment is made in advance of Merchant's providing the goods and/or rendering the services to the Card Member. Purchases involving Advance Payment Charges generally carry a higher level of risk than other Charges, because goods and services are not provided at the time the Charge is processed. For this reason, American Express may withhold settlement for part or all of such Charges until it is determined that the risk has diminished.

(b) Merchant must follow these procedures if Merchant offers Card Members the option or require them to make Advance Payment Charges for the following types of goods and/or services:

- (i) Custom-orders (e.g., orders for goods to be manufactured to a customer's specifications);
- (ii) Entertainment/ticketing (e.g., sporting events, concerts, season tickets);
- (iii) Tuition, room and board, and other mandatory fees (e.g., library fees) of higher educational institutions; and
- (iv) Travel-related services (e.g., tours, guided expeditions).

(c) For an Advance Payment Charge, Merchant must:

(i) State Merchant's full cancellation and refund policies, clearly disclose Merchant's intent and obtain written consent from the Card Member to bill the Card for an Advance Payment Charge before Merchant request an Authorization. The Card Member's consent must include:

- (a) his or her agreement to all the terms of the sale (including price and any cancellation and refund policies; and
- (b) a detailed description and the expected delivery date of the goods and/or services to be provided.

(ii) Obtain an Authorization Approval.

(iii) Complete a Charge Record. If the Advance Payment Charge is a Card Not Present Charge, Merchant must

also:

- (a) ensure that the Charge Record contains the words "Advance Payment" (see Section 7(d)(9), "Charge Records"); and
- (b) within twenty-four (24) hours of the Charge being incurred, provide the Card Member written confirmation (e.g., email or facsimile) of the Advance Payment Charge, the amount, the confirmation number (if applicable), a detailed description and expected delivery date of the goods and/or services to be provided and details of Merchant's cancellation/refund policy.

(d) If Merchant cannot deliver goods and/or services (e.g., because custom-ordered merchandise cannot be fulfilled), and if alternate arrangements cannot be made, Merchant must immediately issue a Credit for the full amount of the Advance Payment Charge which cannot be fulfilled.

(e) In addition to other Chargeback rights, American Express may exercise Chargeback for any Disputed Advance Payment Charge or portion thereof if, in our sole discretion, the dispute cannot be resolved in Merchant's favor based upon unambiguous terms contained in the terms of sale to which Merchant obtained the Card Member's written consent.

(16) Aggregated Charges.

(a) Aggregated Charge is a Charge that combines multiple small purchases or refunds (or both) incurred on a Card into a single, larger Charge before submitting the Charge for payment.

(b) If Merchant is classified in an internet industry, Merchant may process Aggregated Charges provided the following criteria are met:

(i) Clearly disclose Merchant's intent and obtain written consent from the Card Member that their purchases or refunds (or both) on the Card may be aggregated and combined with other purchases or refunds (or both) before Merchant request an Authorization;

(ii) Each individual purchase or refund (or both) that comprises the Aggregated Charge must be incurred under the same Establishment and on the same Card;

(iii) Obtain a pre-Authorization of no more than \$15. See Section 7(e)(10), "Pre-Authorization" for additional information;

(iv) Create a Charge Record for the full amount of the Aggregated Charge. For more information on Charge Records, see Section 7(d)(9), "Charge Records";

(v) The amount of the Aggregated Charge must not exceed \$15 or the amount for which Merchant obtained pre-Authorization;

(vi) Submit each Charge Record within our Submission timeframe (see Section 7(f)(4), "Submission Requirements - Electronic"). For the purposes of Section 7(f)(4), "Submission Requirements - Electronic", a Charge will be deemed "incurred" on the date of the first purchase or refund (or both) that comprises the Aggregated Charge;

(vii) Provide the Card Member with an email containing:

(a) the date, amount, and description of each individual purchase or refund (or both) that comprises the Aggregated Charge; and

(b) the date and the amount of the Aggregated Charge.

(17) Delayed Delivery Charges.

(a) Delayed Delivery Charge is a single purchase for which Merchant must create and submit two separate Charge Records. The first Charge Record is for the deposit or down payment and the second Charge Record is for the balance of the purchase.

(b) To accept the Card for Delayed Delivery Charges, Merchant must:

(i) Clearly disclose Merchant's intent and obtain written consent from the Card Member to perform a Delayed Delivery Charge before Merchant request an Authorization;

(ii) Obtain a separate Authorization Approval for each of the two Delayed Delivery Charges on their respective Charge dates;

(iii) Clearly indicate on each Delayed Delivery Charge Record that the Charge is either for the deposit or for the balance of the Delayed Delivery Charge;

(iv) Submit the Delayed Delivery Charge Record for the balance of the purchase only after the goods have been shipped, provided or services rendered;

(v) Submit each Delayed Delivery Charge Record within our Submission timeframes (see Section 7(f)(4), "Submission Requirements - Electronic"). For the purposes of Section 7(f)(4), "Submission Requirements - Electronic", the Charge will be deemed "incurred":

(a) for the deposit - on the date the Card Member agreed to pay the deposit for the purchase; and

(b) for the balance - on the date the goods are shipped, provided or services are rendered.

(vi) Submit and Authorize each Delayed Delivery Charge under the same Establishment; and

(vii) Treat deposits on the Card no differently than Merchant treat deposits on all Other Payment Products.

(18) Keyed No Imprint Program.

(a) The Keyed No Imprint Program allows Merchant to submit In-Person Charges without taking an imprint of the Card if Merchant meets the following Charge criteria. All Cards qualify for the Keyed No Imprint Program.

(b) Charge criteria:

(i) the Charge must be key-entered;

(ii) the Charge Submission must include the appropriate indicator to reflect that the Card and the Card Member were present at the point of sale;

(iii) the Charge Submission must include a valid Approval; and

(iv) the CID Number must be confirmed as a positive match.

(c) Under the Keyed No Imprint Program, American Express will not exercise Chargeback for such Charges based solely on the Establishment's failure to obtain an imprint of the Card.

(d) If American Express receives disproportionate amounts or numbers of Disputed Charges under the Keyed No Imprint Program, Merchant must work with Processor to reduce the number of Disputed Charges. If such efforts fail, American Express may place Merchant in a Chargeback program, revoke participation in the Keyed No Imprint Program, or require cancel or disentitle Card acceptance.

(19) No Signature Program.

(a) Merchant's Establishment may participate in our No Signature Program. The No Signature Program allows Establishments not to request a signature from Card Members on the Charge Record.

(b) To qualify for the No Signature Program, both the Establishment and each Charge must meet the following criteria:

(i) Establishment criteria:

(a) If Merchant's Establishment is classified in an industry that accepts In-Person Charges, then the Establishment may participate in the No Signature Program with the exception of the following categories:

1. Merchants who do not conduct In-Person Charges (i.e., internet, mail order or telephone order).
2. Prohibited Merchants or prohibited Transactions (or both) as defined in Section 7(j), "Risk Management". See Section 7(b), "Prohibited Uses of the Card".
3. High Risk Merchants (e.g., internet electronic services or nightclubs/lounges) as defined in Section 7(i)(2), "High Risk Merchants".

(b) Merchants placed in our Fraud Full Recourse Program.

(c) Charge criteria:

1. The amount or Charge must meet the established threshold.
2. The Charge Submission must include the appropriate indicator to reflect that the Card and the Card Member were present at the point of sale.
3. The Charge Submission must include a valid Approval.

(d) Under the No Signature Program, American Express will not exercise Chargeback for such Charges based solely on the Establishment's failure to obtain the Card Member's signature at the point of sale.

(e) If a disproportionate amounts or number of Disputed Charges are received under the No Signature Program, Merchant must work to reduce the amount or number of Disputed Charges. If such efforts fail, American Express may place Merchant in a Chargeback program, modify participation in the No Signature Program or revoke or terminate Merchant's Establishment's participation in the No Signature Program.

(f) The established threshold for charges to qualify under the No Signature Program is \$50.00 or less.

(20) Recurring Billing Charges.

(a) Recurring Billing is an option offered to Card Members to make recurring Charges automatically on their Card. The Recurring Billing Charges are for a product or service the Card Member agrees to pay periodically and automatically (e.g., membership fees to health clubs, magazine subscriptions, and insurance premiums).

(b) If Merchant offers Card Members the option to make Recurring Billing Charges, Merchant must:

(i) obtain the Card Member's express written consent for Merchant to bill the Card before submitting the first Recurring Billing Charge; and

(ii) notify the Card Member that he or she can withdraw such consent at any time.

(c) In addition to other Chargeback rights, American Express may exercise Chargeback for any Charge which does not meet the requirements listed in this section. American Express may also exercise Chargeback, prior to sending Merchant an Inquiry, if Merchant processes Recurring Billing Charges after having previously notified Merchant that the Card Member has withdrawn their consent for Recurring Billing Charges.

(d) The method Merchant uses to secure such consent must contain a disclosure that Merchant may receive updated Card account information from the Issuer.

(e) Before submitting a Recurring Billing Charge, Merchant must obtain Authorization and complete a Charge Record (see Section 7(d)(9), "Charge Records"), except with the words "signature on file," if applicable, on the signature line and the appropriate electronic descriptor on the Charge Record. For complete Authorization requirements, see Section 7(e), "Authorization".

(f) If the Agreement terminates for any reason, then Merchant must notify all Card Members for whom Merchant have submitted Recurring Billing Charges that Merchant no longer accept the Card.

(g) Merchant must fulfill Card Members' requests that Merchant discontinue the Recurring Billing Charges immediately and provide cancellation numbers to them.

(h) The cancellation of a Card constitutes immediate cancellation of that Card Member's consent for Recurring Billing Charges. American Express will not notify Processor of such cancellation, nor will American Express have any liability to Merchant arising from such cancellation.

(i) If a Card is cancelled, or if a Card Member withdraws consent to Recurring Billing Charges, Merchant is responsible for arranging another form of payment (as applicable) with the Card Member.

(j) Merchant must retain evidence of consent to receive updated Card account information from the Issuer for twenty-four (24) months from the date Merchant submit the last Recurring Billing Charge.

(k) If Merchant offers Card Members the option to make Recurring Billing Charges, Merchant must:

(i) ensure that Merchant's process for cancellation of Recurring Billing is simple and expeditious;



(ii) clearly and conspicuously disclose all material terms of the option, including, if applicable, the fact that Recurring Billing will continue until the option is cancelled by the Card Member;

(iii) within twenty-four (24) hours of incurring the first Recurring Billing Charge, provide the Card Member written confirmation (e.g., email or facsimile) of such Charge, including all material terms of the option and details of Merchant's cancellation/refund policy; and

(iv) where the material terms of the option change after Submission of the first Recurring Billing Charge, promptly notify the Card Member in writing of such change and obtain the Card Member's express written consent to the new terms prior to submitting another Recurring Billing Charge.

(l) If Merchant's Recurring Billing Charge amounts vary, Merchant must offer the Card Member the right to receive written notification of the amount and date of each Recurring Billing Charge:

(i) at least ten (10) days before submitting each Charge; or

(ii) whenever the amount of the Charge exceeds a maximum Recurring Billing Charge amount specified by the Card Member.

(m) American Express may exercise Chargeback for any Charge of which Merchant have notified the Card Member and to which the Card Member does not consent.

#### (21) Processing Prepaid Cards.

(a) Prepaid Cards are available for a variety of uses: gifting, travel, incentive, etc. All American Express Prepaid Cards show the American Express "Blue Box" logo either on the face or back of the Prepaid Card. Prepaid Cards may or may not be embossed. Most Prepaid Cards can be used for both in-store and online purchases.

(b) Prepaid Cards are valid through the date on the Card. Simply swipe the Card at the point of sale just like any other Card. A Prepaid Card must be tendered for an amount that is no greater than the funds available on the Card.

(i) Instruct Card Members that, before making a purchase, they must check their remaining funds by calling the twenty-four (24) hour, toll-free number on the back of the Card.

(ii) Because Prepaid Cards are pre-funded, if Merchant receives a Decline when seeking Authorization, ask the customer to call the toll-free number on the back of the Card to confirm that the purchase price does not exceed the available funds on the Prepaid Card.

(iii) If the Prepaid Card does not have enough funds to cover the purchase price, process a Split Tender Transaction or request an alternative form of payment. See [Section 7\(e\)\(11\)](#), "Additional Authorization Requirements".

(iv) Merchant must create a Charge Record for a Prepaid Card as Merchant would any other Card.

(c) For information about processing Prepaid Cards, call the customer service number on the back of the Card in question.

#### (22) Processing Travelers/Gift Cheques

(a) American Express Travelers Cheques, Cheques for Two, and Gift Cheques are easy to accept provided that the cheque is an authentic American Express Travelers Cheque. See [Section 7\(d\)\(23\)](#), "Acceptance Procedures".

(b) Businesses can accept these cheques for payment. Merchant can deposit Travelers Cheques, Cheques for Two and Gift Cheques directly into Merchant's Bank Account as they never expire.

(c) Travelers Cheques. American Express Travelers Cheques are a widely used and recognized travel currency. If they are ever lost or stolen, they can be replaced quickly and easily, almost anywhere in the world, usually within twenty-four (24) hours. Travelers Cheques come in various denominations and currencies. Travelers Cheques come in denominations ranging from \$20 to \$1000. Be cautious when presented with an American Express Travelers Cheque in a denomination of \$500 or greater. These higher-denominated Travelers Cheques are rarely sold, and therefore are more likely to be counterfeit. For information on how to perform a "smudge test," which is designed to test the authenticity of the Travelers Cheque, see [Section 7\(i\)\(9\)](#), "Travelers Cheque and Gift Cheque Security Features".

(d) Gift Cheques. American Express Gift Cheques function like Travelers Cheques, and are available in \$10, \$25, \$50, and \$100 denominations only. Any Gift Cheque presented that is greater than \$100 is counterfeit. If Merchant receive a Gift Cheque greater than \$100, do the following:

(i) • Contact Travelers Cheque/Gift Cheque Customer Service.

(ii) • Do not accept it.

(iii) • Write the word "VOID" across the front of the counterfeit Cheque.

(iv) For further information, see [Section 7\(i\)](#), "Fraud Prevention".

#### (23) Acceptance Procedures

(a) Accepting American Express Travelers and Gift Cheques is easy:

(i) Watch Merchant's customer countersign in the lower left corner of the cheque, and compare the countersignature to the signature in the upper left corner for American Express Travelers Cheques and Gift Cheques. For Cheques for Two, the customer's countersignature must match either one of the two signatures on top.

(ii) Validate Security Features - Validating these features will help reduce the acceptance of counterfeit cheques. See Section 7(i)(9), "Travelers Cheque and Gift Cheque Security Features".

(iii) Obtain authorization - American Express recommends obtaining an authorization to reduce the chances of accepting fraudulent cheques. American Express offers a variety of authorization tools. See authorization methods in the following table to determine Merchant's course of action:

IF	THEN
The signature and countersignature are a reasonable match (they look alike, but may not be identical)	Accept the cheque. There is no need to obtain any identification.
Merchant suspect that the countersignature may be false, or Merchant did not watch the customer countersign.	Ask the customer to turn the cheque over and sign again across the left-hand side (in the same manner one typically endorses a check). Then take the cheque and fold up the bottom right-hand corner so that Merchant can compare the original signature with the new one.
The signatures are not the same, or if there is a question regarding the validity of the cheque.	Call the Travelers Cheque/Gift Cheque Customer Service
Merchant suspects that the Travelers cheque being presented is fraudulent	Use any of the following methods to verify that the cheque Merchant are accepting is authentic: <ul style="list-style-type: none"> <li>o Perform a smudge test (see <u>Section 7(i)</u>, "Fraud Prevention" for details).</li> <li>o Obtain online Authorization at <a href="http://www.americanexpress.com/verifyamextc">www.americanexpress.com/verifyamextc</a></li> </ul>

**e. Authorizations.**

(1) Introduction. The payment card industry devotes significant amounts of time and resources to developing Authorization systems and decision models in an effort to mitigate the financial losses. Every Transaction begins and ends with the Card Member. Between the time the Card Member presents the Card for payment and receives the goods or services, however, a great deal of data is exchanged, analyzed and processed. A process that literally takes seconds at the point of sale is actually a highly complex approach to analyzing each Transaction.

(2) Transaction Cycle. The Authorization process begins when Merchant provide an Authorization request to Merchant's payment processing company. After requesting Authorization, Merchant receives an Authorization response, which Merchant use, in part, to determine whether to proceed with the Charge.

(3) The Purpose of Authorization.

(a) The purpose of an Authorization is to provide Merchant with information that will help Merchant determine whether or not to proceed with a Charge.

(b) For every Charge, Merchant is required to obtain an Authorization Approval except for Charges under a Floor Limit. The Authorization Approval must be for the full amount of the Charge except for Merchants that are classified in the restaurant industry (see Section 7(l)(8), "Restaurants").

(c) An Authorization Approval does not guarantee that (i) the person making the Charge is the Card Member, (ii) the Charge is in fact valid or bona fide, (iii) Merchant will be paid for the Charge, or (iv) Merchant will not be subject to a Chargeback.

(4) Possible Authorization Responses. Responses to Merchant's requests for Authorization are generated by Issuers and transmitted to Merchant. The following are among the most commonly generated responses to Merchant's request for Authorization. The exact wording will vary so check with Merchant's Processor or Terminal Provider to determine what Authorization responses will display on Merchant's equipment.

Authorization Response	What it means
Approved	The Charge is approved.
Declined or Card Not Accepted	The Charge is not approved. Do not submit the Charge. If Merchant nevertheless chooses to submit the Charge, Merchant will be subject to a Chargeback. Inform the Card Member promptly that the Card has been Declined. If the Card Member has questions or concerns, advise the Card Member to call the customer service telephone number on the back of the Card. Never discuss the reason for the Decline.
Please Call or Referral	Additional information is required to complete the Charge. Call Merchant's payment processing company for resolution. See <u>Section 7(e)(6)</u> , "Obtaining a Voice Authorization" for instructions.

Pick Up	Merchant may receive an Issuer point of sale response indicating that Merchant must pick up the Card. Follow Merchant's internal policies when Merchant receives this response. Never put Merchant's self or Merchant's employees in unsafe situations. If Merchant's policies direct Merchant to do so, Merchant may initiate the pick up process by calling Merchant's payment processing company.
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(5) Obtaining an Electronic Authorization.

(a) Generally, Establishments must obtain an electronic Authorization. Merchant must ensure that all Authorization requests comply with the Technical Specifications (see [Section 7\(c\)\(1\)](#), "Compliance with the Technical Specifications"). If the Authorization request does not comply with the Technical Specifications, American Express may reject the Submission or exercise a Chargeback.

(b) If the Card is unreadable and Merchant have to key-enter the Charge to obtain an Authorization, then Merchant must follow the requirements for key-entered Charges. See [Section 7\(d\)\(5\)](#), "Key-Entered Charges" for additional information.

(c) If Merchant uses an electronic Point of Sale System to obtain Authorization, the Approval must be printed automatically on the Charge Record.

(d) Occasionally, obtaining an electronic Authorization may not be possible (e.g., due to Point of Sale System problems, System Outages, or other disruptions of an electronic Charge). In these instances, Merchant must obtain a Voice Authorization (see [Section 7\(e\)\(6\)](#), "Obtaining a Voice Authorization").

(e) Non-compliance fees may be assessed for Authorization requests that do not comply with the American Express Technical Specifications.

(6) Obtaining a Voice Authorization.

(a) When Authorization is required, if Merchant's electronic Point of Sale System is unable to reach our Authorization system, or Merchant do not have an electronic Point of Sale System, Merchant must seek Authorization using the following steps:

(i) Call Merchant's payment processing company.

(ii) The following minimum information will be requested:

(a) Card Number;

(b) Merchant Number;

(c) Charge amount; and

(d) In some situations, Merchant may be asked for additional information such as Expiration Date or Card Identification (CID) Number.

(iii) A response will be provided. If the request for Authorization is approved, capture the Approval for Submission.

(iv) If Merchant is submitting electronically, Merchant must enter the Approval into Merchant's Point of Sale System. For instructions on how to complete this type of Charge, contact Merchant's Terminal Provider, Processor, or payment processing company.

(b) Non-compliance fees may be assessed for each Charge for which Merchant request a Voice Authorization unless such a failure to obtain Authorization electronically is due to the unavailability or inoperability of our computer Authorization system.

(7) Card Identification (CID) Number.

(a) The Card Identification (CID) Number provides an extra level of Card Member validation and is part of the Authorization process. The CID Number is printed on the Card.

(b) If, during the Authorization, a response is received that indicates the CID Number given by the person attempting the Charge does not match the CID Number that is printed on the Card, re-prompt the customer at least one more time for the CID Number. If it fails to match again, follow Merchant's internal policies.

(c) CID Numbers must not be stored for any purpose. They are available for real time Charges only. See [Section 7\(h\)](#), "Protecting Card Member Information."

(d) See [Section 7\(i\)](#), "Fraud Prevention" for more information on CID Numbers and CID Verification.

(8) Authorization Reversal.

(a) Merchant may reverse an Authorization for a corresponding Charge by:

(i) initiating an Authorization reversal message; or

(ii) Contact Merchant's payment processing company.

(b) After a Charge Record has been submitted, however, the Authorization cannot be cancelled or changed. For example, if Merchant make an error in a Charge but have already submitted the Charge Record, Merchant cannot systematically

request a change in the Charge. Merchant must instead, follow the procedures for Processing a Credit, as defined in Section 7(d)(10), "Processing a Credit".

(9) Authorization Time Limit.

(a) Authorization Approvals are valid for seven (7) days after the Authorization date. Merchant must obtain a new Approval if Merchant submits the Charge to us more than seven (7) days after the original Authorization date.

(b) For Charges of goods or services that are shipped or provided more than seven (7) days after an order is placed, Merchant must obtain an Approval for the Charge at the time the order is placed and again at the time Merchant ship or provide the goods or services to the Card Member.

(c) The new Approval must be included in the Charge Record. If either of the Authorization requests is Declined, do not provide the goods or services or submit the Charge. If Merchant does, Merchant will be subject to a Chargeback.

(10) Pre-Authorization. A pre-Authorization is an Authorization request that Merchant submits in advance of providing the goods or services, allowing Merchant then to submit the Approved Charge (e.g., fuel pump CATs).

(11) Additional Authorization Requirements

(a) There are instances, which are outlined in the following table, when additional Authorization requirements apply.

(b) Merchants classified in certain industries are also subject to additional specific Authorization requirements. See Section 7(l), "Specific Industries".

Topic	Additional Requirements
Recurring Billing	Merchant must flag all requests for Authorization with a Recurring Billing indicator. To improve the likelihood of obtaining an Approval to an Authorization request, it is recommended that Merchant periodically verify with Card Members that all their information (e.g., Card Number, Expiration Date and billing address) is still accurate. See <u>Section 7(d)(20)</u> , "Recurring Billing Charges".
American Express Gift Cheques and American Express Travelers Cheques	Merchant are not required to obtain Authorization prior to accepting Gift and Travelers Cheques. Merchant must, however, follow the appropriate procedures outlined in <u>Section 7(d)(22)</u> , "Processing Travelers/Gift Cheques". Questions concerning the validity of Gift or Travelers Cheques can be raised by calling the Travelers Cheque/Gift Cheque Customer Service.
Split Tender	<p>During a Split Tender Transaction, the Card Member uses multiple forms of payment for a single purchase (e.g., prepaid cards, cash, Card).</p> <p>Merchant may follow Merchant's policy on combining payment on Prepaid Cards with any Other Payment Products or methods of payment. If the other payment method is a Card then Merchant are required to follow all provisions of the Agreement.</p> <p>Check with Merchant's Terminal Provider, Processor or if Merchant have a direct link to American Express, Merchant's American Express representative to determine if Merchant's Point of Sale System is set up for Split Tender functionality.</p>

**f. Submissions.**

(1) Introduction.

