

# Your Payments Acceptance Guide

October 2020



# Welcome

## From start to finish – A guide to accepting payments

Payment acceptance solutions are an essential part of your business. As your partner, we want to make accepting payments as simple as possible for you. That's why we created the "Your Payments Acceptance Guide." It's your quick reference to the guidelines for processing transactions. You'll also find recommendations and tips to help you prevent fraud, reduce chargebacks and properly handle payments, refunds, exchanges and most other situations you'll encounter in your day-to-day business.

To help you navigate more easily and find the information you need when you need it, we've organized the guide into three parts. At the end of the guide, you'll also find information specific to processing WEX<sup>®</sup>, Voyager<sup>®</sup>, American Express<sup>®</sup>, Discover<sup>®</sup>, PayPal<sup>®</sup> and Alipay<sup>™</sup> payments.

If you have questions about processing payments or any of your other business services, please contact Customer Service at the number listed on your Merchant Services Statement. Your Customer Service team is here to make things easier, so let us know what we can do to help.



**American Express**

>>> [americanexpress.com](https://americanexpress.com)

**Discover Financial Services**

>>> [discovernetwork.com/merchants](https://discovernetwork.com/merchants)

**Mastercard Worldwide**

>>> [mastercard.us/content/dam/mccom/global/documents/mastercard-rules.pdf](https://mastercard.us/content/dam/mccom/global/documents/mastercard-rules.pdf)

**Visa, Inc.**

>>> [usa.visa.com/dam/VCOM/download/about-visa/visa-rules-public.pdf](https://usa.visa.com/dam/VCOM/download/about-visa/visa-rules-public.pdf)

**PayPal**

>>> [paypal.com/us/webapps/mpp/accept-payments-online](https://paypal.com/us/webapps/mpp/accept-payments-online)

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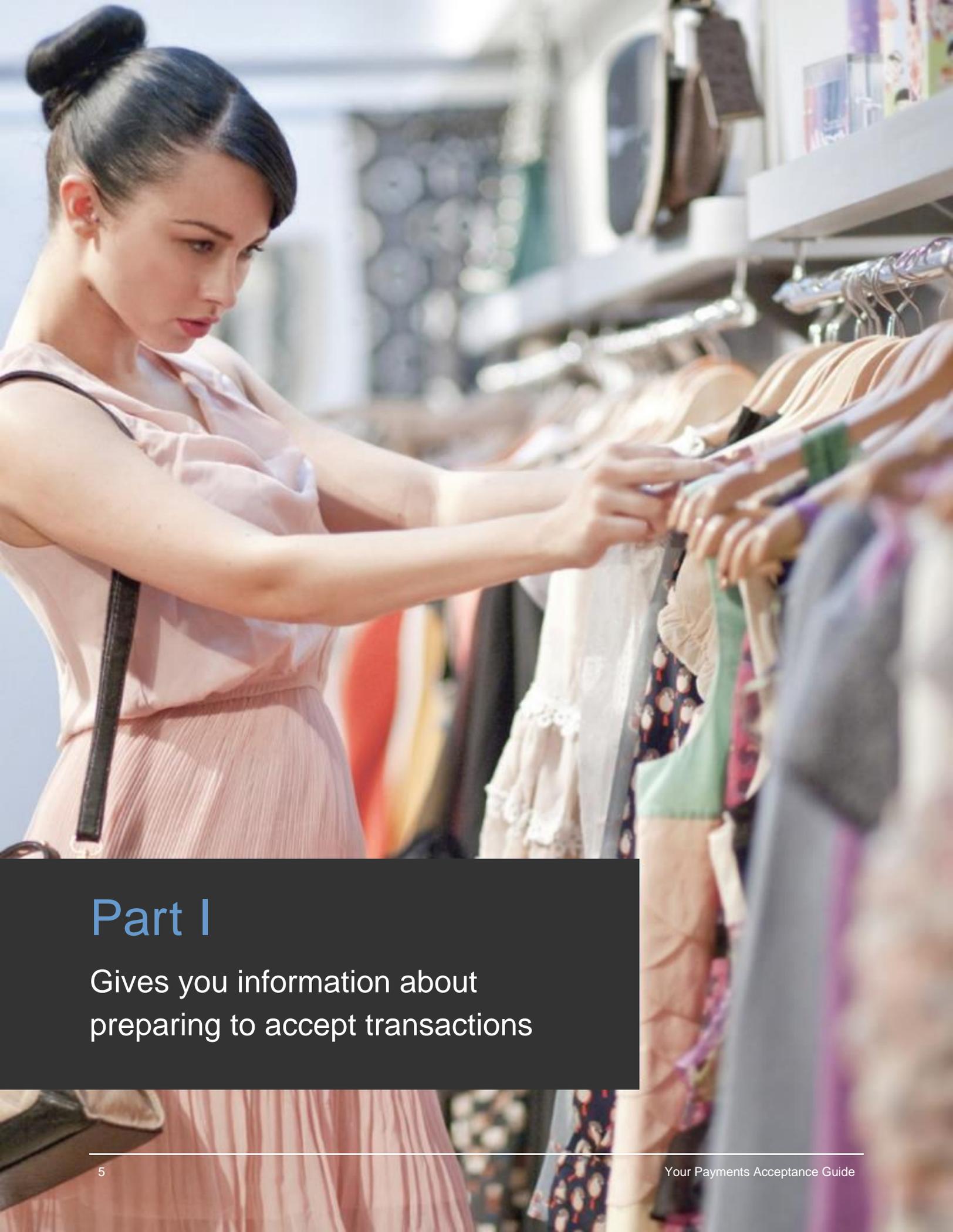
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## Part I