(a) Merchants are familiar with commitments that keep their business running smoothly. One such commitment is to submit Transactions conducted at Merchant's Establishments for payment.

(b) Since payment cannot occur until the Transactions are submitted, American Express encourages Merchant to submit Transactions daily even though Merchant has up to seven (7) days to do so.

(c) See Section 7(d)(2), "Processing an In-Person Charge" and Section 7(d)(10), "Processing a Credit" for additional information.

(2) Transaction Cycle. Collect Transactions during the business day and submit them through a Processor, usually at the end of a day. If Merchant has any Submission problems, contact Merchant's Point of Sale System vendor or Processor, Terminal Provider, or payment processing company.

(3) Purpose of Submission. After American Express receives the Submission, American Express processes and settles with the Merchant's payment processing company. Transactions will be deemed accepted on a given business day if processed by us before the close of business.

(4) Submission Requirements – Electronic.

(a) Merchant must submit Transactions electronically except under extraordinary circumstances.

(b) When Merchant transmits Charge Data and Transmission Data electronically, Merchant must still complete and retain Charge Records and Credit Records.

(c) A Submission must comply with the American Express Technical Specifications. Failure to follow these requirements could result in a rejection of Merchant's Submission or delay in Merchant's payment (or both). If a Batch rejects, Merchant may not be paid until the Submission is corrected and resubmitted. Merchant must work with Merchant's Terminal Provider and/or Processor, to correct the error, and then resubmit. For Submissions which fail to comply with the Technical Specifications, American Express will have the right to Chargeback.

(d) Merchant's Establishments must submit Charges and Credits only in U.S. Dollars.

(e) Charge Submissions.

(i) Merchant must submit all Charges to us within seven (7) days of the date they are incurred. Charges are deemed "incurred" on the date the Card Member indicates to Merchant that they will pay for the goods or services purchased with the Card. Charges must not be submitted to us until after the goods are shipped, provided, or the services are rendered. Merchant must submit all Charges under the Establishment where the Charge originated.

(ii) For Aggregated Charges, the Charge must be submitted within seven (7) days of the date of the last purchase (and/or refund as applicable) that comprises the Aggregated Charge. See [Section 7\(d\)\(16\)](#), "Aggregated Charges" for additional information.

(iii) Delayed Delivery Charges and Advance Payment Charges may be submitted before the goods are shipped, provided or the services are rendered. See [Section 7\(d\)\(17\)](#), "Delayed Delivery Charges" and [Section 7\(d\)\(15\)](#), "Advance Payment Charges" for additional information.

(f) Credit Submissions.

(i) Merchant must submit all Credits to us within seven (7) days of determining that a Credit is due. Merchant must submit each Credit under the Establishment where the Credit originated.

(5) How to Submit.

(a) In many cases, Merchant's Point of Sale System automatically processes the Transactions in Batches at the end of the day. To be sure, contact the Merchant's Terminal Provider or reviews the instructions for Submissions that were provided with Merchant's Point of Sale System.

(b) On busy days, Merchant's Transaction volume may be greater than Merchant's Point of Sale System's storage capability. Work with Merchant's Terminal Provider to determine Merchant's storage capacity, then determine if Merchant will need to submit more than once each day (e.g., submit a Batch at mid-day and again in the evening).

**g. Settlement.**

(1) All settlement activity is the responsibility of the Processor. After American Express receives a Submission file, American Express begins the process of settling with Merchant's payment processing company. The payment processing company will deduct from the payment to Merchant (or debit Merchant's Bank Account), the full amount of all applicable deductions, rejections and withholdings.

(2) American Express will send Settlement amounts to Merchant's payment processing company electronically for payment to Merchant.

(3) Merchant must provide Merchant's payment processing company with the bank's name and bank routing information, and Merchant's Bank Account number, and Merchant must notify Merchant's bank that Merchant's payment processing company will have access to Merchant's account for debiting and crediting the Bank Account.

(4) Merchant must immediately notify Merchant's payment processing company of any changes to Merchant's Bank Account information. Failure to notify them of such changes may cause them to delay Merchant's Settlement until updated.

(5) The policies of the financial institution at which Merchant has a Bank Account govern when funds are available from the Bank Account.

(6) American Express will not be responsible for any obligations, damages, or liabilities in excess of the amount of the applicable debit, credit, or adjustment to Merchant's Bank Account in the event that Merchant's bank does not honor any such item or improperly applies it to Merchant's Bank Account.

(7) Merchant must not bill or collect from any Card Member for any purchase or payment made on the Card unless:

(a) American Express has exercised Chargeback for such Charge;

(b) Merchant has fully paid us for such Charge; and

(c) Merchant otherwise has the right to do so.

#### **h. Protecting Card Member Information.**

(1) Data Security Operating Policy. These requirements apply to all Merchants' equipment, systems, and networks on which Cardholder Data or Sensitive Authentication Data (or both) are stored, processed, or transmitted.

(2) Definitions. For the purposes of this Section 7(h), the following definitions apply:

(a) Annual EMV Attestation (AEA) – A declaration of the status of Merchant's compliance with PCI DSS.

(b) Approved Scanning Vendors (ASVs) – Entities that have been qualified by the Payment Card Industry Security Standards Council, LLC to validate adherence to certain Payment Card Industry Data Security Standard requirements by performing vulnerability scans of internet facing environments. See Section 7(h)(5), "Periodic Validation of Merchant Systems".

(c) Attestation of Compliance (AOC) – A declaration of the status of Merchant's compliance with the PCI DSS, in the form provided by the Payment Card Industry Security Standards Council, LLC.

(d) Attestation of Scan Compliance (AOSC) – A declaration of the status of Merchant's compliance with the PCI DSS based on a network scan, in the form provided by the Payment Card Industry Security Standards Council, LLC.

(e) Cardholder Data – Has the meaning given in the then current Glossary of Terms for the PCI DSS.

(f) Card Member Information means information about American Express Card Members and Card transactions, including names, addresses, card account numbers, and card identification numbers ("CIDs").

(g) Compromised Card Number – A Card Number related to a Data Incident.

(h) Covered Party means any or all of Merchant's employees, agents, representatives, subcontractors, Processors, service providers, providers of Merchant's point-of-sale equipment or systems or payment processing solutions, and any other party to whom Merchant may provide Card Member Information access.

(i) EMV Specifications – The specifications issued by EMVCo. LLC, which are available at <http://www.emvco.com>.

(j) Merchant Level – The designation assigned to Merchants related to their PCI DSS compliance validation obligations, as described in Section 7(h)(5), "Periodic Validation of Merchant Systems".

(k) PCI Forensic Investigator (PFI) – An Entity that has been approved by the Payment Card Industry Security Standards Council, LLC to perform forensic investigations of a breach or compromise of payment card data.

(l) Qualified Security Assessors (QSAs) – Entities that have been qualified by the Payment Card Industry Security Standards Council, LLC to validate adherence to the Payment Card Industry Data Security Standard. See Section 7(h)(5), "Periodic Validation of Merchant Systems".

(m) Self-Assessment Questionnaire (SAQ) – A self-assessment tool created by the Payment Card Industry Security Standards Council, LLC, intended to evaluate and attest to compliance with the PCI DSS.

(n) Sensitive Authentication Data – Has the meaning given in the then current Glossary of Terms for the PCI DSS.

(o) Validation Documentation – Documents to be provided by Merchants under Section 7(h)(5), "Periodic Validation of Merchant Systems".

(3) Standards for Protection of Card Member Information.

(a) Merchant must, and Merchant must cause Merchant's Covered Parties, to:

(i) Store Cardholder Data only to facilitate Transactions in accordance with, and as required by, the Agreement, and

(ii) Comply with the current version of the Payment Card Industry Data Security Standard ("PCI DSS", which is available at [www.pcisecuritystandards.org](http://www.pcisecuritystandards.org)) no later than the effective date for implementing that version.

(b) Merchant must protect all Charge Records and Credit Records retained pursuant to the Merchant Processing Agreement in accordance with these data security provisions; Merchant must use these records only for purposes of the Agreement and safeguard them accordingly. Merchant is financially and otherwise liable to Processor for ensuring Merchant's Covered Parties' compliance with this Section 7(h), "Protecting Card Member Information" (other than for demonstrating Merchant's Covered Parties' compliance with this policy under Section 7(h)(5), "Periodic Validation of Merchant Systems").

(4) Data Incident Management Obligations.

(a) Merchant must notify Processor immediately and in no case later than twenty-four (24) hours after discovery of a Data Incident.

(b) Merchant must conduct a thorough forensic investigation of each Data Incident. For Data Incidents involving 10,000 or more unique Card Numbers (or otherwise at American Express' request), a PCI Forensic Investigator (PFI) must conduct this investigation. Merchant must promptly provide to Processor all Compromised Card Numbers and the forensic investigation report of the Data Incident. Merchant must work with Processor to rectify any issues arising from the Data Incident, including consulting with Processor about Merchant's communications to Card Members affected by the Data Incident and providing (and obtaining any waivers necessary to provide) to Processor all relevant information to verify Merchant's ability to prevent future Data Incidents in a manner consistent with the Merchant Processing Agreement.

(c) Forensic investigation reports must include forensic reviews, reports on compliance, and all other information related to the Data Incident; identify the cause of the Data Incident; confirm whether or not Merchant was in compliance with the

PCI DSS at the time of the Data Incident, and verify Merchant’s ability to prevent future Data Incidents by providing a plan for remediating all PCI DSS deficiencies. Upon Processor’s request, Merchant shall provide validation by a Qualified Security Assessor (QSA) that the deficiencies have been remediated.

(d) American Express has the right to disclose information about any Data Incident to Card Members, Issuers, other Processors on the American Express Network, and the general public as required by Requirements of Law; by judicial, administrative, or regulatory order, decree, subpoena, request, or other process in order to mitigate the risk of fraud or other harm or otherwise to the extent appropriate to operate the American Express Network.

(5) Periodic Validation of Merchant Systems.

(a) Merchant must take steps to validate under PCI DSS annually and quarterly the status of Merchant’s equipment, systems and/or networks (and their components) on which Cardholder Data or Sensitive Authentication Data (or both) are stored, processed or transmitted.

(b) There are three Merchant Levels. Most Merchant Levels are based on the volume of Transactions submitted by Establishments. Merchant falls into one of three (3) Merchant Levels specified in the following table:

Merchant Level	Definition	Validation Documentation	Requirement
1	2.5 million Transactions or more per year; or any Merchant that American Express otherwise deems a Level 1 Merchant	annual on-site security assessment report and quarterly network scan	Mandatory
2	50,000 to 2.5 million Transactions per year	annual Self Assessment Questionnaire and quarterly network scan	Mandatory
3	Less than 50,000 Transactions per year	annual Self Assessment Questionnaire and quarterly network scan	Strongly recommended*

\*Level 3 Merchants need not submit Validation Documentation, but nevertheless must comply with, and are subject to liability under these Program Merchant Data Security Requirements.

(c) Determine Merchant’s Merchant Level and the Validation Documentation:

Validation Documentation		
Annual Onsite Security Assessment	Annual Self Assessment Questionnaire	Quarterly Network Scans
The annual onsite security assessment is a detailed onsite examination of Merchant’s equipment, systems, and networks (and their components) where Cardholder Data or Sensitive Authentication Data (or both) are stored, processed, or transmitted. It must be performed by: o a QSA, or o Merchant and certified by Merchant’s chief executive officer, chief financial officer, chief information security officer, or principal.	The annual self assessment is a process using the PCI DSS Self Assessment Questionnaire (SAQ) that allows self-examination of Merchant’s equipment, systems, and networks (and their components) where Cardholder Data or Sensitive Authentication Data (or both) are stored, processed, or transmitted. It must be performed by Merchant and certified by Merchant’s chief executive officer, chief financial officer, chief information security officer, or principal.	The quarterly network scan is a process that remotely tests Merchant’s internet-connected computer networks and web servers for potential weaknesses and vulnerabilities. It must be performed by an Approved Scanning Vendor (ASV).

(d) Compliance and validation are completed at Merchant’s expense. By submitting Validation Documentation, Merchant represents and warrants to Processor that Merchants are authorized to disclose the information contained therein and are providing the Validation Documentation without violating any other party’s rights.

(e) If Merchant meets certain criteria, Merchant’s Merchant Level may be classified as EMV. To be eligible for Merchant Level EMV, Merchant must submit 50,000 (or more) American Express Card Transactions per year, of which total Transactions at least 75% are made by the Card Member with the physical Card present at a Point of Sale System compliant with EMV Specifications and capable of processing contact and contactless American Express Chip Cards. If Merchant is classified as Merchant Level EMV, Merchant may submit the Annual EMV Attestation (AEA) instead of other Validation Documentation.\* The AEA involves a process using PCI DSS requirements that allows self-examination of Merchant’s equipment, systems, and networks (and their components) where Cardholder Data or Sensitive Authentication Data (or both) are stored, processed or transmitted. It must be performed by Merchant and certified by Merchant’s chief executive officer, chief financial officer, chief information security officer, or principal. To fulfill validation obligations under this policy, the AEA must certify that Merchant meets the requirements for Merchant Level EMV. \* For the avoidance of doubt, if Merchant falls into Merchant Level 1 or 2 and is classified as Merchant Level

EMV, Merchant need submit only the AEA, not the other Merchant Level 1 and 2 Validation Documentation set forth in the table above.

(f) Merchants Not Compliant with PCI DSS. If Merchant is not compliant with the PCI DSS, then Merchant must complete an AOC including "Part 4. Action Plan for Non-Compliant Status" and designate a remediation date, not to exceed twelve (12) months following the date of the AOC, for achieving compliance. Merchant must submit this AOC with "Action Plan for Non-Compliant Status" to Processor by one of the methods listed in Section 7(h)(5), "Periodic Validation of Merchant Systems" upon request. Merchant shall provide Processor with periodic updates of Merchant's progress toward remediation under the "Action Plan for Non-Compliant Status." Processor shall not impose non-validation fees (see Section 7(h)(5)(f), "Non-Validation Fees and Termination of Agreement") on Merchant for non-compliance prior to the remediation date, but Merchant remain liable for all indemnity obligations for a Data Incident and is subject to all other provisions of these Program Merchant Data Security Requirements .

(g) Non-Validation Fees and Termination of Agreement.

(i) Processor has the right to impose non-validation fees on Merchant and terminate the Merchant Processing Agreement if Merchant do not fulfill these requirements or fail to provide the mandatory Validation Documentation to Processor by the applicable deadline.

(ii) Processor will notify Merchant separately of the applicable deadline for each annual and quarterly reporting period. If Processor does not receive Merchant's mandatory Validation Documentation within sixty (60) days of the first deadline, then Processor has the right to terminate the Merchant Processing Agreement in accordance with its terms as well as impose non-validation fees on Merchant.

#### **i. Fraud Prevention.**

(1) Introduction. This Section 7(i) of the Merchant Requirements offers fraud mitigation tips for both Card Present and Card Not Present Transactions.

(2) Strategies for Deterring Fraud. Implementing multiple layers of fraud protection to help secure Merchant's business is recommended. These layers may include a combination of Merchant's point of sale procedures and controls as well as implementation of fraud mitigation tools.

(3) Layers of Protection.

(a) Merchant's first layer for mitigating fraud is to follow our Card acceptance policies and procedures, as outlined in Section 7(d), "Transaction Processing." Other fraud mitigation strategies that Merchant chooses to implement may include any combination of:

(i) Recognition of suspicious behaviors or circumstances that may signal fraudulent activity;

(ii) Implementation of fraud mitigation tools that take advantage of our risk controls to identify fraudulent activity;

and

(iii) Additional risk models or controls that Merchant can develop internally or obtain externally from third parties.

(b) The implementation and use of the strategies and tools detailed in this Section 7(i), however, does not guarantee that (i) the person making the Charge is the Card Member, (ii) the Charge is in fact valid or bona fide, (iii) Merchant will be paid for the Charge, or (iv) Merchant will not be subject to a Chargeback.

(4) Card Acceptance Policies. A critical component in Merchant's overall fraud mitigation strategy is to follow American Express Card acceptance procedures, as defined in Section 7(d), "Transaction Processing". The procedures outlined in the "transaction processing" section are required under the Agreement and can also serve as a Merchant's first line of defense against potential fraud. The additional layers of fraud mitigation mentioned previously can supplement this line of defense.

(5) Card Security Features.

(a) In many cases, the physical appearance of the Card will offer the most obvious clues of fraudulent activity.

(b) American Express Card security features are designed to help Merchant assess whether a Card is authentic or has been altered. Ensure that all of Merchant's personnel are familiar with our Card's security features so they can identify potentially compromised Cards.

(c) Merchants must look for the following:

(i) Pre-printed Card Identification (CID) Numbers usually appear above the Card Number, on either the right or the left edge of the Card.

(ii) All American Express Card Numbers start with "37" or "34." The Card Number appears embossed on the front of the Card. Embossing must be clear, and uniform in sizing and spacing. Some Cards also have the Card Number printed on the back of the Card in the signature panel. These numbers, plus the last four digits printed on the Charge Record, must all match.

(iii) Do not accept a Card outside the Valid Dates.

(iv) Only the person whose name appears on an American Express Card is entitled to use it. Cards are not transferable.



(v) Some Cards contain a holographic image on the front or back of the plastic to determine authenticity. Not all American Express Cards have a holographic image.

(vi) Some Cards have a Chip on which data is stored and used to conduct a Charge.

(vii) The signature on the back of the Card must match the Card Member's signature on the Charge Record, and must be the same name that appears on the front of the Card. The signature panel must not be taped over, mutilated, erased or painted over. Some Cards also have a three-digit Card Security Code (CSC) number printed on the signature panel.

(viii) The security features for Prepaid Cards and Travelers Cheques are listed in Section 7(i)(7), "Prepaid Card Security Features" and Section 7(i)(9), "Travelers Cheque and Gift Cheque Security Features".

(d) Do not accept a Card if:

(i) The Magnetic Stripe has been altered or destroyed;

(ii) The Card Number on the front of the Card does not match the number printed on the back (when present), or the last four digits printed on the Charge Record (or both);

(iii) The Card Number or Card Member name on the front of the Card appears out of line, crooked, or unevenly spaced;

(iv) The ink on the raised Card Number or Card Member name is smudged or messy;

(v) The Card Number or Card Member name is not printed in the same typeface as the American Express typeface;

(vi) The Card Number printed on the back of the Card (when present) is different from the Card Number on the front;

(vii) The Card Number on the back of the Card (when present) has been chipped off or covered up;

(viii) The signature panel has been painted-out, erased, or written over;

(ix) There are "halos" of previous embossing or printing underneath the current Card Number and Card Member name;

(x) A portion of the surface looks dull compared with the rest of the Card. Valid American Express Cards have a high-gloss finish;

(xi) The Card has a bumpy surface or is bent around the edges;

(xii) Merchant suspect any Card security features have been compromised; or

(xiii) The Card appears physically altered in any way.

(e) If a Merchant suspects Card misuse, follow Merchant's internal store policies, and, if directed to do so, call Merchant's payment processing company and state that Merchant have a Code 10. Merchants should never put themselves or their employees in unsafe situations, nor physically detain or harm the holder of the Card.

(f) Often, Merchant can look closely at Cards to determine if they're altered or counterfeit. As another layer in Merchant's internal fraud prevention program, educate Merchant's and all Merchant's personnel on how to identify a potentially altered Card. Visit our website at: [www.americanexpress.com/fraudinfo](http://www.americanexpress.com/fraudinfo).

(6) Recognizing Suspicious Activity.

(a) Diligently scrutinizing behaviors and circumstances can help prevent Merchant from being victimized by fraud. Merchant must always be aware of circumstances that may indicate a fraudulent scheme or suspicious behaviors that may flag a fraudulent customer.

(b) A suspicious situation may arise, causing Merchant to question the authenticity of the Card, or the legitimacy of the person presenting it. Any single behavior may not be risky. However, when customers exhibit more than one of the following behaviors, Merchant's risk factor may increase:

(i) larger-than-normal Transaction dollar amounts;

(ii) orders containing many of the same items;

(iii) orders shipped to an address other than a billing address;

(iv) orders using anonymous/free email domains;

(v) orders sent to postal codes or countries where Merchant show a history of fraudulent claims;

(vi) orders of a "hot" product (i.e., highly desirable goods for resale);

(vii) customer is a first-time shopper;

(viii) customer is purchasing large quantities of high-priced goods without regard to color, size, product feature, or price;

(ix) customer comes in just before closing time and purchases a large quantity of goods;

(x) customer wants to rush or overnight the order;

(xi) customer has a previous history of Disputed Charges;

(xii) customer is rude or abusive toward Merchant; wanting to rush or distract Merchant; or

(xiii) customer frequents Merchant's Establishment to make small purchases with cash, then returns to make additional purchases of expensive items with a Card.

(c) If a Merchant suspects Card misuse, follow Merchant's internal store policies, and, if directed to do so, call payment processing company with a Code 10. **Merchants should never put themselves or their employees in unsafe situations, nor physically detain or harm the holder of the Card.**

(7) Prepaid Card Security Features.

(a) Merchant are responsible for following all our Prepaid Card acceptance procedures in [Section 7\(d\)\(21\)](#), "Processing Prepaid Cards". Although there are a number of unique Prepaid Cards, all Prepaid Cards share similar features, except that:

(i) Prepaid Cards may or may not be embossed; and

(ii) The following features may appear on the front or back of the Card (or a combination of both):

(a) The American Express logo generally appears in the bottom right corner;

(b) The words PREPAID or INCENTIVE will generally be shown above the American Express logo;

(c) Cards pre-loaded with funds may show the dollar amount or the total points (reloadable Cards generally will not show a number);

(d) The CID Number will appear usually above the Card Number or above the logo;

(e) The Card Number appears on the Card;

(f) The Valid Date or Expiration Date appears on the Card; and

(g) The recipient's name or company name may appear on the Card; otherwise a generic "Recipient" or "Traveler" may appear, or this area might be blank.

(8) Recognizing Suspicious Activity for Prepaid Cards. American Express recommends that Merchant follow the procedures in the preceding [Section 7\(i\)\(6\)](#), "Recognizing Suspicious Activity" in addition to being vigilant for the following suspicious behaviors related specifically to Prepaid Cards:

(a) Customer frequently makes purchases and then returns goods for cash. (To avoid being the victim of this scheme, Merchant should follow Merchant's internal store procedures when Merchant cannot issue a Credit on the Card used to make the original purchase);

(b) Customer uses Prepaid Cards to purchase other Prepaid Cards; or

(c) Customer uses large numbers of Prepaid Cards to make purchases.

(9) Travelers Cheque and Gift Cheque Security Features.

(a) Even though our Travelers Cheques and Gift Cheques offer more convenience and security, counterfeit products circulate worldwide. Merchant must verify all cheque products presented at Merchant's Establishment and contact the Travelers Cheque/Gift Cheque Customer Service with questions or suspicions.

(b) One of the easiest and most effective tests to determine authenticity is the smudge test:

(i) Turn the cheque over (non-signature side);

(ii) Locate the denomination on the right side of the cheque. Wipe a moistened finger across the denomination.

The ink should not smudge; and

(iii) Wipe a moistened finger across the denomination on the left side of the cheque. The ink should smudge.

(c) For Travelers and Gift Cheque acceptance procedures, see [Section 7\(d\)\(22\)](#), "Processing Travelers/Gift Cheques". American Express also recommends that Merchant follow the procedures in the preceding [Section 7\(i\)\(6\)](#), "Recognizing Suspicious Activity" to assist Merchant in the mitigation of fraud.

(d) As another layer of protection, there are a number of security features inherent in our Travelers Cheque and Gift Cheque products.

(10) Fraud Mitigation Tools.

(a) Fraud mitigation tools are available for both Card Present and Card Not Present Transactions to help verify that a Charge is valid. These tools help Merchant mitigate the risk of fraud at the point of sale, but are not a guarantee that (i) the person making the Charge is the Card Member, (ii) the Charge is in fact valid or bona fide, (iii) Merchant will be paid for the Charge, or (iv) Merchant will not be subject to a Chargeback. For optimal use of the tools, it is critical that:

(i) Merchant comply with the applicable sections of the Technical Specifications (see [Section 7\(c\)\(1\)](#), "Compliance with the Technical Specifications"); and

(ii) Merchant provide high quality data in the Authorization request.

(b) Failure to comply with all applicable sections of the Technical Specifications can impair or prevent Merchant's use of our fraud mitigation tools.

(11) Verification Services.

(a) American Express offers tools that help verify information provided by Merchant's customer for both Card Present Charges and Card Not Present Charges. These verification tools can be used in multiple layers simultaneously to help Merchant mitigate the risk of fraud, but are not a guarantee that (i) the person making the charge is the Card Member, (ii) the Charge is in fact valid or bona fide, (iii) Merchant will be paid for the Charge, or (iv) Merchant will not be subject to a Chargeback.

(b) These verification services help mitigate the risk of fraud prior to the completion of a purchase by comparing information provided by the customer at the point of sale with information on file with the Issuer. The response from the Issuer only indicates the validity of and/or discrepancies in the information Merchant provided for the customer. Although the Authorization may have been approved, Merchant can decide whether to submit the Charge based on the verification response and Merchant's internal policies.

(c) Prepaid Cards do not always require a Card Member to provide an address to the Issuer. For these Charges Merchant may receive an "Information Unavailable" response. Apply Merchant's existing policies for handling online purchases that receive an "Information Unavailable" response.

(12) Electronic Verification Services.

(a) Electronic verification services offer a cost effective way to help mitigate the risk of fraud at the point of sale. These services allow Merchant to compare information provided by the customer with information about the Card Member not available on the Card, thereby allowing Merchant to make a more informed decision about the validity of the Charge prior to completion of the purchase.

(b) Electronic verification can be used:

- (i) When processing Authorizations in real time and/or when combining Authorizations and submitting all at once;
- (ii) To help identify high-risk Charges; and
- (iii) With or in the case of some verification tools, without an Authorization request.

(13) Card Identification (CID) Verification.

(a) The Card Identification (CID) Verification tool helps mitigate fraud on keyed and swiped Charges. The CID Number is associated with each individual Card. Merchants request the four-digit CID Number printed on the Card from the customer at the time of purchase and then submit the CID Number with the Authorization request. Verification of the CID Number is one method to authenticate whether an individual making a purchase has possession of the Card.

(b) The CID Number must not be stored after Authorization even if it has been encrypted. See [Section 7\(h\)\(3\)](#), "Standards for Protection of Card Member Information" for additional information. Merchants to utilize the CID Verification tool for In-Person Charges may also qualify for the Keyed No Imprint Program. See [Section 7\(d\)\(18\)](#), "Keyed No Imprint Program".

(c) Training is recommended to minimize incorrect entries of the CID Number. Training materials are available for sales and/or telephone order representatives. To obtain these materials, see our website at: [www.americanexpress.com/fraudinfo](http://www.americanexpress.com/fraudinfo).

**j. Risk Management.**

(1) Prohibited Merchant.

(a) Any violation of the terms of the Merchant Processing Agreement, including requirements specific to American Express card acceptance, are grounds for termination of American Express Card acceptance.

(b) Additionally, American Express may cancel or disentitle Card acceptance if:

- (i) Merchant is listed on the U.S. Department of Treasury, Office of Foreign Assets Control, Specially Designated Nationals and Blocked Persons List (available at [www.treas.gov/ofac](http://www.treas.gov/ofac));
- (ii) Merchant is listed on the U.S. Department of State's Terrorist Exclusion List (available at [www.state.gov](http://www.state.gov));
- (iii) Merchant is located in or operating under license issued by a jurisdiction identified by the U.S. Department of State as a sponsor of international terrorism, by the U.S. Secretary of the Treasury as warranting special measures due to money laundering concerns, or as non-cooperative with international anti-money laundering principles or procedures by an intergovernmental group or organization of which the United States is a member; or
- (iv) Merchant's verifiable physical address is not located in the United States.

(2) High Risk Merchants.

(a) High Risk Merchants are those types of businesses that American Express determines put American Express at risk and/or whose business has excessive occurrences of fraud.

(b) If American Express determines, in our sole discretion, that Merchant meets the criteria for one or more of the High Risk Merchant categories, American Express may place Merchant in a Chargeback program and/or request termination of Card Acceptance.

(c) American Express considers a Merchant to be "high risk" if Merchant meets at least one criteria in the following table:

<b>Category</b>	<b>Description</b>
High risk industry	An establishment whose type of business has had historically high occurrences of fraud and Disputed Charges with us or as compared to other similarly situated Merchants (or both). Examples of high risk industries include: internet electronic services, nightclubs/lounges, Customer Activated Terminals (CATs).
Performance	An establishment whose recent high occurrences of fraud present an excessive risk to us. These Merchants have high occurrences of fraud and/or high fraud amounts for a number of consecutive months.
Cancelled derogatory	An establishment whose Agreement was cancelled due to unsatisfactory activity.
Fictitious	An establishment that accepts Cards fraudulently.

\*This list is not exhaustive and American Express may, in our sole discretion, consider other criteria as high risk and modify this list accordingly.

(3) Fraudulent, Deceptive, or Unfair Business Practices, Illegal Activities, or Prohibited Uses of the Card.

(a) If it is determined or there is reason to believe, in our sole discretion, that Merchant engage or have engaged (or knowingly participate or knowingly have participated) in any of the activities listed in the following table; in any scheme that defrauds American Express, Issuers, and/or our Card Members; or in business practices that American Express deems illegal, an illegal, fraudulent, deceptive, unfair or abusive, American Express may take corrective action on Merchant's Merchant Account, which may include but is not limited to:

- (i) Placement in American Express' Chargeback programs;
- (ii) Exercising Chargeback, rejecting Charges or withholding Settlements; or
- (iii) Request termination of the Agreement (including immediate termination without prior notice to Merchant) or disentitlement of Card acceptance through Merchant's payment processing company.

<b>Factoring</b>	Factoring occurs when Transactions do not represent bona fide sales of goods or services at Merchant's Establishments (e.g., purchases at Merchant's Establishments by Merchant's owners (or their family members) or employees contrived for cash flow purposes).
<b>Collusion</b>	Collusion refers to activities whereby Merchant's employee collaborates with another party to conduct fraudulent Transactions. It is Merchant's responsibility to set appropriate controls to mitigate such activity as well as to have monitoring systems to identify such activity.
<b>Marketing fraud</b>	Marketing fraud occurs when mail, telephone, or Internet Order solicitations are used for fraudulent or deceptive purposes (e.g., to obtain valid Card Member Information for fraudulent Transactions, or to charge unauthorized sales to a valid Card account).
<b>Identity theft</b>	Identity theft is the assumption of another person's identity to gain access to their finances through fraudulent Merchant setup or fraudulent Transactions.
<b>Illegal activities, fraudulent (other than marketing), unfair or deceptive business practices, or prohibited uses of the Card</b>	<p>If American Express determines, or has reason to believe in its sole discretion, that Merchant engage or have engaged (or knowingly participate or knowingly have participated) in fraudulent, deceptive, or unfair business practices, or accepted the Card to facilitate, directly or indirectly, illegal activity of any kind, and without waiving our other rights and remedies, American Express has the right to terminate the Agreement.</p> <p>If American Express finds that the Transaction involved a prohibited use of the Card (see section 7(b) "Prohibited Uses of the Card"), American Express may apply the corrective actions listed above.</p>

\*This is not exhaustive and does not reflect all circumstances under which American Express may act to protect the interest of American Express.

(b) American Express may assess fees if it is determined or American Express has reason to believe, in our sole discretion, that Merchant engage or have engaged (or knowingly participate or knowingly have participated) in any of the activities listed in the table in [Section 7\(j\)\(3\)\(a\)](#), "Fraudulent, Deceptive, or Unfair Business Practices, Illegal Activities, or Prohibited Uses of the Card" in any scheme that defrauds American Express, Issuers, and/or our Card Members; or in business practices that are deemed fraudulent, deceptive and/or unfair.

**k. Disputed Charges, Chargebacks and Inquiries.**

(1) Processor must incorporate requirements as to how they manage Merchant inquiries, disputes, and Chargebacks. Occasionally, Card Members question a Charge appearing on their billing statement. For example:

- (a) Card Member may not recognize a Charge and requests additional information about it; or
- (b) Card Member is billed for goods or services not yet received.

(2) If a Card Member disputes a Charge, American Express opens a case. American Express may also open cases when Issuers or the Network initiates disputes.

(3) Disputed Charge Process.

(a) With respect to a Disputed Charge:

- (i) Merchant may receive an Inquiry from their payment processing company prior to exercising Chargeback; or
- (ii) Prior to receiving an Inquiry, Merchant may receive a Chargeback if it determines that sufficient information is available to resolve the Disputed Charge in favor of the Card Member.

(b) American Express has Chargeback rights:

- (i) Whenever Card Members bring Disputed Charges, as described in this [Section 7\(k\)](#), or have rights under Requirements of Law or contract to withhold payments;

- (ii) In cases of actual or alleged fraud relating to Charges;

- (iii) if Merchant does not comply with the Agreement (including omitting any Transaction Data from Charge Submissions), even if American Express had notice when Merchant was paid for a Charge that Merchant did not so comply and even if Merchant obtained Authorization for the Charge in question; or

- (iv) as provided elsewhere in Merchant's Agreement with Processor.

(c) None of these actions affect procedures under any Chargeback programs in which Merchant have been placed.

**l. Specific Industries.**

(1) Introduction. This [Section 7\(l\)](#) states additional policies and procedures applicable to Merchants classified in specific industries. All other provisions and requirements of the Agreement apply to these Merchants as well. To the extent possible, the provisions of this [Section 7\(l\)](#) and the other provisions of the Merchant Requirements shall be interpreted to give each their full effect. However, if a conflict is deemed to exist between them, then the provisions of this [Section 7\(l\)](#) shall govern.

(2) Auto dealers. This section applies to Merchants classified in an auto dealer industry.

(a) The following requirements will apply to Charges for the down payment or the entire purchase price of new and used motor vehicles.

(b) Merchant may accept the Card for down payment of a motor vehicle, subject to the following provisions:

- (i) Merchant must not submit a Charge for the down payment price of a used motor vehicle unless and until Merchant have a written agreement/bill of sale signed by the Card Member setting forth the terms of the sale, including down payment price, and Merchant's cancellation policy.

- (ii) In addition to our other Chargeback rights, American Express also has Chargeback rights for any portion of the Charge for the down payment price of a used motor vehicle which is disputed by the Card Member, if such Disputed Charge cannot be resolved in Merchant's favor based upon unambiguous language contained in the written agreement/bill of sale.

- (iii) Should a Card Member exercise his or her right to rescind the written agreement/bill of sale during any rescission period set forth in the Card Member's agreement with Merchant or at law, Merchant shall submit a Credit to us promptly.

- (iv) If American Express has classified Merchant as an auto dealer of used motor vehicles exclusively, the down payment must not exceed 50% of the full purchase price of the motor vehicle.

- (v) If the Card Member denies making or authorizing the Charge, American Express will have Chargeback rights for such Charge in addition to our other Chargeback rights (see If the Card Member denies making or authorizing the Charge, American Express will have Chargeback rights for such Charge in addition to our other Chargeback rights (see [Section 7\(k\)](#), "Disputed Charges, Chargeback and Inquiries").

(c) Merchant may also accept the Card for the entire purchase price of a new or used motor vehicle, subject to the following provisions:

- (i) Merchant is classified as an auto dealer of new or new and used motor vehicles (i.e., Merchant's dealership sells new motor vehicles exclusively or both new and used motor vehicles).

(ii) The amount of the Charge does not exceed the total price of the motor vehicle after deduction of applicable discounts, taxes, rebates, cash down payments, and trade-in values.

(iii) Merchant must not submit a Charge for the entire purchase price of a new or used motor vehicle unless and until Merchant have a written agreement/bill of sale signed by the Card Member setting forth the terms of the sale, including purchase price, delivery date and Merchant's cancellation policy.

(iv) In addition to other Chargeback rights, American Express also has Chargeback rights for any portion of the Charge for the entire purchase price of a new or used motor vehicle which is disputed by the Card Member, if such Disputed Charge cannot be resolved in Merchant's favor based upon unambiguous language contained in the written agreement/bill of sale.

(v) Should a Card Member exercise his or her right to rescind the written agreement/bill of sale during any rescission period set forth in the Card Member's agreement with Merchant or at law, Merchant shall submit a Credit to us promptly.

(vi) If the Card Member denies making or authorizing the Charge and Merchant have not transferred title or physical possession of the motor vehicle to the Card Member, American Express will have Chargeback rights for such Charge in addition to its other Chargeback rights.

(3) Business-to-Business (B2B)/ Wholesale Distribution.

(a) If Merchant is classified in the business-to-business (B2B) or wholesale distribution industries, and American Express determine that Merchant is not in the Telecommunications industry, then notwithstanding the prohibition in Section 7(b), "Prohibited Uses of the Card", Merchant may accept the Card for overdue amounts to the extent that acceptance of overdue amounts is a common practice in Merchant's industry and does not constitute an attempt to obtain payment from the Card Member whose prior methods of payment have, in American Express' reasonable judgment, been difficult to collect or uncollectible. An indicator of such difficulty, for example, may be the fact that Merchant has sent an overdue customer account to collections.

(b) For the purposes of Section 7(f)(4), "Submission Requirements - Electronic", a Charge submitted by Merchant's Establishments classified in the foregoing industries will be deemed "incurred" on the date the Card Member indicates to Merchant that the Card Member will pay for the goods or services purchased with the Card, so long as:

(c) To minimize Merchant's risk of a Chargeback with B2B Charges, always:

- (i) Obtain a signature for all In-Person Charges. For Card Not Present Charges, obtain Proof of Delivery; and
- (ii) Maintain clear and accurate records of orders and returns.

(d) Notwithstanding the restriction in Section 7(f)(4), "Submission Requirements - Electronic", Merchant must not submit any Charge until the goods have been shipped or services have been provided to the Card Member. To the extent that Merchant have clearly disclosed Merchant's intentions to the Card Member and the Card Member agrees, then Merchant may submit the following types of Charges to us before Merchant ship the goods to the Card Member:

(i) Charges representing deposits on custom and special orders (so long as Merchant comply with Requirements of Law) or goods not in inventory at the time the order is placed.

(ii) Charges representing advance, partial, or full payment for goods that the Card Member requests Merchant to ship at a later date.

(4) Insurance.

(a) This section contains provisions specific to Establishments that are classified in the insurance industry. If any of Merchant's goods or services are sold or billed by independent Agencies, then Merchant must provide to American Express a list of such independent Agencies and notify us of any subsequent changes in the list.

(b) American Express may use this list to conduct mailings that encourage such independent Agencies to accept the Card. American Express may mention Merchant's name in such mailings, and Merchant must provide us with a letter of endorsement or assistance as American Express may require.

(c) Merchant must use Merchant's best efforts to encourage independent Agencies to accept the Card. American Express acknowledges that Merchant has no control over such independent Agencies. From time to time, and subject to Section 7(a), "Card Acceptance", American Express may establish joint marketing campaigns that promote Card acceptance specifically at Merchant's Establishments or, generally, at insurance companies. A necessary purpose for which Merchant submit Card Member Information that is responsive to such joint marketing campaigns includes American Express' use of that information to perform back-end analyses to determine the success of such joint marketing campaigns.

(d) American Express undertakes no responsibility on Merchant's behalf for the collection or timely remittance of premiums. American Express will not be subject to any liability, under any circumstances, for any claim arising from, or related to, any insurance policy issued by Merchant or Merchant's Agencies. Processor must indemnify, defend, and hold harmless American Express and our Affiliates, successors, assigns, and Issuers, from and against all damages, liabilities, losses, costs, and expenses, including legal fees, to Card Members (or former Card Members) arising or alleged to have arisen from Merchant's or Merchant's Agencies termination or other action regarding their insurance coverage; breach, negligent or wrongful act or omission; failure to perform under the Merchant Processing Agreement; or failure in the provision of Merchant's or their goods or services.

(e) If the Card is accepted as payment for fixed rate cash value life insurance policies or fixed rate annuities under the Agreement, Merchant represents and warrant to the Processor that the fixed rate cash value life insurance policies and fixed rate annuities for which the Card will be accepted for premium payments are not securities requiring registration under the Securities

Act of 1933, and, in addition to Merchant's other indemnification obligations to American Express, Merchant must further indemnify, defend, and hold harmless American Express and our Affiliates, successors, assigns and Issuers from and against all damages, liabilities, losses, costs, and expenses, including legal fees, arising or alleged to have arisen from Merchant's and/or Processor's breach of this representation and warranty.

(5) Oil/Petroleum.

(a) If Merchant is classified in the oil and petroleum industry, American Express may place Merchant in the Fraud Full Recourse Program if Merchant accepts Charges originating at a Customer Activated Terminal (CAT) gas pump. American Express will not exercise Chargeback up to a certain dollar amount for Charges that qualify under the Oil Fraud Protection Program (see Section 7(l)(7), "Oil Fraud Protection Program". For information about Customer Activated Terminals, see Section 7(d)(7), "Customer Activated Terminals".

(6) Oil/Petroleum Requirements.

(a) Merchant must:

(i) Obtain a unique Merchant Number for Merchant's CAT gas pump sales. If Merchant conduct any other business at Merchant's Establishment (e.g., convenience store sales, car washing services), Merchant must obtain a unique Merchant Number for those lines of Merchant's business;

(ii) Submit dealer location data along with each Authorization request and each Submission file. Dealer location data consists of Merchant's business:

- (a) dealer number (store number);
- (b) name;
- (c) street address;
- (d) city; and
- (e) postal code.

(b) Oil/Petroleum Recommendations.

(i) American Express has implemented several policies and fraud prevention tools to assist in combating fraud at the gasoline pump.

(ii) American Express recommends that Merchant:

- (a) Set a pre-Authorization request of \$100 at Merchant's CAT gas pumps;
- (b) For higher Charges such as diesel, adjust the pre-Authorization amount to accommodate the higher Charges;
- (c) Set Merchant's CAT gas pumps to shut off when they reach the pre-Authorization amount; and
- (d) Request a separate Authorization for purchases that exceed the original pre-Authorization amount.

(7) Oil Fraud Protection Program.

(a) The Oil Fraud Protection Program addresses counterfeit fraud Chargebacks at fuel pump Customer Activated Terminals (CATs). Under this program, American Express will not exercise Chargeback for the amount of the Charge up to \$100 provided that both the Establishment and each Charge meet the following criteria:

(i) the Authorization request meets the data requirements listed in Section 7(d)(7), "Customer Activated Terminals";

(ii) the Authorization request must include the correct Merchant Category Code (MCC) for "automated fuel dispensers" (5542);

(iii) the Issuer determines that the Card used to initiate the Charge was counterfeit; and

(iv) the Establishment qualified for Chargeback protection under the program at the time of the Charge, as provided in Section 7(l)(7)(b).

(b) For an Establishment to qualify under the Oil Fraud Protection Program, it (i) must authorize and submit Transactions under the unique Merchant Number (Seller ID) assigned to the Establishment, and (ii) must have, in a given month, a counterfeit fraud to Charge volume ratio below 1%. An Establishment whose counterfeit fraud to Charge volume ratio rises to or exceeds 1% in a given month will not qualify under the Oil Fraud Protection Program until the ratio falls below 1% for three (3) consecutive months. Notwithstanding the foregoing, the Oil Fraud Protection Program does not apply to Merchants that submit under one Merchant Number (Seller ID) consolidated Charges from multiple Establishments (i.e., central submitters) or to the Establishments that those Merchants submit on behalf of.

(c) American Express offers a variety of fraud prevention tools which may enable Merchants to reduce fraud in order to qualify and retain eligibility for the program. See Section 7(i), "Fraud Prevention" for more details.

(8) Restaurants. If Merchant is classified in the restaurant or bar industry, then the following Authorization procedures apply. If the final restaurant or bar Charge is no greater than the amount for which Merchant obtained Authorization plus 20% of that amount, no further Authorization is necessary. If the final restaurant or bar Charge is greater than the amount for which

Merchant obtained Authorization by more than 20%, Merchant must obtain Authorization for any additional amount of the Charge that is greater than the original Authorization. When submitting the Charge, only include the initial Approval. See Section 7(d)(9), "Charge Records" for additional information on paying a single bill with multiple Cards.

(9) Telecommunications.

(a) If American Express classifies Merchant in the Telecommunications industry, notwithstanding anything to the contrary in the Agreement, American Express may place Merchant in one or more of the following Chargeback programs:

- (i) Partial Immediate Chargeback Program for an amount of \$50 or less; or
- (ii) Fraud Full Recourse Program.

(b) American Express may establish audit procedures determined in American Express' discretion to ensure that no Charges except for Recurring Billing Charges are submitted under the Merchant Number designated for Recurring Billing Charges.

(c) The list of Affiliates that Merchant must provide to us under the "List of Affiliates" section of the Agreement must include any Agency in the geographic area where Merchant offers any Telecommunications services.

(10) Government/Utilities/Education.

(a) This section applies to Merchants classified in the government, utilities, or certain education industries (i.e. higher education, private school - kindergarten to grade 12).

(b) Customers should feel free to use all forms of payment that Merchants accept without being penalized for choosing a particular form of payment. To promote consumer choice, Merchants are generally prohibited from imposing any restrictions, conditions, or disadvantages when the Card is accepted that are not imposed equally on all Other Payment Products. See Section 7(n), "Treatment of the American Express Brand".

(c) Merchants in these industries may assess convenience fees on Charges, provided that they comply with the other requirements of this section, as follows:

(i) Merchant must not impose a higher convenience fee on Charges than it imposes on Other Payment Products, except for automated clearing house funds transfers, cash and checks. American Express views discrimination against Card Members as a breach of the Agreement.

(ii) Merchants classified as government Entities, including government utilities, and privately owned utilities may assess convenience fees on all Charges;

(iii) Merchants classified as educational institutions may assess convenience fees only on Charges for tuition, room and board, school lunch payments or other mandatory fees;

(iv) Merchant must clearly disclose the amount of convenience fees to the customer and give the customer the opportunity to cancel the Charge if the customer does not want to pay the convenience fee;

(v) Any explanation, verbal or written, describing why the convenience fee is being assessed, or how it is calculated, must characterize the convenience fee as an assessment to cover the Merchant's administrative costs and not as an assessment to cover the Merchant's cost of accepting the Card; and

(vi) Charges relating to the payment of obligations made to, or goods or services purchased from, the Merchant and the convenience fee must appear as two separate Charges on the Card Member's statement.

(d) Merchant's third-party service provider can only assess a convenience fee when it accepts the Card for the foregoing Charges in compliance with the requirements of this section.

(11) Internet/Online Pharmacies.

(a) If it is determined that Merchant is an internet/online pharmacy Merchant that accepts the Card for sales of prescription medications (as defined by Requirements of Law) in the Card Not Present environment:

(i) Merchant must be certified by the Verified Internet Pharmacy Practice Sites program of the National Association of Boards of Pharmacy ([www.nabp.net](http://www.nabp.net)); or

(ii) Merchant or Merchant's authorized representative must attest that Merchant comply with the licensing and inspection requirements of (i) U.S. federal law and the state in which Merchant are located and (ii) each state to which Merchant dispense pharmaceuticals.

(b) Upon request, Processor must promptly provide documentation that Merchant fulfills the foregoing requirements. Failure to provide this documentation promptly may result in suspension or disentanglement of Card acceptance privileges.

(c) Specific procedures exist for Transaction processing by internet/online Merchants. These procedures appear in Section 7(d)(8), "Processing a Card Not Present Charge".

(12) Online/mail order tobacco retail. If Merchant is classified or it is otherwise determined that Merchant is an online or mail order (or both) tobacco or e-cigarette Merchant, then Merchant must provide the website address of the online store from which Merchant sell Merchant's tobacco products. If Merchant's website facilitates tobacco sales, Merchant will be required on request to



provide an executed and notarized Affidavit of Compliance with Laws - Online/Mail Order Tobacco. If Merchant fails to complete the Affidavit, Card Acceptance privileges may be suspended. American Express may monitor Merchant's website

**m. Arbitration Agreement (as to Claims involving American Express).**

(1) In the event that Merchant or Processor is not able to resolve a Claim against American Express, or a claim against Processor or any other entity that American Express has a right to join, this section explains how Claims may be resolved through arbitration. Merchant or American Express may elect to resolve any Claim by binding individual arbitration. Claims will be decided by a neutral arbitrator.

(2) If arbitration is elected by any party, neither Merchant nor Processor nor American Express will have the right to litigate or have a jury trial on that Claim in court. Further, Merchant, Processor, and American Express will not have the right to participate in a class action or in a representative capacity or in a group of persons alleged to be similarly situated pertaining to any Claim subject to arbitration under this Agreement. Arbitration procedures are generally simpler than the rules in court. An arbitrator's decisions are final and binding, and the arbitrator's final decision on a Claim generally is enforceable as a court order with very limited review by a court. Other rights Merchant, Processor, or American Express would have in court may also not be available in arbitration.

(3) Initiation of Arbitration. Claims may be referred to either JAMS or AAA, as selected by the party electing arbitration. Claims will be resolved pursuant to this Arbitration Agreement and the selected organization's rules in effect when the Claim is filed, except where those rules conflict with this Agreement. Contact JAMS or AAA to begin an arbitration or for other information. Claims may be referred to another arbitration organization if all parties agree in writing, if American Express selects the organization and Merchant selects the other within 30 days thereafter or if an arbitrator is appointed pursuant to section 5 of the Federal Arbitration Act, 9 U.S.C. §§ 1-16 (FAA). Any arbitration hearing will take place in the federal judicial district where Merchant's headquarters is located or New York, NY, at Merchant's election.

(4) Limitations on Arbitration. If any party elects to resolve a Claim by arbitration, that Claim will be arbitrated on an individual basis. No Claim is to be arbitrated on a class or purported representative basis or on behalf of the general public or other persons allegedly similarly situated. The arbitrator's authority is limited to Claims between Merchant, Processor, and American Express. An arbitration award and any judgment confirming it will apply only to the specific case brought by Merchant, Processor or American Express and cannot be used in any other case except to enforce the award as between Merchant, Processor and American Express. This prohibition is intended to, and does, preclude Merchant from participating in any action by any trade association or other organization against American Express. Notwithstanding any other provision in this Agreement, if any portion of these Limitations on Arbitration is found invalid or unenforceable, then the entire Arbitration Agreement (other than this sentence) will not apply, except that Merchant, Processor, and American Express do not waive the right to appeal that decision.

(5) Previously Filed Claims/No Waiver. Merchant, Processor, or American Express may elect to arbitrate any Claim that has been filed in court at any time before trial has begun or final judgment has been entered on the Claim. Merchant, Processor, or American Express may choose to delay enforcing or to not exercise rights under this Arbitration Agreement, including the right to elect to arbitrate a claim, without waiving the right to exercise or enforce those rights on any other occasion. For the avoidance of any confusion, and not to limit its scope, this section applies to any class-action lawsuit relating to the "Honor All Cards," "non-discrimination," or "no steering" provisions of the American Express Merchant Regulations, or any similar provisions of any prior American Express Card acceptance agreement, that was filed against American Express prior to the Effective Date of the Agreement to the extent that such claims are not already subject to arbitration pursuant to a prior agreement between Merchant and American Express.

(6) Arbitrator's Authority. The arbitrator will have the power and authority to award any relief that would have been available in court and that is authorized under this Agreement. The arbitrator has no power or authority to alter the Agreement or any of its separate provisions, including this arbitration agreement.

(7) Split Proceedings for Equitable Relief. Merchant, Processor, or American Express may seek equitable relief in aid of arbitration prior to arbitration on the merits if necessary to preserve the status quo pending completion of the arbitration. This section shall be enforced by any court of competent jurisdiction, and the party seeking enforcement is entitled to seek an award of reasonable attorneys' fees and costs to be paid by the party against whom enforcement is ordered.

(8) Small Claims. American Express will not elect arbitration for any Claim Merchant properly files in a small claims court so long as the Claim seeks individual relief only and is pending only in that court.

(9) Governing Law/Arbitration Procedures/Entry of Judgment. This Arbitration Agreement is made pursuant to a transaction involving interstate commerce and is governed by the FAA. The arbitrator shall apply New York law and applicable statutes of limitations and honor claims of privilege recognized by law. The arbitrator shall apply the rules of the arbitration organization selected, as applicable to matters relating to evidence and discovery, not federal or any state rules of procedure or evidence, provided that any party may ask the arbitrator to expand discovery by making a written request, to which the other parties will have 15 days to respond before the arbitrator rules on the request. If Merchant's Claim is for \$10,000 or less, Merchant may choose whether the arbitration will be conducted solely based on documents submitted to the arbitrator, through a telephonic hearing, or by an in-person hearing under the rules of the selected arbitration organization. At the timely request of a party, the arbitrator will provide a written opinion explaining his/her award. The arbitrator's decision will be final and binding, except for any rights of appeal provided by the FAA. Judgment on an award rendered by the arbitrator may be entered in any state or federal court in the federal judicial district where Merchant's headquarters or Merchant's assets are located.

(10) Confidentiality. The arbitration proceeding and all information submitted, relating to or presented in connection with or during the proceeding, shall be deemed confidential information not to be disclosed to any person not a party to the arbitration. All communications, whether written or oral, made in the course of or in connection with the Claim and its resolution, by or on behalf of any party or by the arbitrator or a mediator, including any arbitration award or judgment related thereto, are confidential and inadmissible for any purpose, including impeachment or estoppel, in any other litigation or proceeding; provided, however, that evidence shall not be rendered inadmissible or non-discoverable solely as a result of its use in the arbitration.

(11) Costs of Arbitration Proceedings. Merchant will be responsible for paying Merchant's share of any arbitration fees (including filing, administrative, hearing or other fees), but only up to the amount of the filing fees Merchant would have incurred if Merchant had brought a claim in court. American Express will be responsible for any additional arbitration fees. At Merchant's written request, American Express will consider in good faith making a temporary advance of Merchant's share of any arbitration fees, or paying for the reasonable fees of an expert appointed by the arbitrator for good cause.

(12) Additional Arbitration Awards. If the arbitrator rules in Merchant's favor against American Express for an amount greater than any final settlement offer American Express made before arbitration, the arbitrator's award will include: (1) any money to which Merchant is entitled as determined by the arbitrator, but in no case less than \$5,000; and (2) any reasonable attorneys' fees, costs and expert and other witness fees incurred by Merchant.

(13) Definitions. For purposes of this Section 7(m) only, (i) American Express includes its Affiliates, licensees, predecessors, successors, or assigns, any purchasers of any receivables, and all agents, directors, and representatives of any of the foregoing, (ii) Merchant includes Merchant's Affiliates, licensees, predecessors, successors, or assigns, any purchasers of any receivables and all agents, directors, and representatives of any of the foregoing, and (iii) Claim means any allegation of an entitlement to relief, whether damages, injunctive or any other form of relief, against American Express or against Processor or any other entity that American Express has the right to join, including, a transaction using an American Express product or network or regarding an American Express policy or procedure.

**n. Treatment of the American Express Brand.**

- (1) Except as expressly permitted by Requirements of Law, Merchant must not:
  - (a) Indicate or imply that it prefers, directly or indirectly, any Other Payment Products over the Card;
  - (b) Try to dissuade Card Members from using the Card;
  - (c) Criticize or mischaracterize the Card or any of American Express' services or programs;
  - (d) Try to persuade or prompt Card Members to use any Other Payment Products or any other method of payment (e.g., payment by check);
  - (e) Impose any restrictions, conditions, disadvantages or fees when the Card is accepted that are not imposed equally on all Other Payment Products, except for electronic funds transfer, or cash and check;
  - (f) Suggest or require Card Members to waive their right to dispute any Transaction;
  - (g) Engage in activities that harm the American Express business or the American Express Brand (or both);
  - (h) Promote any Other Payment Products (except Merchant's own private label card that Merchant issue for use solely at Merchant's Establishments) more actively than Merchant promote the Card; or
  - (i) Convert the currency of the original sale Transaction to another currency when requesting Authorization or submitting Transactions (or both).
- (2) Merchant may offer discounts or in-kind incentives from Merchant's regular prices for payments in cash, ACH funds transfer, check, debit card or credit/charge card, provided that (to the extent required by Requirements of Law): (i) Merchant clearly and conspicuously disclose the terms of the discount or in-kind incentive to Merchant's customers, (ii) the discount or in-kind incentive is offered to all of Merchant's prospective customers, and (iii) the discount or in-kind incentive does not differentiate on the basis of the issuer or, except as expressly permitted by applicable state statute, payment card network (e.g., Visa, MasterCard, Discover, JCB, American Express). The offering of discounts or in-kind incentives in compliance with the terms of this paragraph will not constitute a violation of the provisions set forth above in this Section 7(n), "Treatment of the American Express Brand".

**o. Treatment of the American Express Marks.**

- (1) Whenever payment methods are communicated to customers, or when customers ask what payments are accepted, Merchant must indicate Merchant's acceptance of the Card and display our Marks (including any Card application forms provided to Merchant) as prominently and in the same manner as any Other Payment Products. Merchant must not use the American Express Marks in any way that injures or diminishes the goodwill associated with the Mark, nor (without prior written consent from Processor) indicate that American Express endorse Merchant's goods or services. Merchant shall only use the American Express Marks as permitted by the Agreement and shall cease using our Marks upon termination of the Agreement.
- (2) For additional guidelines on the use of the American Express Marks, contact Processor.

**p. Treatment of American Express Card Member Information.** Any and all Card Member Information is confidential and the sole property of the Issuer, American Express or its Affiliates. Except as otherwise specified, Merchant must not disclose Card Member Information, nor use nor store it, other than to facilitate Transactions at Merchant's Establishments in accordance with the Agreement.

**q. Additional Definitions.**

(1) General. Except as set forth in Section 7(q)(2), capitalized terms used in this Section 7 shall have the meaning given to them in this Operating Guide.

(2) American Express Defined Terms. Solely for purposes of this Section 7, these terms mean as follows:

**“American Express Brand”** means the American Express name, trademarks, service marks, logos, and other proprietary designs and designations and the imagery owned by American Express or American Express Affiliate and the goodwill associated with all of the foregoing and with all the goods and services now and in the future provided, marketed, offered, or promoted by American Express or an American Express Affiliate.

**“American Express Network”** or **“Network”** means the network of Merchants and the operational, service delivery, systems, and marketing infrastructure that supports this Network and the American Express Brand.

**“American Express Technical Specifications”** means the set of technical requirements to participate in the Program, which includes requirements for connectivity to the Network, electronic Transaction processing, and capturing of Merchant Data, which American Express may update from time to time.

**“Approval”** means a message from American Express granting the Authorization in response to a request for Authorization from a Merchant, consisting of a six-digit Approval code.

**“Authorization”** means the process of a Merchant obtaining an approval code for a Charge from American Express.

**“Card”** means (a) any card, account access device, or payment device or service bearing an American Express or an American Express Affiliate trademark or logo and issued by an Issuer or (b) an account number issued by an Issuer, which can be used to purchase goods or services at Merchants on the American Express Network.

**“Card Member”** means an individual, corporation, partnership, trust, association, or any other legally recognized Entity or organization that has entered into an agreement and established a Card account with any Issuer, or whose name appears on a Card.

**“Card Member Information”** means information about Card Members and Card transactions, including names, addresses, Card account numbers, and Card Identification Numbers (*CIDs*).

**“Card Number”** means a unique identifying number that an Issuer assigns to the Card when it is issued.

**“Card Not Present Charge”** means a Charge for which the Card is not presented at the point of sale (e.g., Charges by mail, telephone, fax or the Internet).

**“Card Present Charge”** means a Charge for which the physical Card and Card Member are presented at the point of sale. Card Present Charges include both In-Person Charges and Charges made at Customer Activated Terminals. A **“Customer Activated Terminal”** (or CAT) is an unattended, Magnetic-Stripe-reading POS system (e.g., gasoline pump, vending machine) that dispenses a product or provides a service paid for with a Card. An **“In-Person Charge”** is a Card Present Charge that is not made at a CAT.

**“Charge”** means the total price, including all applicable taxes and gratuities, for the purchase of goods or services at a Merchant for which a Card Member has signed a Charge Record or otherwise indicated intent to pay with the Card.

**“Charge Volume”** means, with respect to each Merchant, total Charges on net purchases less Chargebacks, Credits, and any other amounts owed to American Express by such Merchant. Chargeback means an amount which American Express is entitled to collect from Processor in accordance with the chargeback process described in Section 7(k) above.

**“Charge Record”** means a reproducible (both paper and electronic) record of a Charge that complies with American Express’ requirements and that contains the account number, transaction date, dollar amount, Approval code, signature (if applicable) and other data as stated in the Merchant Processing Agreement.

**“Credit”** means an amount to be credited to a Card Member’s Card account for return of goods or services originally purchased with the Card or for resolution of a dispute or complaint with a Card Member.

**“Decline”** means a message from American Express denying the grant of Authorization in response to a request for Authorization from the Merchant.

**“Disputed Charge”** means a Charge about which a claim, complaint, or questions has been brought.

**“Establishment”** means any or all of a Merchant’s locations, outlets, websites, online networks, and all other methods for selling goods and services, including methods that the Merchant adopts in the future.

**“Fraud Full Recourse”** means a program pursuant to which American Express may Chargeback without first sending an Inquiry anytime a Card Member disputes a Charge based on actual or alleged fraud. Merchant may be placed in this program for one or more of the following reasons: (i) American Express determines that the Merchant is a High Risk Merchant meaning it is in a high-risk industry; (ii) American Express receives a disproportionately high number of Disputed Charges relative to Merchant’s prior history or industry standards; or (iii) Merchant engages or participates in illegal, fraudulent, deceptive, unfair or abusive business practices, illegal activities, or prohibited uses of the Card.

**“Full Recourse”** means American Express’ right to obtain reimbursement from a Merchant for the full amount of a Charge through a Chargeback.

**“High Risk Merchant”** means a Program Merchant within a High Risk Merchant industry as described in Section 7(j)(2)(c).

**“Inquiry”** means a request for information that American Express sends to Processor about a Disputed Charge.

**“Issuer”** means any Entity (including American Express and American Express Affiliates) authorized by American Express or an American Express Affiliate to issue a Card and to engage in the Card issuing business.

**“Magnetic Stripe”** means a stripe on the back of a Card that contains Card Member and account information in machine readable form.

**“Merchant Data”** means names, postal and email addresses, tax ID numbers, names and social security numbers of the authorized signer of Merchants and similar identifying information about Merchants. For clarification, Merchant Data does not include Transaction Data.

**“Merchant Number”** means the unique number assigned by American Express to Merchant.

**“Merchant Processing Agreement”** means an agreement between Processor and Merchant (other than a Sponsored Merchant) that authorizes the Merchant to (a) accept Cards or Other Payment Products and (b) receive processing and settlement services from Processor.

**“OFAC”** means the Office of Foreign Assets Control of the US Department of the Treasury.

**“Other Payment Products”** means any charge, credit, debit, stored value or smart cards, account access devices, or other payment cards, services, or products other than the Cards.

**“Submission”** means a collection of Transaction Data that Merchant sends to Processor for submission to American Express.

**“Transaction”** means a Charge or Credit completed by means of a Card.

**“Transaction Data”** means all information required by American Express evidencing Charges or Credits, including information obtained at the point of sale, information obtained or generated during Authorization and settlement, and any Chargeback or other fee information related to a Transaction.

**“Transmission”** means a method of sending Transaction Data to American Express, whereby Transaction Data is transmitted electronically over communications lines.

## **8. PAYPAL PROGRAM REQUIREMENTS.**

### **a. PayPal Acceptance.**

(1) In-Store Checkout Availability. To ensure consumers know they can use PayPal Payment at the point of sale, Merchant shall:

(a) Display PayPal decals in store location;

(b) Enable the display of PayPal word mark or logo on receipts;

(c) Accept PayPal Payments at the point of sale; and

(d) Update promotional materials and technical applications to include PayPal Acceptance as part of integrated materials for payment acceptance at the point of sale. For a Point of Sale Device that requires a payment type to be selected, the PayPal Account Holder should be instructed to select credit (not debit).

(2) Paying at Point of Sale. The following are ways for Merchant to enable PayPal Acceptance for In-Store Checkout:

(a) PayPal Payment Card and Signature: Merchant may enable the customer to swipe his or her PayPal Payment Card and sign for the purchase unless No Signature Required Sales applies. An Approved Authorization from PayPal is required for all Sales Transactions.

(b) PayPal Payment Code: Merchant may scan or key-enter the value associated with a PayPal Payment Code presented by the customer for purchases. A PayPal Payment Code is digitally generated by PayPal and may be presented by the customer using a mobile application or PayPal receipt to be scanned into the POS system. Key-entered Payment Codes should only be used where scan is not available or possible. Payment Codes are designed for a single usage and are valid for a limited duration. An Approved Authorization from PayPal is required for all Sales Transactions. Payment Codes can be used for making purchases, refunds, or as proof of signature for In-Store pickup.

(3) Equal Treatment. Merchant may not refuse to accept PayPal Payment Cards when properly presented for payment. Merchant may not institute or adopt any practice that unfavorably discriminates against or provides unequal and unfavorable treatment against PayPal Account Holders or disadvantage them from using PayPal Payment Cards except if applicable to the Merchant’s own proprietary payment options or to the extent such restrictions are prohibited by Requirements of Law, or as expressly permitted by Section 8(a)(5).

(4) Honoring Cards. Merchants that accept PayPal at the point of sale must accept any valid PayPal Payment Card that a PayPal Account Holder presents for payment. The Merchant must not require the PayPal Account Holder to sign a statement that waives their right to Dispute a PayPal Transaction as a condition of using their PayPal Payment Card.

(5) Surcharges and Discounts. Merchants may not assess a surcharge or any other fee for accepting PayPal as a payment method. Merchant may offer discounts or in-kind incentives for payment by different tender types (e.g., a discount for payment by cash or merchant branded card) subject to the restrictions in Section 8(a)(3).

(6) Employee Actions or Omissions. Merchant is responsible for ensuring its Agents, employees, and representatives are familiar with the procedures in these Operating Regulations, including identifying a valid PayPal Payment Card, obtaining an

Authorization Approval Code, and conducting PayPal In-Store Checkout Transactions. Merchant also is responsible for the actions and omissions of its employees, Agents, and representatives in connection with its acceptance of PayPal Payments, including any fraud committed by, and/or any intentional or negligent acts or omissions by, any of its owners, officers, or employees.

(7) Restrictions on Contact with PayPal Account Holders. Merchant may not use PayPal Account Holder Data or contact the PayPal Account Holder for matters outside of the Transaction, unless Merchant has explicit consent from the PayPal Account Holder or where permitted by the Program Documents or Requirements of Law in all cases consistent with PayPal Privacy Policy. Merchant may not collect additional personal information from PayPal Account Holder during a Transaction, without explicit written consent from PayPal, unless the Program Documents specifically permits otherwise.

(8) Prohibited Use. Merchant may not use the PayPal services for activities that are listed in the Prohibited Use and Prohibited Merchant Categories of Appendix C under these Operating Regulations.

**b. Merchant Eligibility.**

(1) Prior to enabling the Merchant for PayPal Acceptance, Merchant shall permit Processor to conduct commercially reasonable due diligence to confirm the eligibility of each prospective merchant to be a Merchant for the purposes of PayPal Acceptance. As part of its Merchant due diligence program, Merchant shall permit Processor to apply the due diligence and eligibility procedures described below.

(2) As part of the Merchant due diligence, Merchant shall permit Processor to obtain access to all information reasonably necessary to complete each of the following procedures:

(a) Verify the Identity and creditworthiness of the Merchant;

(b) Confirm that none of the Merchant's business locations at which it would accept PayPal In-Store Checkout Transactions operates in any Prohibited Merchant Category;

(c) Confirm that the Merchant, its directors, officers, and Affiliates are not Sanctioned Persons;

(d) Verify that the Agent will (i) comply with Requirements of Law and comply with Operating Regulations and (ii) would not cause Processor or PayPal to violate Requirements of Laws; and

(e) Confirm that the procedures currently used by the Merchant to accept, process, and transmit payment information comply with the security and encryption requirements of the PCI Data Security Standards, the Program Documents, and applicable security requirements.

(3) Merchant shall permit Processor to conduct a physical inspection of each retail location at which a prospective Merchant proposes to accept PayPal In-Store Checkout Transactions or at which an existing Merchant accepts PayPal In-Store Checkout Transactions. In connection with its inspection, Merchant shall permit Processor to verify the following as applicable:

(a) Proper display of the PayPal Acceptance Mark;

(b) The presence of Point of Sale Devices or other means of conducting and recording Transactions as required in the PayPal Operating Regulations;

(c) Merchandise on display (related and relevant to the type of business that will be described when registering the Merchant with PayPal and to the Merchant Category Code that the Processor will assign);

(d) Sufficient inventory on premises to transact business;

(e) Evidence of being an operating business (e.g., bank and supplier documentation, physical presence); and

(f) A working telephone and storefront.

(4) Merchant shall notify Processor immediately of any change to the information in its application for PayPal Acceptance, including if the Merchant engages in, or in the future expects to engage in, any new lines or types of business activities not disclosed to Processor during its initial due diligence of Merchant (as described under paragraphs (1)-(3) of this Sections 8(b)) or if the Merchant changes its business activities in any of the following ways:

(a) Change of ownership;

(b) Change in type or kind of business including change of goods sold;

(c) Change in Merchant Identity, including corporate/legal name or address;

(d) Closing or liquidating business entirely or any locations;

(e) Voluntary or involuntary party in a bankruptcy case;

(f) Entry into a loan or other agreement with a third party that seeks to affect the Merchant Agreement; and

(g) Change to the entity that is a party to the Merchant Agreement or entities listed in Processor records, including by merger or acquisition.

(5) Sales by a Merchant relating to a new business activity of which Processor has not been notified in accordance with Section 8(b)(4) may be rejected or subject to Dispute.

**c. Payment Service Providers.** The following additional terms apply to Payment Service Providers (PSP) who facilitate acceptance of PayPal by a PSP Sponsored Merchant:

- (1) PSP shall provide all Authorization, Settlement, Dispute and any related services to PSP Sponsored Merchants in accordance with the Program Documents
- (2) PSP shall conduct a thorough due diligence investigation of each PSP Sponsored Merchant that is at least as comprehensive as the due diligence investigation that Processor is required to conduct on PSP. PSP shall capture, store, and upon request submit complete due diligence documentation regarding PSP Sponsored Merchants. PSPs to assign accurate MCCs to each of its PSP Sponsored Merchants.
- (3) PSP must only accept, and must only submit to Processor for submission to PayPal, bona fide Transactions conducted by its PSP Sponsored Merchants. A PSP must not accept or submit to Processor for submission to PayPal any Transactions submitted by a PSP Sponsored Merchant on behalf of any Person other than the PSP Sponsored Merchant.
- (4) PSP must enter into a PSP Merchant Agreement with each PSP Sponsored Merchant, which must contain the Merchant Agreement requirements and any specific PSP Merchant Agreement requirements, set forth in the Program Documents.
- (5) PSP may not enter into a PSP Merchant Agreement with any PSP Sponsored Merchant outside of the Authorized Jurisdiction.
- (6) PSP may not be a PSP Sponsored Merchant of another PSP and PSP may not process or submit Transactions to PayPal on behalf of another PSP.
- (7) PSP may not submit its own Transactions to the Acquirer for processing by PayPal unless the PSP registers as a traditional Merchant engaging in the direct sale of goods and/or services.
- (8) PSP is responsible for all acts and omissions of its PSP Sponsored Merchants as if they were the acts and omissions of the PSP itself, including the PSP Sponsored Merchants' obligations to comply with the security requirements. PSP shall provide, upon request, copies of all relevant reporting provided by the PSP to its PSP Sponsored Merchants.
- (9) PSP must submit to PayPal in all Transaction requests and submissions, both the corresponding MCC and Soft Descriptor for the Sponsored Merchant of the PSP. Refer to the Technical Specifications for more details.
- (10) The Processor is also responsible for ensuring that each PSP Sponsored Merchant Agreement entered into by its PSPs includes, and that the PSP enforces against the PSP Sponsored Merchant, each of the following provisions:
  - (a) Provisions including the same terms and conditions that the Acquirer is required to include in its Merchant Agreements, to the extent applicable.
  - (b) Provisions retaining the right of the Acquirer, the PSP, or PayPal to terminate the PSP Sponsored Merchant or processing services for the PSP Sponsored Merchant, as applicable, for fraudulent activity or other violations of the Program Documents.

**d. Sharing and Use of Transaction Data.**

- (1) Processor may disclose Transaction Data and related Merchant information to PayPal, regulatory authorities, and other entities to whom PayPal is required to provide such information for the purposes deemed necessary and related to performing Transactions or to comply with Requirements of Law and Regulations. Such information includes, without limitation:
  - (a) Detailed information about the Transactions conducted by Merchants, including Transaction Data required by these Program Documents, to be delivered to PayPal in connection with Authorization Requests, Transaction Data, and Dispute responses.
  - (b) Aggregate and individual Merchant information and detail about the transactions accepted by Merchants, including the Merchant Category Code assigned by the Acquirer to a Merchant.
  - (c) Collective and detailed information about individual Merchant's Transactions, Disputes, and other information reasonably required by PayPal during an investigation of a Merchant.
  - (d) Information regarding the aggregate number, type, and kind of Transactions accepted by Merchants, individually and in the aggregate, in the Authorized Jurisdiction.
- (2) Merchant and its principals authorize Processor to disclose their business and registration information to PayPal, and to permit PayPal to disclose to regulatory authorities or other entities as required by Requirements of Law.
- (3) Merchant acknowledges and agrees that information publicly disclosed by the Merchant, such as telephone numbers, URLs, contact information, and ability to accept PayPal for In-Store Checkout Transactions may be compiled by PayPal or third parties in a database designed to encourage and promote such programs.
- (4) Prohibited Uses. Merchant shall not:
  - (a) Use, store, or disclose PayPal's confidential information, any PayPal Account Holder Data, or Transaction Data other than as necessary to complete a Transaction.
  - (b) Retain or store PayPal Account Numbers, Track Data, or Transaction Data.
  - (c) Use PayPal Account Holder's personal information for marketing and/or other purposes without explicit consent from the PayPal Account Holder.

**e. Merchant Roles and Responsibilities.**

(1) Authorization Approval. When accepting PayPal In-Store Checkout Transactions, the Merchant must obtain an Authorization Approval Code, and prepare and transmit Transaction Data for every PayPal In-Store Checkout Transaction, subject to Requirements of Law and consistent with the Merchants obligations under the Program Documents.

(2) Acceptance Requirements. To accept PayPal In-Store Checkout Transactions, the Merchant must:

- (a) Obtain Authorization Approval Response from PayPal;
- (b) Obtain the PayPal Account Holder's signature where applicable;
- (c) Provide the PayPal Account Holder with a Transaction Receipt as required in the PayPal Operating Regulations;

and

(d) Prepare and transmit Transaction Data for every PayPal In-Store Checkout Transaction, subject to Requirements of Law.

(e) Exceptions to these requirements are laid out in Section 8(f) below.

(3) Verification of the PayPal Payments. A customer paying for purchases of goods or services using their PayPal Account may present a PayPal Payment Card or a PayPal Payment Code to Merchant at the Point of Sale. If the customer presents a PayPal Payment Card to make purchases for goods or services, the Merchant shall perform the following to verify the validity of the PayPal Payment Card:

- (a) Verify PayPal Payment Card characteristics and PayPal Marks for Transactions;
- (b) Verify the signature on the back of the PayPal Payment Card;

(c) If the PayPal Payment Card is unsigned, the Merchant may request a government-issued photo ID and request the PayPal Account Holder to add his/her signature to the signature panel located on the back of the PayPal Payment Card.

(d) If the customer presents a PayPal Payment Code to pay for purchases of goods or services, the Merchant must scan or key-enter the value associated with the Payment Code directly into the Point of Sale system.

(4) PayPal Payment Card Security Features. Merchant must verify that any PayPal Payment Card presented at the point of sale is valid prior to initiating a transaction.

(a) The PayPal Payment Card is valid when it has the PayPal logo on the front and the following mandatory features on the back:

- (i) PayPal Account Holder name;
- (ii) Last 4 digits of the Account Number printed on the PayPal Payment Card;
- (iii) Valid thru mm/yy date; and
- (iv) Tamper proof signature panel.

(b) The design and layout of information on the card may vary over time, but the mandatory features listed above will always be available on the PayPal Payment Card. Transactions processed using PayPal Payment Cards that do not have all of these features may be subject to Dispute under the Dispute Rules.

(5) CID Validation Numbers. For Merchant POS devices that prompt for an entry of the CID, Merchant must enter the three (3) digit number printed to the right of the signature panel on the back of the PayPal Payment Card.

(6) Verification of Signature. For purchase amount greater than fifty dollars (\$50), the PayPal Account Holder's signature is required and will be needed as a proof of purchase in case of a Dispute per the Dispute Rules.

(a) If the signature is missing or questionable, Merchants may verify the PayPal Account Holder's signature as follows:

(i) If the PayPal Payment Card is unsigned, the Merchant may request a government-issued photo ID and request the PayPal Account Holder to add their signature to the back of the Card.

(ii) If the signature on the back of the PayPal Payment Card appears tampered with (e.g. erased and written over), the Merchant may request a government-issued photo ID to validate cardholder identity.

(b) The PayPal Account Holder's signature may be captured electronically or on a physical Transaction Receipt. Purchases equal to or less than fifty dollars (\$50) do not require a signature (See Section 8(f) for more information on the special circumstances for "No Signature Required Sales".)

(7) Documentation of Sales. Merchants must provide the PayPal Account Holder with a copy of the Transaction Receipt at the time of Sale unless the Sale qualifies for the special circumstance of "No Signature Required Sales".

(a) The printed Transaction Receipt must include the following information on the PayPal Account Holder's copy of the Transaction Documentation:

- (i) Last 4 digits of the Account Number;
- (ii) PayPal Account Holder's name;
- (iii) Merchant's name and location (as known to the PayPal Account Holder);
- (iv) Total dollar amount of the transaction including tax and gratuity;

- (v) Authorization Approval Code;
- (vi) Transaction Date;
- (vii) PayPal word mark or logo (required no later than April 30, 2014); and
- (viii) Refund/Return Policy (optional).

(b) Where a signature is required, the PayPal Account Holder should sign the Transaction Receipt in the Merchant's presence and the Merchant should confirm that the signature on the receipt matches the signature on the back of the PayPal Payment Card. Signatures may be accepted electronically or on a printed sales document.

(c) Merchants who have restricted policies for refund or return on purchases are recommended to print the Refund/Return Policy onto the Transaction Document near the signature area.

(8) Credits for Returns.

(a) A PayPal Account Holder may seek to return items per the Merchants return policy for a Credit of the applicable amount to their PayPal Payment Card account. Merchants must have an explicit returns policy posted at the point of sale location or printed on the Transaction Receipt. Applicable Credits for returns should be refunded to the same tender type used for the Sale, which in this case would be the PayPal Account.

(b) Refund Receipt Requirements. The Merchant must provide a refund receipt to the PayPal Account Holder for all refund or Credit Transactions. The refund receipt must have the following:

- (i) Last 4 digits of the Account Number;
- (ii) PayPal Account Holder's name;
- (iii) Merchant's name and location (as known to the PayPal Account Holder);
- (iv) Date of Credit issuance; and
- (v) Dollar amount of the Credit, sales tax Credit and total amount of the Credit.

(c) Merchant must submit a refund transaction notification to PayPal in accordance with the Technical Specifications.

(9) Exchanges. A Merchant may perform an exchange of goods of equal value without triggering a need for two (2) new transactions (a refund Transaction and a new Sale) but they must provide a return receipt. An uneven exchange requires a refund transaction notification of the original Sale and the processing of a new Sale.

(10) Obtain Authorization Responses. An Authorization Request allows PayPal to validate the PayPal Account Holder's information and provide a Merchant with an approval or decline decision regarding the Sale. The Merchant must submit an Authorization Request and obtain an Authorization Approval Code from PayPal in the Authorization Response for each Transaction accepted. Data submitted in the Authorization Request and received in the Authorization Response must comply with the Technical Specifications. The complete, unaltered Track Data is required for all Transactions authorized by the PayPal Payment Card. The Merchant shall accept payment only if an Authorization Approval Code is received in the Authorization Response from PayPal. Transactions processed without an Authorization Approval Code from PayPal may be subject to Dispute under the Dispute Rules. The Authorization amount should be the total sales amount for goods and services including tax, tips and any applicable charges relevant for the Sale and typical of the Merchant's industry. An Authorization Approval Code will remain valid for ten (10) calendar days from the date of the Authorization Response unless explicitly stated in [Section 8\(f\)](#).

(a) Authorization Floor Limit. There is a zero dollar (\$0) floor limit for Authorizations. All transactions require an Authorization Approval Code in the Authorization Response from PayPal no matter how big or small the Sales amount. Acceptance of a Transaction above the floor limit of \$0 without obtaining an Authorization Approval Code in the Authorization Response may be disputed under the Dispute Rules.

(b) Partial Authorization Responses. PayPal may return a Partial Authorization Response when the approved amount is less than the Authorization amount submitted in the Authorization Request. If the Merchant receives a Partial Authorization Response, the Merchant may accept payments for up to the approved amount received from PayPal. Any amount in excess of the approved amount received in the Partial Authorization Response may be subject to a Dispute per the Dispute Rules.

(c) Declined Authorization Code. If the Merchant receives a Declined Authorization Code, the Merchant should not complete the Sale. The Merchant may not disclose any decline reasons to the PayPal Account Holder and should direct the PayPal Account Holder to contact PayPal if they have any questions regarding the decline.

(d) Data Transmission Requirements for Authorizations. If data in an Authorization Request is inconsistent with corresponding Transaction Data then the Transaction may be subject to Dispute under the Dispute Rules. Inconsistencies may include for example:

- (i) MCC in the Transaction Data is prohibited or is significantly different from the information submitted during registration;
- (ii) Authorization Request was declined;
- (iii) Transaction is out of compliance with the Program Documents; or
- (iv) Amount in Transaction Data does not match the Authorization Request amount and do not fall within permissible tolerance limits.



(e) Cancellation of Authorization. Merchant should promptly cancel any Authorization that they do not intend to submit for Settlement.

(11) Authorization Tolerance Levels. PayPal permits a Tolerance Level for Merchants operating in certain MCCs to allow for potential differences between the estimated amount in the Authorization Request and final Sale amount. Tolerance variance applies to full Authorization amount and is not applicable to Partial Authorization Responses. Sales amount in excess of the applicable Tolerance Level require a new Authorization Request or are subject to Dispute under the Dispute Rules. Transactions where the final Sale amount is less than the permitted Tolerance Level are not subject to Dispute under the Dispute Rules for failure to submit and obtain approval of a new Authorization Request.

(a) The following specific Merchant Category Codes are permitted up to a 20% variance to allow for tips and gratuities:

- (i) 4121 – Taxicabs and Limousines;
- (ii) 5812 – Eating Places and Restaurants;
- (iii) 5813 – Drinking Places (Bars and Taverns);
- (iv) 5814 – Fast Food Restaurants;
- (v) 7230 – Beauty and Barber Shops; and
- (vi) 7298 – Health and Beauty Spas.

(b) Tolerance Level for additional Merchant Category Codes (e.g., Travel) can be found in [Section 8\(f\)](#).

(12) Prepare and Transmit Transaction Data.

(a) This section covers PayPal policies for submitting Transaction Data as arranged with Processor. While an Authorization creates a permission to perform a Sale with knowledge the Account is good for payment, the Transaction Data is the capture of that Sales. Prompt submission of Transaction Data is the best way to ensure the Sale is processed effectively and with minimal disputes. In general, the Merchant must submit Transaction Data at the end of each Business Day. The Merchant shall prepare and transmit Transaction Data to PayPal within ten (10) calendar days of the in-store Transaction date unless the Merchant has been notified in writing of a different submission deadline(s) as indicated in the section on Special Circumstances. Transaction Data must be submitted to PayPal electronically within the submission deadlines as specified in the Technical Specifications. Transaction Data submitted after the submission deadline may incur higher Fees, delays in Settlement or be subject to Dispute under the Dispute Rules.

(b) Transmitting Transaction Data through Processor. Merchants must submit Transaction Data on each Business Day that Merchants have Transaction Data and in the format specified by Processor. Merchant is responsible for the data fitting the appropriate message standards.

(c) Supplementary Data Records. Merchants operating in the following Merchant categories may be required to submit additional information, as allowable by law and consistent with the Supplementary Data Records in the Technical Specification and Dispute Rules:

- (i) Vehicle Rentals;
- (ii) Airlines and Railway; and
- (iii) Hotel.

(d) The Merchant is responsible for, and shall indemnify and hold PayPal, Processor and Bank harmless against, any and all claims, damages, and lawsuits arising in any way out of transactions for which they do not submit Transaction Data, fail to submit by the submission deadline and/or Transaction Data that document factoring.

(13) Invalid, Missing, or Unreadable Transaction Data. In the event that all or a portion of the Transaction Data submitted is invalid, missing, or unreadable, Merchant remain responsible for:

- (a) Immediately resubmitting valid, readable Transaction Data in proper form;
- (b) Any loss with respect to the affected Transactions, including for damage to or destruction of Transaction Data until complete, usable Transaction Data is successfully received; and
- (c) Higher Fees or late presentment penalties related to the timeliness of the Transaction Data submission.

(14) Record Retention. Merchant agrees to keep a copy of all Transaction Data, Transaction Documentation and other documents related to the performance of Your obligations under the Program Documents, including shipping invoice and Proof of Delivery for the later of:

- (a) One (1) year from the Transaction Date; or
- (b) Two (2) years from the Transaction Date if the Transaction was subject to Dispute or as required by Requirements

of Law.

**f. Special Circumstances.**

- (1) No Signature Required Sales.

(a) Sales of \$50.00 or less, including applicable taxes and gratuity, are eligible as No Signature Required Sales and are not subject to Dispute under the Dispute Rules for failure to obtain the PayPal Account Holder's signature on Transaction Documentation if the below criteria is met:

- (i) The full Track Data is submitted in the Authorization Request for card swipe transactions; and
- (ii) Merchant received an Authorization Approval Code in the Authorization Response from PayPal.

(b) Merchants processing Sales Transactions using a PayPal Payment Code with an Approved Authorization from PayPal will not be required to obtain a signature from the PayPal Account Holder unless notified by PayPal in writing. Merchants qualifying for No Signature Required Sales are not required to provide a Sales Receipt unless requested by the PayPal Account Holder.

(2) Delayed Delivery Sales. Some Merchant businesses allow an initial deposit and then the remaining balance is paid upon completion of the work or delivery of goods. A separate Authorization is required for each Delayed Delivery Transaction.

(a) Deposit and Balance Transactions. For delayed delivery Sales in which the Merchant charges a deposit, the Merchant must prepare separate Transaction receipts for each transaction (e.g., one Transaction Receipt labeled "Deposit" and another labeled "Balance"). A separate Authorization Approval must be obtained for the Sales amount on each Transaction Receipt that is billed to the PayPal Account Holder.

(b) Settlement of Delayed Delivery Sales. The Merchant may not submit Transaction Data relating to the transaction labeled "Balance" until the goods or services are completely delivered to the PayPal Account Holder. If the final delivery date of the transaction labeled "Balance" exceeds the submission deadline allowable for the Merchant, a second or subsequent authorization is required for the 'Balance' due on a Delayed Delivery Transaction. The new Authorization Request may be submitted without the track data or requiring the customer to be present. An approval from PayPal is required in the Authorization Response in order to submit the Transaction for settlement. Failure to obtain a new Authorization Approval may subject the Transaction to dispute resulting in Chargebacks.

(c) Proof of Delivery. The Merchant must obtain evidence of successful delivery (e.g., Proof of Delivery receipt) for all delayed delivery Sales. Delayed Delivery Sales without proper Proof of Delivery may be subject to Dispute. The Merchant must provide Proof of Delivery upon request in the event of a Dispute. Merchant may refer to the Dispute Rules document for more information about the acceptable data required for Proof of Delivery.

(3) Store Closings or Liquidation. The Merchant must comply with the following requirements during the liquidation and/or closure of any outlets, locations, and/or entire business:

- (a) Post signs visible to PayPal Account Holders stating that "All Sales Are Final" during the liquidation;
- (b) Stamp or print a notice that "All Sales Are Final" on Transaction Documentation to indicate the PayPal Account Holder's acknowledgement that refunds or returns are not permitted;
- (c) Officially notify Processor to identify the locations that are subject to closure and/or liquidation; and
- (d) In the event that a liquidating agent becomes involved with the closure and/or liquidation of any locations, the liquidating agent must obtain its own Merchant account with Processor for each location being liquidated and use that number to process sales.

(4) Automated Terminals or Point of Sale Devices.

(a) Self-Service Terminals. Self-Service terminals are also commonly referred to as customer checkout where one store employee monitors several point of sale stations where customers can check themselves out. Transactions conducted at a Self-Service Terminal should comply with all of the requirements in the Program Documents for a PayPal In-Store Checkout Transaction. There is no difference in the rules for these terminals.

(b) Customer Activated Terminals (CATs).

(i) Merchants are eligible to use CATs to conduct Sales if approved by Your Acquirer. These include unmanned parking meters, kiosks and vending machines. Petroleum Merchants (MCC 5542 automated fuel-dispensers), also known as pay-at-the-pump Transactions are excluded from this section and are governed by Section (8)(f)(4)(c) below.

(ii) If Merchants use CATs to conduct Sales, the following rules apply:

- (a) The Merchant must have a unique Merchant Number for processing transactions at customer-activated unattended terminals; and
- (b) The PayPal Account Holder must be present at the time of the Authorization Request, and the Authorization Request must include the entire, complete, and unaltered Track Data; and
- (c) The Merchant is not allowed to ask for a PIN for these transactions.

(iii) If the above conditions are met, CAT Sales will not be subject to Dispute under the Dispute Rules for failure to obtain the PayPal Account Holder's signature.

(c) Fuel / Petroleum Industries. Merchants operating in the petroleum industry must obtain approval and have a unique Merchant ID for use exclusively in connection with sales conducted at the customer activated, automated fuel-dispensing terminals (AFDs). The full, complete, and unaltered Track Data is required for every Authorization Request. For enhanced security, Merchants are encouraged to include PayPal Account Holder ZIP Code data in the Authorization message when submitting an

Authorization Request from any unattended AFD Terminals with MCC 5542. While not required, missing ZIP Code may result in an Authorization Request decline.

(i) AFD Authorization for Unknown Amount. For transactions where the actual Sales amount is not known at the time of the Authorization (e.g., petroleum pay-at-the-pump), the Merchant may submit an Authorization Request for \$1.00. When using a \$1.00 Authorization at an AFD, the Merchant is limited to a maximum Sales amount of \$100.00. Sales based on an approved \$1.00 Authorization Request are not subject to Dispute under the Dispute Rules for failure to obtain an Approved Authorization Response of the full amount up to and including the \$100.00 maximum. Any Sales amount over \$100.00 may be subject to Dispute under the Dispute Rules for failure to obtain approval for the actual price of the Transaction. Upon completion of the fuel transaction where the final Sales amount is known, the Merchant must submit an Authorization Adjustment to PayPal to reflect the actual Sales amount within sixty (60) minutes of the approved \$1.00 Authorization Request. Repeated failures to submit an Authorization Adjustment may result in a suspension or termination of a Merchant's ability to participate in the PayPal program for AFD Transactions. If the Merchant does not plan to continue with the Transaction, a request to cancel the Authorization must be submitted to PayPal within sixty (60) minutes.

(ii) AFD Authorization for Known Amount. For transactions where the Sales amount is known at the time of the Authorization (e.g., petroleum pay at the counter), the Merchant may submit an Authorization Request for the amount requested by the PayPal Account Holder. Based on available balance or credit available associated with the PayPal Account, the Merchant may receive an approval Authorization Response for the full Authorization Request amount or a smaller Partial Authorization Response amount. In both cases, full or partial, the approved amount shall be referred to as the Approved Authorization amount and is not to be exceeded. If the final Sales amount is less than the Approved Authorization amount, the Merchant must submit an Authorization Adjustment to PayPal for the actual purchase price of the Transaction within sixty (60) minutes of the initial Authorization Request. If the final Sales amount is greater than the Approved Authorization amount, the Transaction may be subject to Dispute under the Dispute Rules.

(5) Vehicle Rental Industry.

(a) Merchants operating in the Vehicle Rental industry must comply with the requirements indicated in this section. Merchants operating with business models that involve vehicle rentals may contact Processor to obtain a Merchant ID and MCC code that supports vehicle rentals.

(b) At the time of the rental, the Merchant must clearly communicate and disclose in a written document signed by the PayPal Account Holder the terms of the rental agreement, including information identified below:

- (i) Name of person(s) operating the vehicle;
- (ii) Rental Period;
- (iii) Itemized charges;
- (iv) Amount of insurance (and, if selected, the Merchant must retain evidence of the PayPal Account Holder's consent to the purchase of the insurance coverage);
- (v) Other costs and charges, including refueling charges, mileage, elected options and tax as agreed upon by the PayPal Account Holder at the time of sale;
- (vi) Applicable return, cancellation and early termination policies;
- (vii) Explanations on how charges will be calculated and an estimated total to be billed; and
- (viii) All related Authorization and sales documents.

(c) At the time the PayPal Account Holder takes possession of the rental vehicle, the Merchant must submit an Authorization Request with a swipe of the PayPal Payment Card to obtain full Track Data. The Merchant must receive an Authorization Approval Code in the Authorization Response for an amount equal to the estimated total of the charges in the rental agreement. A payment Authorization for the estimated total of the charges should be made clear to the PayPal Account Holder. An Authorization in the vehicle rental industry is valid for thirty (30) days.

(d) Vehicle Rental Rules on Tolerance. If the final Sales amount exceeds the Approved Authorization amount, by less than 20%, no additional Authorization Approval Code is required. If the final Sales amount exceeds the Approved Authorization amount by more than 20%, the Merchant must submit an additional Authorization Request for the difference to cover the actual charges, additional costs, and/or damage disclosed in the rental agreement in the signed documents. The Merchant must present a copy of the signed rental agreement, along with records of all the approved Authorization(s) in the event of a Dispute under the Dispute Rules.

(6) Hotel Industry.

(a) Merchants operating with business models that involve Hotel and Vacation Rentals may contact Processor to obtain a Merchant ID and MCC code that supports this industry. The Program Documents are focused on the physical check-in transaction. Online reservations and Card Not Present transactions from phone bookings are not covered in the Program Documents.

(b) An Authorization in the Hotel industry is valid for thirty (30) days.

(c) Merchants must provide PayPal Account Holders with itemized receipts explaining charges. Merchants must also pass supplemental data of the reservation number and check-in date.

(d) Priority Checkout Service. If the Merchant offers priority checkout services, the Merchant must comply with the following requirements:

(i) Require the PayPal Account Holder to sign the registration card at the time of check-in acknowledging responsibility for all charges;

(ii) Obtain an Authorization Response for the estimated amount of the accommodations at check-in with a physical swipe of the PayPal Payment Card;

(iii) Complete Transaction Data at check-out by entering the total amount of charges incurred during the stay, including restaurant, telephone, and miscellaneous expenses;

(iv) Write the words "Priority Checkout" on the signature line of the Transaction Documentation;

(v) The Merchant must deliver a copy of the Transaction Documentation and itemized lodging bill (portfolio) to the PayPal Account Holder

(e) Estimated Authorization. At beginning of the PayPal Account Holder's stay, the Merchant must clearly communicate and disclose in a written document signed by the PayPal Account Holder the terms of the rental agreement.

(i) The Merchant may obtain an Authorization Response for an amount equal to the estimated total of a PayPal Account Holder's charges based on the criteria listed below:

(a) Intended length of stay;

(b) Room rate;

(c) Applicable taxes;

(d) Applicable service charges; and

(e) Any miscellaneous charges.

(ii) The estimated amount of charges submitted for Authorization must be clearly disclosed to the PayPal Account Holder.

(f) Hotel Rules on Tolerance. If the final Sales amount exceeds the Approved Authorization amount, by less than 20%, no additional Authorization Approval Code is required. If the final amount exceeds the Approved Authorization amount by more than 20%, the Merchant must submit an additional Authorization Request for the difference to cover the actual charges and additional costs per the lodging agreement or based on signed consent of the guest staying at the property. Merchant must present a copy of the signed check-in card, signed individual charges or signed folio, along with records of all the Approved Authorization(s) in the event of a dispute per the Dispute Rules.

(g) Changes to Estimated Charges. In the event the actual charges exceed the Approved Authorization amount by more than 20%, the Merchant should request an Authorization Approval Code on the incremental amount or be subject to Dispute per the Dispute Rules of any amount above the Approved Authorization amount. Such amounts should not be cumulative and the additional Authorization Request should cover an incremental portion not covered by the original Approved Authorization amount.

(i) If an Authorization Request is declined, the Merchant must not submit additional Authorization Requests for that account.

(ii) Any portion of the PayPal Account Holder's total charges not receiving an Authorization Approval Code in the Authorization Response is subject to Dispute per the Dispute Rules if submitted in Transaction Data.

(iii) An additional Authorization Response Code is not required if the final Sales amount does not exceed the Approved Authorization amount, plus a 20% tolerance.

(h) Submit Transaction Data. Each Transaction, along with the dates, Authorization Response amounts, and their respective Authorization Approval Codes must be individually recorded on the Transaction Data and PayPal Account Holder portfolio and sent as separate Sale for processing.

#### (7) Airline and Passenger Railway Industries.

(a) This section applies only to Card Present transactions at a physical point of sale for airline and passenger railway industries. An Authorization is valid for thirty (30) days. For sales by airlines and passenger railways, the Merchant shall provide the information listed below to the PayPal Account Holder at the time of the sale:

(i) Address where the ticket was purchased;

(ii) Passenger name(s); Travel Agent name and location, if applicable;

(iii) Airline flight or railway itinerary information; and

(iv) Ticket number.

(b) Merchants must also pass supplemental data of the ticket number and dates for travel with Transaction Data in accordance with the Technical Specifications.

#### (8) Other Travel Industries.

(a) Merchants operating in travel industries including passenger transport have Authorization Approval Codes that are valid for thirty (30) days.

(b) Other Travel Rules on Tolerance. These travel industries qualify for a tolerance of 20% difference between the Approved Authorization amount and the final Sales amount. If the final Sales amount exceeds the Approved Authorization amount by less than 20%, no additional Authorization Approval Code is required. If the final Sales amount exceeds the Approved Authorization amount by more than 20%, the Merchant must submit an additional Authorization Request for the difference to cover the actual charges and additional costs per the travel agreement or based on signed consent of the PayPal Account Holder.

(9) Recurring Payments.

(a) Merchants accepting a PayPal Payment Card or PayPal Payment Code as payment for the PayPal Account Holder's obligations under a Recurring Payments Plan must obtain the customer's written or electronic authorization, for the Recurring Payments prior to the start of any billing under the plan. Merchants accepting PayPal for Recurring Payments must comply with these Program Documents, the requirements described below and any and all applicable Requirements of Law. There may be additional Requirements of Law that are not set forth in the Program Documents. It is the Merchants responsibility to determine and comply with any and all Requirements of Law.

(b) Recurring Payments Plan. The Recurring Payments Plan must include important terms of the contract as described, not limited to the following:

- (i) Merchant's name and location (as known to the PayPal Account Holder);
- (ii) Description of the Recurring Payments Plan;
- (iii) PayPal Account Holder's Name & Address;
- (iv) Amount of each Recurring Payments Transaction, unless the Transactions are for varying amounts.
- (v) Timing or frequency of the Recurring Payments;
- (vi) Length of time for which the permission is granted for the Recurring Payments;
- (vii) Whether and when the account will be billed if Merchant does not receive affirmative action to cancel by a specified date; and
- (viii) Date when the Recurring Payments Plan is accepted and approved by the PayPal Account Holder.

(c) Authorization Requirements. Merchant may submit Authorization for Recurring Payments Transaction to a PayPal Account Holder according to the terms of the approved Recurring Payments Plan. Payments submitted for a Recurring Payments Plan may be initiated using a PayPal Payment Card or PayPal Payment Code. Merchant must ensure that the PayPal Account Holder is present for the first Transaction.

(i) The first Transaction must be submitted with appropriate Recurring Payments indicator as defined in the Technical Specifications along with the following:

- (a) For the payment initiated with a PayPal Payment Card, the full track data must be submitted to PayPal as part of the Authorization Request pursuant to PCI DSS/ PA-DSS security requirements.
- (b) For the payment initiated with a PayPal Payment Code, the full value captured via scanner or key-entered into the Point of Sale Device must be submitted to PayPal as part of the Authorization Request pursuant to PCI DSS/PA-DSS security requirements.

(ii) An approved Authorization Response for a Recurring Payments Transaction is not a guarantee of payment for any future Recurring Payments Transactions. Merchant must obtain a separate, current authorization approval for each future Recurring Payments Transaction at the time when the payment is due.

(iii) If the customer cancels the use of their PayPal Account as payment for obligations to the Merchant under the Recurring Payments Plan, the Merchant should not submit further billing against the customer's PayPal Account. Furthermore, if the customer has chosen to revoke Merchant's ability to bill against their PayPal Account by cancelling their billing agreement with PayPal directly, a decline Authorization Response will be returned for all Authorization Requests submitted. Merchant may contact the PayPal Account Holder, as permitted by the Recurring Payments Plan and Requirements of Law, to follow up on payment or arrange for alternative account billing if the Authorization Response is a decline. Merchant may not submit Authorization Requests for Recurring Payments Transactions against the member's PayPal Account after the termination of, or removal of PayPal as a payment option for, the Recurring Payments Plan.

(d) Transaction Requirements. Merchant must include a Recurring Payments indicator for each Authorization Request submitted to PayPal for processing as described in the Technical Specifications. Sales Data must also include the following information for each Recurring Payments Transaction:

- (i) Merchant's name and location (as known to the PayPal Account Holder);
- (ii) Description of the Recurring Payments Plan or a general description of the charge; and
- (iii) A customer service number where the PayPal Account Holder may use to contact Merchant for assistance with the Recurring Payments Transaction and/or request for changes.

(e) Notifications. For Recurring Payments Transaction of varying amount, Merchant should provide, at least 10 calendar days before each scheduled recurring payment date, notifications to the PayPal Account Holder of the amount and date of the next charge.

(f) Record Retention. Merchant must retain records of the approved Recurring Payments Plan and all related Transactions for the longer of the recurring services or of the PayPal record retention period as described in Section 8(e)(14).

**g. Settlement and Reporting.**

(1) Settlement.

(a) Each Banking Day, Processor will provide Settlement for the sum amount of each valid transaction for which Processor has received valid Transaction Data that complies with the requirements of the Program Documents. Merchant should refer to Merchant's agreements and/or contracts for any specific funding information or other detailed schedule of payments and relevant contact information.

(b) Responsibility for Settlement Verification. Merchant is solely responsible for confirming the accuracy of all of the Settlement amounts. Merchant must notify Processor or PayPal immediately of any discrepancies in payment. Merchants cooperate with Processor to investigate. Processor will notify PayPal immediately of any discrepancies in payment.

(c) Failure by Merchant to Accept Settlement. Merchant will not be entitled to compensation or interest for lost funds availability due to Merchant's inability to accept or receive Settlement amounts or a change in the Settlement account.

(2) Merchant Activity Reports. Merchant activity reports describe the Transaction activity during the period covered by the report, including the Sales, Credits, Merchant Fees and other Fees, Dispute-related Adjustments, and any other Transaction Adjustment. Merchant activity reports will be available and distributed through PayPal, its Service Provider or via Processor.

**h. Disputes and Excessive Dispute Incidents.**

(1) Dispute and Dispute Resolution. The Dispute Rules provide an orderly and consistent process for the resolution of all Disputes related to Transactions. The Dispute Rules describe procedures that must be followed to protect Merchant's rights in connection with Disputes. It includes a detailed description of the Dispute processes and actions required to represent Merchant's rights and obligations with respect to Disputes. Failure to comply with the Program Documents in the processing of a Transaction may result in the loss of a Dispute of the affected Transaction, as described in the Dispute Rules. In each case that these Operating Regulations refer to a Dispute, please refer to the Dispute Rules for detail.

(2) Excessive Dispute Incidents. Merchant is responsible for monitoring excessive Dispute Incidents and as applicable, taking corrective action to bring excessive Dispute Incidents back below the monthly acceptable Dispute Incident threshold. Merchant may be considered exceeding the monthly Dispute Incident threshold if Your Dispute-Incident-to-Transaction Ratio (DITR), for that calendar month, exceeds 100bps (1.00%) of Merchant's net dollar volume of Sales and You received at least 100 Dispute Incidents. Within thirty (30) calendar days of identifying an Excessive Dispute Incident Merchant, or receiving an Excessive Dispute Incident Notice from PayPal, Processor will send to PayPal the following information (via email):

(a) Merchant name and location;

(b) The calendar month of violation;

(c) The Dispute-Incident-to-Transaction Ratio (DITR) for the reported calendar month;

(d) The Merchant Category Code (MCC) and description of the nature of the Merchant's business;

(e) The number and net dollar volume of the Merchant's Sales in the reported calendar month and in the preceding month;

(f) The number and net dollar volume of Dispute Incidents of the Merchant's Sales for the reported calendar month;

(g) A description of the Acquirer's Dispute Incident controls in place to monitor the Merchant's activities;

(h) Reason(s) for why the Merchant exceeded the DITR threshold;

(i) The action plan to reduce the Merchants DITR; and

(j) Any additional information as PayPal may require from time to time.

(3) PayPal may assess an Excessive Dispute Incident Fee for any excessive Dispute Incident rates that exceed the monthly Dispute Incident threshold. See Section 7.2.1 for more information on how that Excessive Dispute Incident Fee is calculated. Merchant will have sixty (60) days from the date the Excessive Dispute Incident Notice is received to respond to any Excessive Dispute Incident Fees assessed as a result of excessive Dispute Incidents. No further adjustments will be made once this time expires.

(4) Calculation of Excess Dispute Incident Fee. PayPal calculates the Excessive Dispute Incident Fee using the following sequence of steps:

(a) Calculate the Merchant's DITR for each calendar month that it exceeds 100 basis points (which may also be expressed as 1.00%);

(b) From the total number of Dispute Incidents in the above DITR calculation, subtract the number of Dispute Incidents that account for the first 100basis points of the DITR. The result is the number of Dispute Incidents above the stated threshold of 100 basis points;

(c) Multiply the result from step 2 by \$25.00;

(d) Repeat steps 1–3 for each calendar month (other than the first trigger month) that the DITR exceeds 100 basis points or 1.00%.

**i. Merchant and Noncompliance Fees.**

(1) Merchant Fees. Merchant Fees are set by Processor and specified in the Merchant Agreement, directly or by reference, as are any rate qualifications that may be applicable.

(2) Noncompliance Fees.

(a) Right to Fine. PayPal may assess Noncompliance Fees against participating Merchants for failure to comply with the terms of the PayPal Program Documents. Specifically, noncompliance with material obligations in the Operating Regulations, including noncompliance with technical specifications and security requirements may result in a Noncompliance Fee.

(b) Account Data Breach. In addition to general Noncompliance Fees, Merchants are responsible for damages and expenses that PayPal may incur resulting from any data security breaches experienced by that entity. This liability may include costs, fees, and expenses (including fraud monitoring, reasonable legal fees and disbursements, cancellation and reissuance of cards, and costs of investigation, litigation, settlement, judgment, interest, and penalties) that PayPal incurs as a result of such data incidents.

(c) Enforcement. PayPal may take such reasonable action as it deems appropriate with respect to noncompliance. In the determination of violations, PayPal will consider the nature, history and frequency of occurrences as well as the consequences resulting from violations of the Program Documents. Additionally PayPal, at its sole discretion, will consider remediation efforts taken and/or plans to correct the violation in its determination. If a Noncompliance Fee is warranted, PayPal will charge the participating Merchant a Noncompliance Fee that is specifically for that entity's noncompliance. The Noncompliance Fee will not exceed the costs, fees, and expenses that PayPal may incur as a result of the failure to comply with the terms of the Program Documents.

(d) Notification. PayPal or its Service Provider will notify a participating Merchant if a violation is suspected and will specify:

(i) Reasons a violation is suspected; if such violation exists, the expected date by which violation must be corrected;

(ii) Due date for comments; and

(iii) Potential Noncompliance Fee exposure.

(e) Resolution.

(i) In reviewing each response, PayPal will:

(a) Review all facts and determine what fine if any is appropriate; and

(b) Provide final correspondence.

(ii) If requested by PayPal, Merchant must promptly provide the status of the entity's compliance or noncompliance with the Operating Regulations.

(f) Fine Payment and Representation. See Appendix E of the PayPal Operating Regulations for In-Store Checkout for a list of specific areas that may result in a Noncompliance Fee and PayPal's enforcement for each instances of noncompliance. Contact Processor for any questions related to Noncompliance Fees.

**j. Fraud Prevention.** PayPal has implemented procedures and policies intended to help protect Merchants and PayPal Account Holders from fraud. By following the risk management, fraud prevention, and detection requirements in the Program Documents, the Merchant will help to protect the interests of the Merchant's business and those of the Merchant's valued customers.

(1) Secondary Forms of Identification Are Permitted. Merchants should check the signature panel and general security features of the Card, and ask for government-issued form or identification to validate the identity of the PayPal Account Holder, if (i) such Merchants have concerns that the buyer is fraudulently in possession of a PayPal Payment Card, or (ii) such practice is part of the Merchant's normal course of business to comply with its internal risk management procedures. If the PayPal Payment Card is unsigned, the Merchant may request a government-issued photo ID and request the PayPal Account Holder to add their signature to the back of the Card. If the signature on the back of the PayPal Payment Card appears tampered with (e.g. erased and written over), the Merchant may request a government-issued photo ID to validate cardholder identity. In each case, Merchant may decline to accept the PayPal Payment Card from the PayPal Account Holder if Merchant has reasons to suspect that requesting for a government-issued photo ID will put them in danger.

(2) Transaction Factoring. Factoring, which is accepting transactions on behalf of another Merchant, is not permitted.

(3) Notification Required on Merchant Changes. Terms of a Merchant's Agreement with Processor are based upon the information provided in Merchant's application, including the type and kind of business. A Merchant must notify Processor of any change to its business ownership, business activity, MCC, legal name, Settlement account, legal proceedings, tax ID, merger or acquisition of businesses or liquidation of locations within five (5) business days. PayPal may terminate, treat as non-compliance, or Dispute any Transactions associated with new business activity of which they have not been notified as required by the Program Documents.

(4) Prohibited Merchant Categories. PayPal identifies types of businesses that are not eligible to be Merchants due to the nature of their business or excessive risk. PayPal, at its sole discretion, may terminate or suspend the Merchant's access to PayPal

Acceptance immediately if PayPal determines the Merchant is in a Prohibited Merchant Category, is not in compliance with the laws and sanctions programs administered by OFAC and/or other Requirements of Law; or if the Merchant's participation in PayPal may cause PayPal to not be in compliance with Requirements of Law. If the Merchant sells age-restricted products, the Merchant is responsible for validating the legal age of the purchaser and shall not conduct Transactions involving age-restricted products with minors, as required by law.

**k. Merchant Support.**

- (1) For all support issues, Merchants should first contact Processor.
- (2) To learn more about PayPal, Merchants may visit the PayPal website at [www.paypal.com](http://www.paypal.com). This Web site provides the Merchant with tools to facilitate the Merchant's use of the many benefits provided by PayPal, including:
  - (a) Review PayPal Brand Guidelines;
  - (b) Submit questions or suggestions to PayPal at the Merchant's convenience;
  - (c) Learn about special promotions and offers;
  - (d) Access reference materials; and
  - (e) Learn of the latest news about PayPal.
- (3) For additional questions on PayPal products and services not available through Processor, please contact PayPal at (877) 569-1138.

**l. Confidentiality.**

- (1) During the acceptance of PayPal Payment Cards at the point of sale, the Merchant, Merchant employees, officers, directors and Agents may have access to and receive confidential information including PayPal confidential information, Merchant confidential information and consumer confidential information. Each party agrees not to use the confidential information of the disclosing party nor to disclose such information to any third party or the general public, except:
  - (a) As expressly permitted under the Program Documents;
  - (b) As required by the Requirements of Law or in response to a subpoena or request, of a court, an agency or government authority;
  - (c) As agreed upon in writing by the parties; or
  - (d) As described in Section 8(m)(6) below.
- (2) Any disclosure will be expressed to the other party. Exclusions include public information, previously known information and those gathered by each party's internal efforts.
- (3) Ownership. Merchants, Acquirers and PayPal shall each retain exclusive ownership of its confidential information and may request the return of such confidential information from the receiver(s), upon termination of any applicable agreement for PayPal Acceptance unless otherwise required by Requirements of Law or industry standards.
- (4) Consent to Use Certain Information. PayPal will use account data, Merchant information, Transaction Data, Dispute data, and other types of Merchant information in the course of doing business.
- (5) Return or Destruction of Information upon Termination. Merchants and Processors must destroy any copies of PayPal's confidential information upon termination of their Agreement to accept PayPal In-Store Checkout Transactions unless otherwise explicitly permitted by the Program Documents.

**m. Data Security.**

- (1) General. Merchant is fully responsible for the security of PayPal Account Holders' data in its possession or control. Merchant agrees to comply with all Requirements of Law, industry standards and rules in connection with its collection, security and dissemination of any PayPal Account Holder Data, Transaction Data, and other PayPal information (defined as "PayPal Data")
- (2) PCI Compliance. Merchants must at all times be compliant with the Payment Card Industry Data Security Standard (PCI DSS) and the Payment Application Data Security Standard (PA-DSS), as applicable. Merchants must promptly provide PayPal with documentation evidencing compliance with PCI DSS and/or PA-DSS if requested by PayPal. Merchant is required to use PCI compliant service providers in connection with the storage or transmission of PayPal Data.
- (3) Data Usage. Unless You receive the express consent of the PayPal Account Holder, Merchant may not retain, track, monitor, store or otherwise use PayPal Data beyond the scope of the specific Transaction. Further, without the express consent of PayPal, the Merchant agrees that it will not use or disclose PayPal Data for any purpose other than to support payment for goods and services. Under no circumstances can Sensitive Authentication Data be stored in whole or in part after Authorization. It must be completely removed from the Merchant systems, and any other place where Data is kept, including other storage locations and processor systems. All PayPal Data and other information provided to the Merchant by PayPal in relationship to the Programs Services are for the express purpose of processing the Transactions and shall remain the property of PayPal.
- (4) Access Controls. In addition to complying with PCI DSS, as described in Section 8(n)(2), Merchant agrees to restrict use and access to any system containing PayPal Account Holder Data and Transaction Data with protections that include:
  - (a) Secure user authentication, including controls on User IDs, unique passwords, active users and login attempts;
  - (b) Secure access control measures that restrict access to information to users on a need-to-know basis; and



(c) Reasonable monitoring of systems, for unauthorized use of or access to PayPal Account Holder Data and Transaction Data.

(5) Audit. PayPal reserves the right to require Merchants to have a third party auditor that is approved by PayPal in conducting a security audit of Your systems and facilities to ensure compliance with these data security provisions, and issue a report to be provided to PayPal. In the event Merchant fails to initiate an audit within thirty (30) calendar days of PayPal's request, PayPal may conduct or obtain such an audit at Merchant's expense. If PayPal in its reasonable discretion determines that there is an urgent need for an onsite inspection or forensic audit based on a suspected breach or exposure that may require expedited response and that delaying such response could result in additional risk, then PayPal may need to conduct the review upon (2) business days' notice or suspend Merchant's PayPal processing until such review is completed. PayPal may assess a reasonable Fee for any inspection and /or audit only in circumstances where Merchant is deemed to be out of compliance and such out of compliance action has negatively impacted other PayPal participants or PayPal Account Holders (e.g., a forensic examination is required after a suspected data breach and PCI requirements were not adhered to).

(6) Data Security Breach. Merchants must notify PayPal as soon as reasonably practicable and in no event more than twenty four (24) hours after becoming aware of any Data Security Breach experienced by Merchant or its Agents. Merchants shall make the notification to PayPal initially by telephone, followed by written notification. These obligations are in addition to any Data Security Breach notification obligations that may be applicable to Merchant or its Agents under Requirements of Law.

(a) Merchants shall provide PayPal with the following information concerning each suspected or actual Data Security Breach:

(i) Details known at the time of the breach: how the breach occurred, how it was identified and when it occurred (date identified and date ranges of exposure);

(ii) How many PayPal Account Holder records are affected: the number of affected records, how that number was quantified and whether that number could change;

(iii) Details on Merchant's current PCI compliance status;

(iv) Description of any potential lost of data including Card numbers and/or PayPal Data;

(v) Any recent changes that may have affected the breach: What steps have been taken since the issue was identified;

(vi) Merchant information security personnel contacts;

(vii) The name of any person (including any law enforcement agency) assisting with Merchant's investigation; and

(viii) Any other information which PayPal reasonably request from Merchant and/or its Agents concerning the breach, including any reports and gap analysis and remediation action plans.

(b) Merchant's notification to PayPal of a Security Breach as required herein will consist of a telephone call to the PayPal Security Operations Center at +1 408-967-2435 (and/or such other telephone number or PayPal organization as may be designated by PayPal from time to time) followed immediately by an e-mail to DL-PP-SOC@paypal.com.

(c) PayPal may disclose the information regarding the Security Breach including, the involvement of Merchant and/or its Agents that experienced such Security Breach to Issuers and/or to our Affiliates subject to restrictions on disclosure of Merchant Confidential Information herein. Further PayPal may disclose the information regarding the involvement of Merchant and/or its Agents in a Security Breach to PayPal's regulators and/or law enforcement representatives and/or other parties that PayPal in its reasonable discretion deems as necessary or advisable to share the information in order to address an imminent, reasonably foreseeable or ongoing material adverse threat to PayPal or other participants on or constituencies of PayPal. Merchant will not issue, and you must prevent its Agents from issuing, any press release, or other public announcement concerning such Security Breach until after Merchant has provided PayPal with the information requested above. Further, without limiting the Merchant's obligations with respect to confidential information, and unless prohibited by applicable law the Merchant agrees to obtain PayPal's prior written approval before making any disclosure to the public, the media, any representative thereof and/or any third party, whether in the form of a press release or otherwise, concerning the Security Breach.

**n. Marketing and Branding.** Customers and businesses throughout the world recognize the PayPal brand and word mark. As such, PayPal Account Holders expect a world-class service every time they pay or interact with PayPal. Merchants have a stake in upholding the reputation and integrity of the PayPal brand and word mark, and thus, have a responsibility for maintaining, protecting and enhancing its value.

(1) Key Guidance and Principles. The following principles outline key agreements in the use of the PayPal Marks, including the PayPal name, brand, word mark, associated marks, and PayPal Account Holder experience. Merchant agrees to adhere and uphold the integrity and reputation of the PayPal brand through the use of these assets. All use of the PayPal Marks must comply with this Operating Guide, as well as the following principles. For further information and guidance on the PayPal brand, refer to the PayPal Brand Guidelines. To obtain a copy of the PayPal Brand Guidelines, contact Processor or submit a request via [www.paypal.com/brandcentral](http://www.paypal.com/brandcentral).

(2) License Grant; Termination.

(a) Upon acceptance of the Program Documents to enable PayPal acceptance by Merchant, Processor grants Acquirer a limited, non-exclusive, non-transferrable license to use the PayPal Marks. This license is limited to Merchant's use exclusively in the Authorized Jurisdiction and subject to the requirements set forth in these Operating Regulations and Appendix A.

(b) In the event of termination of a Merchant's PayPal Acceptance, Merchant's license to use the PayPal Marks shall simultaneously terminate.

(c) For purposes of this Section 8, "PayPal Marks" mean the brands, emblems, trademarks, and/or logos that identify PayPal Acceptance. The PayPal Marks are described in Appendix A of the Operating Regulations. Merchant may use the PayPal Marks only to promote PayPal products, offers, services, processing and/or acceptance. Merchant use of the PayPal Marks is restricted to the display of decals, signage, advertising, and marketing materials provided or approved by PayPal in writing pursuant to the process set forth in the Operating Regulations. Merchant shall not use the PayPal Marks in such a way that PayPal Account Holders could believe that the products or services offered by Merchant are sponsored or guaranteed by the owners of the PayPal Marks. Merchant recognizes that it has no ownership rights in the PayPal Marks. Merchant shall not assign to any third party any of the rights to use the PayPal Marks. Merchant is prohibited from using the PayPal Marks, not permitted above, unless expressly authorized in writing by PayPal.

(3) Principles Name and Word Mark.

(a) Representing the PayPal Brand. The PayPal name and word mark are PayPal Marks that represent the PayPal organization and its products/services. The PayPal name and word mark must appear exactly as shown in the PayPal Brand Guidelines.

(b) Using the PayPal Marks. Usage of the PayPal name, word mark and associated elements must be consistent with the PayPal Brand Guidelines, and such marks must never be obscured, distorted, defaced, altered in any way, or appear less prominently than any other payment marks.

(c) Communicating the PayPal Word Mark. The PayPal word mark must appear in full color if it appears with any other acceptance mark that is in full color. It may appear in black and white only if it appears with other marks in black and white. Refer to the PayPal Brand Guidelines for further guidance.

(d) Protecting the Brand. No activities or materials may infringe, dilute, denigrate, or impair the goodwill and/or reputation of the brand or the PayPal Marks.

(e) Keeping PayPal Separate from Corporate and Product Names. You may not use the PayPal name, any PayPal Mark, or a derivative of any PayPal Mark as part of Your corporate name or identity, as well as names for products, services, programs, etc. without prior written consent from PayPal. You may not combine any PayPal Mark with Merchant trademarks or those of any third party, or with any third party's corporate name or identity.

(f) Denote and Promote PayPal. The PayPal Marks, including associated elements, may only be used to denote or promote PayPal products, offers, services, processing and/or acceptance.

(4) List of PayPal Marks. The PayPal Marks are as follows: (a) PayPal name; (b) PayPal word mark; (c) PayPal Acceptance mark; (d) PayPal web badges; (e) PayPal endorsement lines (e.g., Powered by PayPal); (f) PayPal entities that use PayPal name and word mark in their identity (e.g., product names, endorsed brands and marks, internal groups, programs, etc.); and (g) Any other mark or design element that PayPal adopts for use as indicated in the PayPal Brand Guidelines. Additional information regarding the PayPal Marks is available from Processor.

(5) Review and Approval for Marketing Communications, Promotions.

(a) Cards and Displays. A Merchant that engages in marketing or communicating their business relationships with PayPal must:

(i) Obtain the prior written consent from PayPal;

(ii) Review the PayPal Brand Guidelines prior to initiating creative work; and

(iii) Submit information on the scope of work, along with information on what communications will be developed, where these will be featured, any media buys associated with the campaign, the proposed launch date of the campaign and the duration of the marketing collateral in use/circulation.

(b) In addition, a Merchant must submit to the PayPal Branding Team for review and approval all proposed creative concepts, design, offers, solicitations, promotions, and communication materials that include the PayPal name, any PayPal Marks or PayPal-branded products/services: (a) Before production, and (b) Each time the design is changed. The PayPal Branding Team may be contacted by email at [BrandCentral@paypal.com](mailto:BrandCentral@paypal.com).

(6) Adherence to Brand Voice and Tone. All marketing communications, advertising, promotions, cards, and point-of-purchase/sale/transaction displays that promote PayPal must adhere to the guidelines as specified in the PayPal Brand Guidelines.

(7) Use of PayPal Design Elements and Treatments. All marketing communications, advertising, promotions, cards, and point-of-purchase/sale/transaction displays that use PayPal design elements (e.g., twin bands, photography style, etc.) in promoting PayPal Acceptance must adhere to the PayPal Brand Guidelines.

#### **o. PayPal Acceptance Marks**

(1) This Section describes Merchants' obligations with regard to use and display of the PayPal Acceptance Marks. All use by Merchants of PayPal Marks must comply with the standards set forth in these Operating Regulations, as well as any additional guidelines included in the Technical Specifications or published on PayPal's website from time to time.

(2) License to Use PayPal Acceptance Mark. Upon execution of a PayPal In-Store Checkout transaction at the point of sale, the Merchant and their Agents are granted a license to use the PayPal Acceptance mark. The license is limited to use exclusively in the Authorized Jurisdiction for the exclusive and limited purpose of indicating the Merchant's acceptance of PayPal at the point of sale. The license permits the Merchant to use and display the PayPal Acceptance mark on Transaction Documentation. The Merchant agrees to cooperate with PayPal to protect and preserve such image, reputation, and goodwill and to act or fail to act in a way that would diminish or dilute the value of, and the goodwill associated with, the PayPal Acceptance mark. The Merchant commits to use its best efforts to stop any use of the PayPal Acceptance mark that is inconsistent with the license or terms of these Operating Regulations.

(3) Use and Display of Materials. Merchant agrees to prominently display at each location signage (decals) or logos showing the PayPal Acceptance Marks or name in such manner and with such frequency as accorded any other third-party payment card accepted at the point of sale. PayPal shall, at PayPal's expense, supply signage and display materials and such other operating forms and materials necessary to promote the PayPal Acceptance. You may contact Processor to obtain details regarding such materials. Such materials shall be returned upon PayPal's request or at the termination of the Merchant Agreement with Processor or upon receipt of notice of termination of Merchant's right to use the PayPal Acceptance Marks.

(4) Prior Approval for Use of PayPal Acceptance Marks. Except as otherwise stated in the Merchant Agreement, this Operating Guide or PayPal Operating Regulations, Merchant shall not use the PayPal Marks or any other registered trademarks, acceptance marks, logos, or any other proprietary designations that are owned, licensed or permitted to be used by PayPal without PayPal's prior written consent. Except as otherwise stated in the PayPal Operating Regulations, or pursuant to other written permission, PayPal shall not use Merchant's registered trademarks, logos, or any other proprietary designations without prior written consent. Written approval shall be requested prior to any advertising or other materials in which such proprietary designations are to be used, including any press release.

(5) Changes to PayPal Acceptance Mark. Merchant shall promptly replace its existing signage that displays the PayPal Acceptance Mark upon receipt of new signage from PayPal.

(6) Termination of License to Use PayPal Acceptance Mark. Merchant must discontinue the display of the PayPal's Acceptance Marks if the Merchant Agreement is terminated or Merchant receives notification of termination of its right to use the PayPal Acceptance Marks.

(7) Noncompliance with PayPal Acceptance Mark Requirements. If Merchant's use of the acceptance mark, including in advertising materials and/or signage, decals, does not comply with PayPal standards, or if any action or omission by the Merchant in connection with the acceptance mark causes or may cause damage to PayPal or PayPal's intellectual property, including brand image and/or the image, reputation and/or goodwill attached to the PayPal Acceptance mark, the Merchant shall promptly discontinue any such misuse, and if the Merchant has not discontinued such misuse within thirty (30) calendar days from the earlier of PayPal's notice to the Merchant or the Merchant's initial awareness of such misuse PayPal may terminate the Merchant's acceptance of PayPal and/or impose other penalties. PayPal may assess noncompliance Fees against any Merchant if such Merchant or its Agents do not comply with the terms set forth in their respective license or sublicense, as applicable, and the PayPal Operating Regulations.

#### **p. General Terms and Requirements.**

(1) Termination Rights. Processor may terminate a Merchant's PayPal Acceptance and/or Merchant Agreement for any of the reasons set forth in this Operating Guide or the Program Documents and for any violation by a Merchant of the terms that the Acquirer is required to enforce against Merchants in these Operating Regulations. PayPal may directly contact any Merchant terminated by Processor for any reason, including to investigate compliance by the Merchant with the Security Requirements set forth in this Operating Guide.

(2) Changes to Operating Regulations. PayPal may amend its Program Documents at any time, and notify Merchant of such amendments using any method of transmission PayPal deems appropriate under the circumstances, including U.S. mail, courier, overnight service, facsimile, and/or electronic mail and by publishing revised documents or notices on its Web site, and such amendments shall become effective immediately.

(3) Ratification and Acceptance of Operating Regulations. Transmission of each Authorization Request or Transaction Data constitutes the Merchant's ratification and contractual acceptance of all of the terms of the then-current Program Documents. PayPal may enforce the Program Documents and pursue any remedy directly against Merchant, which irrevocably waives and releases any argument or defense whatsoever to the contrary.

(4) Suspension of Acceptance. PayPal Acceptance may be suspended for security concerns, activity in a Prohibited Merchant Category, lack of compliance with Program Documents or Requirements of Law, or any activity that may cause PayPal to be out of compliance with the Requirements of Law.

(5) Compliance with Requirements of Law and the Program Documents.

(a) Nothing in the Program Documents shall be construed as requiring the Merchant to violate Requirements of Law. Penalties may be levied if Merchant has not certified compliance with the Program Documents, does not submit data in the correct format or does not cooperate with enforcement decisions.

(b) Anti-Bribery Compliance Requirements. Neither Merchant nor its employees, Agents, or Affiliates will cause PayPal or PayPal's Affiliates or its Service Provider to violate Requirements of Law, including the U.S. Foreign Corrupt Practices Act of 1977 (FCPA), as amended, or any other applicable anticorruption regulation. Merchant and its employees, Agents, and Affiliates will not with a corrupt intent directly or indirectly pay, promise or offer to pay, or authorize the payment of any money or give any promise or offer to give or approve the giving of anything of value to a foreign official for the purpose of obtaining or retaining business for or with, or directing businesses to any person, including PayPal or PayPal's Affiliates. Merchant, Merchant's employees, Agents, and Affiliates shall not offer, promise, or give directly or indirectly a financial or other advantage to a foreign official, PayPal's employee or representative, or any other person (each a "FCPA Recipient") if the Merchant, Merchant's employees, Agents, and Affiliates intends the advantage to induce or reward the FCPA Recipient or another person to perform improperly or in violation of Requirements of Law.

(6) Liability and Indemnification.

(a) Limitation of Liability. PayPal and Processor's responsibility and liability to Merchant, Merchant's officers, directors, employees, and Agents is limited to the actual and documented losses, costs, expenses or damages experienced by Merchant as a direct result of documented gross negligence or willful misconduct by PayPal or Processor, our employees or Agents, in connection with the performance of PayPal and Processor obligations under the Program Documents; provided that neither PayPal or Processor nor any of their respective employees or Agents will be responsible or liable to Merchant or any of Merchant's officers, directors, employees, or Agents if Merchant and they have not otherwise complied with Merchant's and their respective obligations under the Merchant Agreement and the Program Documents, or if Merchant, Merchant's officers, directors, employees, or Agents have contributed to the gross negligence or willful misconduct. In no event will PayPal or Processor be responsible or liable to Merchant or any of Merchant's officers, directors, employees, or Agents for any indirect, consequential, or punitive damages or lost profits or for any similar damages experienced or alleged by Merchant or any of Merchant's Agents, representatives, or employees, including due to our termination of Merchant's ability to accept PayPal payments.

(b) Indemnification. Merchant, on behalf of Merchant, Merchant's officers, directors, employees and each of Merchant's Agents (collectively, the "Indemnifying Party") shall indemnify and hold PayPal and Processor, our officers, directors, employees, PayPal Account Holders, and our and their respective Agents (collectively, the "Indemnified Party") harmless from and against any and all claims, actions, demands, losses, costs, expenses, fines, penalties, liabilities (including liabilities Merchant may have to PayPal or Processor for Taxes pursuant to Section 8(p)(11)), and other amounts including legal fees, costs and expenses in connection with litigation, including such fees, costs, and expenses of appeals (the "Indemnified Items"), that are imposed upon, incurred by or asserted against the Indemnified Party that arise out of the fault, negligence or breach of representation, warranty or obligation of the Indemnifying Party in connection with Merchant or its performance or any failure to perform Merchant's or its duties and obligations pursuant to the Merchant Agreement or the Program Documents.

(c) Defense of Claims. In the event that PayPal or Processor receives any claim or demand or are subject to any suit or proceeding in respect of which PayPal or Processor may make a claim against Merchant for indemnification under this Section 8(p)(6), PayPal or Processor will give prompt written notice thereof to Merchant and Merchant will be entitled to participate in the settlement or defense thereof and, if Merchant so elects, to take over and control the settlement or defense thereof with counsel satisfactory to PayPal and/or Processor. In any case, PayPal, Processor and Merchant will cooperate at no cost to PayPal or Processor in the settlement or defense of any such claim, demand, suit, or proceeding.

(d) Collection of Attorney's Fees. Merchant acknowledges that PayPal and Processor are entitled to collect, including through offsets to amounts otherwise payable to Merchant as Settlement, attorney's fees and expenses incurred by us in connection with the collection of amounts owed by Merchant in accordance with the Program Documents and Merchant Agreement and attorney's fees incurred by us in connection with any judicial or administrative proceeding and any bankruptcy court proceeding filed by or against Merchant.

(7) Notices.

(a) Any notices required under Merchant's agreement should be provided to Processor. Any notices required directly to PayPal required under the Program Documents should be made in writing and sent to:

General Counsel  
PayPal  
2211 North First Street  
San Jose, CA 95131

(b) If applicable, PayPal may send notices to Merchant through PayPal's Service Provider, Processor, or PayPal's Agent including notices of the publication on PayPal's Web site of updates to PayPal's Operating Regulations. Without limiting the foregoing, any notice sent to Merchant's last known address, including electronic mail address, indicated in PayPal's records, shall constitute effective notice to Merchant under PayPal's Operating Regulations.

(8) No Waiver of Rights. No failure by PayPal to assert any of PayPal's rights, or failure to assert against the Merchant or Merchant's Agents, duties, responsibilities, obligations, or liabilities under the Program Documents on either an occasional or

continuing basis, shall be construed as waiver thereof by us, and such rights, duties, responsibilities, obligations, or liabilities under the Program Documents may be asserted by PayPal at any time. PayPal makes no warranty, express or implied, with respect to the availability or timeliness of PayPal's Processing Services. PayPal shall use our best efforts to provide our Processing Services in accordance with the time frames in the Program Documents provided that PayPal and Processor make no warranties with respect to the availability of the systems and/or services provided by third parties in connection with Processing Services. PayPal and Processor make no warranty, express or implied, with respect to the content or accuracy of any Authorization Response by PayPal. PayPal and Processor make no warranty, express or implied that PayPal will provide a positive Authorization Response to an Authorization Request. Notwithstanding any positive Authorization Response provided by PayPal, PayPal retains the right to notify PayPal of a Dispute with respect to the underlying Transaction as described in the Program Documents.

(9) **Disclaimer of Warranties.** Except for warranties expressly made in PayPal's Operating Regulations, PayPal makes no representations or warranties, express or implied, to Merchant or to any other person including any warranties regarding the merchantability, suitability, originality, quality, fitness for a particular purpose, non-infringement or otherwise—irrespective of any previous course of dealings between the parties or custom or usage of trade—or results to be derived from the use of any software, services, hardware, or other materials provided under the Program Documents.

(10) **Taxes.** Merchant will be responsible for all Taxes owed by such party, including, any sales and use taxes, any real or personal property related taxes, assessments or levies on property it owns or property taxes it otherwise has a responsibility to report and remit, any franchise and privilege taxes on its business, any taxes based on its net or gross income or gross receipts and any taxes arising from the employment or independent contractor relationship between such party and its personnel or contractors (collectively, "taxes"). Every Merchant is responsible for remitting to any federal, state or local tax authority with jurisdiction over it or its participation in the Program (in each case, a "Tax Authority") any taxes and duties payable by the Merchant based on payments made to the Merchant through PayPal or received from the Merchant through PayPal pursuant to the Merchant's Agreement and the Program Documents, excluding taxes based upon PayPal's net income payable by PayPal. Every Merchant is liable for any payment of Tax related fees, charges, fines or assessments attributable to or levied against PayPal without offset or deduction (including but not limited to any offset or deduction for Taxes). Every Merchant shall indemnify and hold PayPal harmless from and against any and all Tax liabilities paid, payable or incurred by PayPal relating to the Taxes and/or tax treatment of payments under its Merchant Agreement or the Program Documents. Every Merchant acknowledges and agrees that PayPal may withhold Taxes from any Settlement payments made by PayPal if PayPal determines that such Tax withholding is required by Requirements of Law. It is the Merchant's responsibility to determine what, if any, Taxes apply to the Settlement payments that PayPal makes, and it is the Merchant's responsibility to collect, report and remit the correct Tax to the appropriate Tax Authority. PayPal is not responsible for determining whether Taxes apply to the Transactions, or for collecting, reporting or remitting any Taxes arising from any Transaction, including any Taxes related to the fees that PayPal charges for rendering service.

(11) **Severability.** If any provision included in the Program Documents is held to be illegal, unenforceable or invalid, the legality, enforceability and validity of the remaining provisions hereof will not in any way be affected or impaired thereby, and such provision will be deemed to be restated to reflect the original intentions of the parties as nearly as possible in accordance with Requirements of Law.

(12) **Prior Consent for Press Releases.** Without limiting the Merchant's obligations with respect to confidential information, the Merchant agrees to obtain PayPal's prior written approval before making any disclosure to the public, the media, any representative thereof and/or any third party, whether in the form of a press release or otherwise, concerning acceptance of PayPal at the point of sale and the Program Documents, or any other terms of an existing or contemplated relationship between PayPal and the Merchant. The parties must mutually agree to the timing and content of such disclosure and any use of PayPal's names and logos is subject to the requirements in the Section 14 on Acceptance Marks.

#### **q. PayPal Definitions.**

(1) **General.** Except as set forth in Section 8(g)(2), capitalized terms used in this Section 8 shall have the meaning given to them in this Operating Guide.

(2) **PayPal Defined Terms.** Solely for purposes of this Section 8, these terms mean as follows:

**"Adjustment"** means an amount payable by a Merchant to Processor or by Processor to Merchant to correct an error in Settlement that resulted from an error contained in Transaction Data or with respect to Chargebacks or Representments.

**"Agent"** means a person or organization that performs the obligations of Merchant.

**"Attestation of Compliance"** (AOC) is the certification that an organization has performed the appropriate assessment and attests to its compliance status with the PCI DSS.

**"Approved Authorization"** means an Authorization that has been approved by PayPal, consisting of an Authorization Approval Code in the Authorization Response.

**"Authorization"** means the process whereby PayPal determines whether to approve a sale transaction in response to an Authorization Request.

**"Authorization Adjustment"** means the process whereby the Merchant submits an Authorization Advice Message to PayPal to revise an estimated authorization amount of a Transaction with the actual amount of the purchase. See Section 5.4.3 describing how petroleum Merchants must use Authorization.

**“Authorization Advice Message”** means a type of Authorization service used by a Merchant where required by the Technical Specifications to provide the actual Sales amount after obtaining a preliminary Authorization Response (e.g., AFD Authorization for Unknown Amount) where permitted by the *Operating Regulations*.

**“Authorization Approval Code”** means the code PayPal provides to the Merchant to approve an Authorization Response message sent in response to an Authorization Request.

**“Authorization Response”** means a message provided by PayPal in response to an Authorization Request, consisting of an Authorization Approval Code, Partial Authorization Response or Declined Authorization Code.

**“Authorized Jurisdiction”** means the fifty States of the United States of America and the District of Columbia.

**“Card Not Present”** means a Sale or Credit that is conducted by mail, telephone, or the Internet when the PayPal Account Holder is not present at the point of sale to conduct the Sale or Credit. The card is not scanned to provide Track Data for an electronic Authorization. Card Not Present transactions are excluded from the Program Documents.

**“Card Present”** means a Sale or Credit that occurs where the PayPal Account Holder is present at the point of sale and the PayPal Payment Card is used to conduct the Sale or Credit, as evidenced by PayPal’s receipt of Track Data in the Authorization Request.

**“Card Transaction”** means a Transaction involving a PayPal Payment Card, including any Sale, Credit, Chargeback, Reversal or Correction.

**“Chargeback”** means a transaction processed by PayPal that reverses a previous Settlement, of all or a portion of a Transaction, to a Merchant.

**“Chargeback Request”** means a request by a PayPal Account Holder to reverse a previous Settlement, of all or a portion of a Transaction, to a Merchant through a Chargeback.

**“Collusion”** means an agreement between two or more persons, for the purposes of defrauding or conducting illegal activities.

**“Contactless or NFC Transactions”** means a transaction in which a contactless payment device wirelessly transmits Track Data required to provide an Authorization Response and for creation of related Transaction Data. Contactless and NFC transactions are excluded from the Program Documents.

**“Counterfeit Merchandise”** means a product or merchandise that is an imitation or fraudulent or produced to create the impression of authenticity in order to deceive a customer.

**“Credit”** means the Merchant can return money to the PayPal Account Holder’s Account to compensate them for a return of goods, or at their discretion to compensate for poor service or lack of completion of a transaction. The money is then debited from the Merchant account and “credited” to the PayPal Account Holder’s account in the entire amount or part of the amount of a previous sale. The money is “credited” through a Refund Transaction Notification.

**“Data Security Breach”** includes, without limitation, any intrusion into a computer system where unauthorized disclosure/theft, modification, use or destruction of PayPal Data is suspected.

**“Declined Authorization Code”** means the code sent in response to an Authorization Request when the Authorization for a Sale is not approved. The request for Authorization may be denied for several reasons including a problem with the PayPal Account Holder’s account or PayPal declines the transaction.

**“Dispute”** means any of the following interactions: a Ticket Retrieval Request, Chargeback, Representation Request, or pre-arbitration inquiry. These may require the Merchant to provide supporting information and documentation.

**“Dispute Incident”** means any transaction that has at least one Dispute interaction excluding any Ticket Retrieval Requests. Multiple Dispute interactions on a single transaction are considered only one Dispute Incident.

**“Dispute Notice”** means notice delivered by PayPal to Merchant informing Merchant of a Dispute initiated by a PayPal Account Holder or PayPal or informing the Merchant of a decision by PayPal with respect to a Dispute involving Merchant.

**“Dispute Rules”** means the rules, regulations, and requirements set out in the PayPal Dispute Rules Manual.

**“Dispute-Incident-to-Transaction Ratio”** (DITR) is a Dispute-related ratio calculated as the number of Transaction Dispute Incidents received by Processor for a Merchant or by the Merchant itself in a calendar month divided by the net number (less Credits) of the Merchant’s PayPal In-Store Checkout Transactions in the preceding month.

**“Embargoed Goods”** means OFAC’s sanctions include trade embargoes against particular countries. U.S. persons cannot facilitate trade to, from or with those countries.

**“Excessive Dispute Incident Fee”** means a fee assessed by PayPal against Processor for its Excessive Dispute Incident Merchants.

**“Excessive Dispute Incident Merchant”** means a Merchant that has an excessive number of Dispute Incidents as defined by the Dispute-Incident-to-Transaction ratio. Such Merchant’s may be subject to Excessive Dispute Incident Fees until they are no longer classified as an Excessive Dispute Incident Merchant.

**“Excessive Dispute Notice”** is a notice sent by PayPal to Processor that identifies Processor’s Excessive Dispute Merchants.

**“Fee”** means one or more fees assessed by PayPal against Merchant under the PayPal Operating Regulations in the amount set forth in the Merchant Agreement, this Operating Guide or the PayPal Operating Regulations, as applicable.

**“Merchant Number”** means the unique 15-digit number assigned by Processor to each Merchant to record and to facilitate Transactions conducted by and involving the Merchant.

**“No Signature Required Sales”** means a sale where the Cardholder’s signature is not required on Transaction Documentation under the conditions described in Section 8(f)(1) of this Operating Guide.

**“Noncompliance Fee”** means a Fee that PayPal may assess to Processor or Merchant for noncompliance with material obligations in the Program Documents, including Fees for noncompliance with Technical Specifications, security requirements in the PayPal Operating Regulations, and/or misuse of the PayPal Marks.

**“Office of Foreign Assets Control”** (OFAC) means the Office of Foreign Assets Control (OFAC) is an agency of the United States Department of the Treasury. OFAC administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals against targeted foreign states, organizations, and individuals.

**“PayPal Operating Regulations”** means the rules and regulations governing Merchant acceptance of PayPal In-Store Checkout Transactions and the Settlement of transactions conducted by a Merchant, as promulgated by PayPal from time to time.

**“Payment Application Data Security Standard”** (PA-DSS) is a security standard created by the Payment Card Industry Security Standards Council. It aims to provide software vendors and other application providers a framework to develop secure payment applications that are compliant with PCI-DSS.

**“Payment Code”** or **“PayPal Payment Code”** means a digitally generated set of values that enable the PayPal Account Holder to pay for goods or services, obtain a refund or show as proof of the identity for In-Store pickup. The PayPal Payment Code will be presented by the PayPal Account Holder to the Merchant via a PayPal Mobile Application or PayPal Receipt. Payment Code may be scanned or key-entered into the POS system.

**“Payment Code Transaction”** means a Sale or Credit that occurs using a PayPal generated Payment Code. A PayPal Payment Code can be used for purchases, refunds, recurring payments and proof of identity for in-store pickup.

**“PayPal”** as used in this Operating Guide means PayPal, Inc. and its Service Providers, Agents, subsidiaries and affiliates as applicable.

**“PayPal Acceptance”** means the acceptance by a Merchant of the PayPal Payment Card as the method of payment for goods or services at the point of sale.

**“PayPal Acceptance Mark”** means the PayPal Acceptance Mark designated and/or as published on the PayPal website that are owned by PayPal or one of their Affiliates, as the same may be revised by PayPal from time to time, which Merchants shall display to demonstrate PayPal Acceptance.

**“PayPal Account”** means a Personal, Premier, or Business Account maintained for payment transactions, and which associates various types of funding mechanisms (balance, bank account, credit or debit card, credit line), which are under the control of the PayPal Account Holder.

**“PayPal Account Holder”** means the person who has entered into a PayPal User Agreement with PayPal, and to whom a PayPal Payment Card has been issued. The PayPal Account Holder may also be referred to as the Merchant’s customer.

**“PayPal Account Holder Data”** means the PayPal Account Number, alone or together with the PayPal Account Holder name and/or PayPal Payment Card expiration date.

**“PayPal Account Number”** means a unique identifying number that is assigned by PayPal to a PayPal Payment Card associated with the records maintained by PayPal of the PayPal Account Holder’s respective Transactions, payments, refunds, available balance and available credit line(s). The PayPal Account Number is assigned from the IIN Ranges available to PayPal as indicated in the PayPal Technical Specifications.

**“PayPal Data”** means collectively, the full PayPal Account Number, PayPal Account Holder name, expiration date and/or service code. Security-related information (including but not limited to card identification data, full magnetic-stripe data, PINs, and PIN blocks) used to authenticate the PayPal Account Holder and/or authorize the PayPal Payment Card Transactions.

**“PayPal Issuer Identification Number”** (IIN) means the first 6 digits of the PayPal Payment Card Account Number that identifies the PayPal Account Holder.

**“PayPal In-Store Checkout Transactions”** means an informal way to refer to Transactions occurring through Point of Sale Devices operated by Card Present Merchants.

**“PayPal Marks”** means the PayPal acceptance mark and word mark as published on the PayPal website that are owned by PayPal or its Affiliates.

**“PayPal Payment Card”** means (a) A valid payment card bearing a PayPal Acceptance Mark as included in the Program Documents and/or on our website, or (b) an access token, approved by PayPal to access a PayPal Account, where approved by PayPal.

**“PayPal Privacy Policy”** refers to the then current privacy policy for PayPal Account Holder data usage, available on the [www.paypal.com](http://www.paypal.com) website.

**“PCI Data Security Standards”** (PCI DSS) is an information security standards for payment card data security, including prevention, detection and appropriate reaction to security incidents.

**“Point of Sale Device”** means an electronic point of sale device, cash register, or terminal, including a CAT and Self-Service Terminal, located at the physical premises of a Merchant that is capable of electronically capturing data from PayPal Payment Cards, receiving electronic evidence of Authorization Responses and which may also be capable of transmitting electronic evidence of Transaction Data.

**“Processing Date”** means the date that PayPal transmits files or messages to Processor or Merchant, as applicable, after PayPal completes the processing of the Transaction Data received from the Processor or Merchant for the transaction described in the Transaction Data.

**“Processing Services”** means certain services and systems that PayPal makes available to Processor in connection with the Program Documents to support the Program, the Processor's ability to offer PayPal Acceptance to Merchants, and other Transaction processing services described in the Program Documents that PayPal provides to the Processor.

**“Program Documents”** is a collective term for these Operating Regulations, the Dispute Rules, and the Technical Specifications, including all appendices, exhibits, and attachment.

**“Proof of Delivery”** means documentation, as specified in the PayPal Operating Regulations, that goods or services were delivered to the billing address associated with the PayPal Account Holder, or of the PayPal Account Holder's participation in the transaction.

**“PSP Agreement”** is a Merchant Agreement between Processor and a PSP that satisfies the additional requirements for PSP Agreements set forth in these *Operating Regulations*.

**“PSP Merchant Agreement”** is an agreement between a PSP and a PSP Sponsored Merchant that satisfies the requirements set forth in these Operating Regulations.

**“PSP Sponsored Merchant”** is a Merchant that contracts with a PSP instead of an Processor for the purposes of accepting PayPal In-Store Checkout Transactions at their Point of Sale Device.

**“Recurring Payments”** are sales processed and presented to the PayPal Account Holder's Account periodically in such amount(s) and at such time(s) as agreed between the PayPal Account Holder and the Merchant pursuant to a Recurring Payments Plan. Such transactions may also be referred to as “recurring billing” Sales.

**“Recurring Payments Plan”** means an agreement between a PayPal Account Holder and a Merchant to pay an obligation, either of a fixed or variable amount with a series of payments over a period of time that may, at the PayPal Account Holder's discretion, provide for use of an Account as a means of payment.

**“Refund Transaction Notification”** means a transaction sent by the Merchant to PayPal to reverse all or part of a Sale per the PayPal Technical Specifications.

**“Representment”** means a transaction processed by PayPal to reverse a Chargeback of all or a portion of a Transaction. The funds withdrawn to cover the Chargeback are returned to the Merchant's account.

**“Representment Request”** means a request by Processor or Merchant to PayPal to process a Representment.

**“Return”** means a return of goods or services to a Merchant by a PayPal Account Holder pursuant to a return or refund policy posted in the store provided by the Merchant on the Transaction Receipt. The entire amount or part of the original sale amount is returned to a PayPal Account Holder's account through a Refund Transaction Notification.

**“Sale”** means a sale of goods or services to a PayPal Account Holder by a Merchant pursuant to a Merchant Agreement where the amount of such sale is applied to a PayPal Account Holder's Account and considered an obligation of the PayPal Account Holder.

**“Sanctioned Person”** means a Person whose property is “blocked” and cannot be dealt in, or who or which is otherwise identified as the subject of U.S. economic or other sanctions under Requirements of Law applicable to Processor or to PayPal (e.g., by being located in a country that is the subject of economic sanctions, or by a government that is the subject of economic sanctions). Sanctioned Person includes a Person that is owned or controlled by another Sanctioned Person.

**“Self-Service Terminal”** means a Point of Sale Device where a PayPal Account Holder performs their own checkout and the Merchant is required to obtain a PayPal Account Holder signature for each transaction.

**“Sensitive Authentication Data”** means security-related information (including but not limited to Card Identification Data, card validation codes/values, full magnetic-stripe data, PINs and PIN blocks) used to authenticate the PayPal Account Holder and/or authorize the Transactions.

**“Service Provider”** means a third party that is authorized by PayPal to exercise PayPal's rights and perform PayPal's obligations under the Program Documents, as more fully described in these PayPal Operating Regulations.

**“Settlement”** means the movement of funds among the parties involved in a Transaction as described in the Program Documents, including as a result of a Chargeback, Representment, refund, Return, Credit or Dispute arbitration decision, as effected by PayPal.

**“Soft Descriptor”** means a Merchant provided description identifying the Merchant and the location for which PayPal will make available for the PayPal Account Holder's statements. Accurate Soft Descriptors help the PayPal Account Holder recall transactions reducing the potential for Dispute.

**“Specially Designated Nationals”** (SDNs): As part of its enforcement efforts, OFAC publishes a list of individuals and companies owned or controlled by, or acting for or on behalf of, targeted countries. It also lists individuals, groups, and entities, such as terrorists and narcotics traffickers designated under programs that are not country-specific. Collectively, such individuals and



companies are called “Specially Designated Nationals” or “SDNs”. Their assets are blocked and U.S. persons are generally prohibited from dealing with them.

“**Taxes**” means any present or future income, value-added, sales, use, stamp, registration, duty, licensing, or other taxes and levies, imposts, deductions, charges, compulsory loans and withholdings whatsoever, and all interest, penalties and additions or similar amounts with respect thereto, now or hereafter imposed, assessed, levied or collected by federal, state or local taxing authorities or any political subdivision or Tax Authority.

“**Technical Specifications**” means certain documents prepared by PayPal or its Service Providers and incorporated by reference into these *Operating Regulations* that include detailed operating and technical requirements governing the establishment and maintenance of Authorization, Processing and Settlement services (e.g., the form and format for electronic data transmissions) among Processor or Merchants and PayPal.

“**Ticket Retrieval Request**” means a request by PayPal, acting on its own behalf or on behalf of a PayPal Account Holder, for a copy of Transaction Documentation or other documentation or information relating to a Transaction. PayPal may initiate a Chargeback Request if the Processor or Merchant failed to respond or provides an inadequate response to a Ticket Retrieval Request.

“**Tolerance Level**” means the percentage that is applicable to the industry in which You operate, by which the amount of a sale as represented in Transaction Data may exceed or be less than the amount of the sale indicated in the corresponding Authorization Response applicable to certain Merchant Category Codes.

“**Track Data**” means the data encoded on the magnetic stripe of the PayPal Payment Card which must be read by an electronic reader within the terminal or Point of Sale device.

“**Transaction**” means collectively, any Sale, Credit, Chargeback, Representment, reversal, or correction activity associated with PayPal Acceptance for PayPal In-Store Checkout.

“**Transaction Data**” means the information submitted by a Merchant or Processor to PayPal in connection with Authorization and processing of the Transaction in accordance to these Program Documents.

“**Transaction Date**” means the date the PayPal Account Holder was at the point of sale and initiated the Authorization Request and resulting Sales.

“**Transaction Documentation**” means collectively, Transaction Receipts and Transaction Slips.

“**Transaction Receipt**” means a paper or electronic copy of Transaction Data generated at the point of sale when the PayPal Payment Card transaction is conducted using a Point of Sale Device, a copy of which is required to be provided to the PayPal Account Holder except for No Signature Required Sales where such receipt is only required to be provided upon the PayPal Account Holder’s request.

“**Transaction Slip**” means a paper form used by a Merchant to capture Transaction Data where a Point of Sale Device is not used, a copy of which is provided to the PayPal Account Holder. These are not to be used for PayPal In-Store Checkout Transactions, as an electronic Authorization is required.

“**United States**” means the United States of America, including the 50 states and the District of Columbia.

**EXHIBIT 1**  
**VISA TRANSACTION RECEIPT REQUIREMENTS**

Table 1 through Table 6 specify the requirements for Electronic Transaction Receipts

**Table 1:** Transaction Receipt for Transactions Completed at Point-of-Transaction Terminals

<b>TRANSACTION DATA REQUIREMENTS</b>
The Account Number must be disguised or suppressed on the Cardholder's copy of the Transaction Receipt, except for the final 4 digits. This requirement does not apply to Point-of-Transaction Terminals installed before 1 July 2003
The expiration date must be disguised or suppressed on the Cardholder's copy of the Transaction Receipt.
Merchant or Member name and location, or the city and state of the Automated Dispensing Machine or Self-Service Terminal
Location Code
Transaction amount
Transaction Date
Transaction payment type (i.e., "Visa"). The payment brand used to complete the Transaction must be identified on the Cardholder's copy of the Transaction Receipt
Space for Cardholder signature, except for: <ul style="list-style-type: none"> <li>• Transactions in which the PIN is an acceptable substitute for Cardholder signature</li> <li>• Visa Easy Payment Service Transactions</li> </ul>
A legend identifying the party to whom it will be delivered (e.g., Member copy, Merchant copy, Cardholder copy) except for Express Payment Service Transactions
Authorization Code, if applicable, except for Express Payment Service Transactions
For a Quasi-Cash Transaction completed in a Face-to-Face Environment, the Transaction Receipt must provide space for Cardholder identification and the 4 digits printed above or below the Account Number.
For a Visa Cash Back Service Transaction, the amount of cash provided to the Visa Check Card II Cardholder.

**Table 2: Data Requirements: Visa Electronic Commerce Transaction Receipt**

<b>TRANSACTION DATA REQUIREMENTS</b>
Merchant Name <sup>1</sup>
Merchant Online Address
Transaction amount
Transaction Date
Transaction payment type (i.e., "Visa"). The payment brand used to complete the Transaction must be identified on the Cardholder's copy of the Transaction Receipt
Unique Transaction identification number
Purchaser name
Authorization Code
Transaction type (purchase or credit)
Description of merchandise/services
Return/refund policy (if restricted)
The following additional requirements: <ul style="list-style-type: none"> <li>• Customer service contact, including telephone number. If a Merchant delivers goods or services internationally, both local and internationally accessible telephone numbers must be included</li> <li>• Terms and conditions of sale, if restricted</li> <li>• Exact date free trial period ends, if offered</li> <li>• Cancellation policies</li> </ul>
<sup>1</sup> The Merchant name must be the name most recognizable to the Cardholder, such as: Merchant "doing business as" name (DBA); Merchant universal resource locator (URL); or Merchant name used in the Clearing Record.

**Table 3: Data Requirements: ATM or Load Transaction Receipt**

<b>TRANSACTION DATA REQUIREMENTS</b>
At least 4 digits of the Account Number or card number must be disguised or suppressed. Visa strongly recommends disguising or suppressing all but the last 4 positions of the primary Account Number on the Cardholder Transaction Receipt. Effective for Point-of-Transaction Terminals installed on or after 1 October 2011, the Account Number must be disguised or suppressed on the Cardholder's copy of the Transaction Receipt, except for the final four digits.
ATM Acquirer name and/or name of affiliated local or regional network
ATM street location or Location Code
ATM city and state
Transaction amount in Transaction Currency
The amount of any Access Fee, labeled as an "ATM Fee," "Terminal Fee," or "Access Fee," and the total debit amount
Transaction Date
Transaction payment type (i.e., "Visa"). The payment brand used to complete the Transaction must be identified on the Cardholder's copy of the Transaction Receipt
Transaction type (Cash Disbursement)
Type of account accessed

**Table 4:** Data Requirements: Unattended Transaction Receipt

<b>TRANSACTION DATA REQUIREMENTS</b>
Account Number. The Account Number must be disguised or suppressed on the Cardholder's copy of the Transaction Receipt, except for the final 4 digits. This requirement does not apply to Point-of-Transaction Terminals installed before 1 July 2003.
Merchant Name
Location Code, or city and state
Transaction Date
Transaction amount
Transaction payment type (i.e., Visa). The payment brand used to complete the Transaction must be identified on the Cardholder's copy of the Transaction Receipt
Authorization Code, if applicable

**Table 5:** Data Requirements: Visa Easy Payment Service Transaction Receipt

<b>TRANSACTION DATA REQUIREMENTS</b>
Merchant name
Total Transaction amount indicated in Transaction Currency
Transaction Date
Transaction payment type (i.e., "Visa"). The payment brand used to complete the Transaction must be identified on the Cardholder's copy of the Transaction Receipt

**Table 6:** Data Requirements for Visa Debit with PIN Transactions

<b>TRANSACTION DATA REQUIREMENTS</b>
Transaction amount
Transaction Date
Transaction type (e.g., payment from primary account)
Account Number. The Account Number must be disguised or suppressed on the Cardholder's copy of the Transaction Receipt, except for the final 4 digits.
Terminal location
Merchant name
Trace number

Table 7 through Table 9 specify the requirements for Manual Transaction Receipts.

**Table 7:** Data Requirements: Manual Transaction Receipt

<b>TRANSACTION DATA REQUIREMENTS</b>
Imprint of Card data
Imprint of Merchant or Member name and location
Location Code
Transaction amount indicated in Transaction Currency
Transaction Date
Transaction payment type (i.e., "Visa"). The payment brand used to complete the Transaction must be identified on the Cardholder's copy of the Transaction Receipt
Legend identifying its purpose (i.e., Transaction Receipt or sales slip)
Legend identifying the party to whom it will be delivered (e.g., Member copy). The other copies of the formset should also be appropriately labeled Merchant copy or Cardholder copy.
Description of goods or services
Space for Cardholder signature
Space for salesperson's initials or department number
Authorization Code
For a Quasi-Cash Transaction completed in a Face-to-Face Environment, space for Cardholder identification and the 4 digits printed above the Account Number
The Cardholder copy of a Transaction Receipt must bear the legend "Retain this copy for statement verification" or similar wording in a 10-point Helvetica type font

**Table 8:** Data Requirements: Hotel or Cruise Line Merchants

<b>TRANSACTION DATA REQUIREMENTS</b>
Imprint of Card data
Imprint of Merchant name and location
Location Code
Transaction amount
Transaction Date
Transaction payment type (i.e., "Visa"). The payment brand used to complete the Transaction must be identified on the Cardholder's copy of the Transaction Receipt
Guest check-out or disembarkation date
Legend identifying its purpose (i.e., Transaction Receipt or sales slip)
Legend identifying the party to whom it will be delivered (e.g., Member copy). The other copies of the formset should also be appropriately labeled Merchant copy or Cardholder copy.
Description of goods or services
Room rate and salesperson's initials or department number
Authorization dates, amounts, and approval codes
Space for Cardholder signature
The Cardholder copy of a Transaction Receipt must bear the legend "Retain this copy for statement verification" or similar wording in a 10-point Helvetica type font

**Table 9:** Data Requirements: Manual Cash Disbursement Transaction Receipt

<b>TRANSACTION DATA REQUIREMENTS</b>
Imprint of Card Data
Imprint of the name and location of the Member, Merchant, or Cash Disbursement Merchant
Transaction amount
Transaction Date
Transaction payment type (i.e., "Visa"). The payment brand used to complete the Transaction must be identified on the Cardholder's copy of the Transaction Receipt
Transaction type (Cash Disbursement)
Legend identifying the party to whom it will be delivered (e.g., Member copy). The other copies of the formset should also be appropriately labeled Merchant copy or Cardholder copy.
Space for Cardholder signature
Space for Cardholder's address (may be eliminated from the Cash Disbursement Transaction Receipt used only by a Cash Disbursement Merchant)
Space for Cardholder identification
Space for clerk's signature or identification
Authorization Code
Space for four printed digits above or below Account Number
The Cardholder copy of a Transaction Receipt must bear the legend "Retain this copy for statement verification" or similar wording in a 10-point Helvetica type font