Gives you information about preparing to accept transactions

The first step of a transaction begins before a customer even decides to make a purchase. This part of “Your Payments Acceptance Guide” reviews steps that you’ll need to take to ensure customers are informed of their payment options and understand the terms of sale. You’ll also find tips and important reminders for validating cards in order to reduce the risk of fraud. Finally, specific procedures for accepting debit and EBT payments are outlined. If you have questions about anything discussed in this guide, please contact Customer Service at the number located on your Merchant Services Statement.

## 1 Use of payment organizations’ brands

### Do’s

- Do prominently display relevant trademarks of the payment organizations at each of your locations, in catalogs, on websites and other promotional material
- Do only use the official trademarks of ours and the payment organizations in the official format

### Don’ts

- Don’t indicate that we or any payment organization endorses your goods or services
- Don’t use the trademarks of any payment organization after: Your right to accept the cards of that payment organization has ended; or that payment organization has notified you to stop using their trademarks
- Don’t use the trademarks of ours or the payment organizations in any way that injures or diminishes the goodwill associated with the trademarks
- Don’t use our trademarks or the trademarks of the payment organizations in any manner, including in any advertisements, displays or press releases, without our prior written consent

For special rules applying to the treatment of the American Express brand, please refer to Appendix 2.

## 2 Point-of-Sale (POS) reminders

You must clearly and conspicuously:

- Disclose all material terms of sale prior to obtaining an authorization

- At all points of interaction inform cardholders which entity is making the sales offer, so that the cardholders can clearly distinguish you from any other party involved in the interaction
- Disclose any discount/incentive/Surcharge for customers to pay with cash, check, credit card, or debit card and so on. Any such discount/incentive must be offered to all customers with no special treatment for any card brand or card-issuing bank

If you accept orders through the internet, your website must include the following information in a prominent manner:

- Disclose the existence and amount of any Surcharge as a merchant fee and clearly alert consumers to the practice at the POS – both in-store and online – and on every receipt
- A complete description of the goods or services offered
- Details of your: (i) delivery policy; (ii) consumer data privacy policy; (iii) cancellation policy; and (iv) returns policy
- The transaction currency (U.S. dollars, unless permission is otherwise received from Servicers)
- The customer service contact, including email address and telephone number
- Your address, including country
- The transaction security used on your website
- Any applicable export or legal restrictions
- Your identity at all points of interaction with the cardholder
- The date on which any free trial period ends

If you limit refund/exchange terms or impose other specific conditions for card sales, you must clearly print (in 1/4” letters) the words “No Exchange, No Refund” on the sales draft.

During a liquidation or closure of any of your outlets, locations or businesses, you must post signs clearly visible to customers stating that “All Sales Are Final,” and stamp the sales draft with a notice that “All Sales Are Final.”

### 3 Validating the cards

#### Transactions where the cardholder is present – Card Present (CP) transactions

- You must check the card if the cardholder is present at the POS
- Verify that the card is legitimate and valid
- Verify that the card is not visibly altered or mutilated
- Capture card data using the POS device by swiping the card (magnetic stripe) tapping/waving the card (contactless) or inserting the card (chip card)
- Ensure that the cardholder enters their PIN using the keypad if prompted or provides their signature unless you are participating in the 'No Signature Required' or PINless programs
- Verify the card's valid from date (if applicable) and the expiration date
- Verify that the card number and expiration date on the card are the same as on the transaction receipt and the number displayed on the POS device
- Verify that the name on the transaction receipt is the same as the name on the front of the card (if applicable)
- Ensure that the cardholder appears to be the person shown in the photograph (for cards with a photograph of the cardholder)

#### Transactions where the cardholder is not present – "Card-Not-Present" transactions

This section applies to any transaction where the cardholder is not present, such as mail, telephone, internet and e-commerce.

You may only conduct internet transactions if you have notified us in advance and received approval.

#### Do's

- Do obtain the card account number, name as it appears on the card, expiration date of the card and the cardholder's statement address
- Do use the Address Verification Service (AVS). If you do not have AVS, contact Customer Service immediately
- Do clearly print the following on the sales draft and provide a copy to the cardholder at the time of delivery:
  - The last-four digits of the cardholder's account number
  - The date of transaction
  - A description of the goods and services

- The amount of the transaction (including shipping, handling, insurance and so on)
- The cardholder's name, billing address and shipping address
- The authorization code
- Your name and address (city and state required)
- Do obtain proof of delivery of the goods or services to the address designated by the cardholder
- Do notify the cardholder of delivery time frames and special handling or cancellation policies
- Do ship goods within seven (7) days from the date on which authorization was obtained. If delays are incurred for example, (out of stock) after the order has been taken, notify the cardholder and obtain fresh authorization of the transaction
- Do use any separate merchant identification numbers provided to you for internet orders in all your requests for authorization and submission of charges
- Do provide at least one (1) month's prior written notice to your acquirer of any change in your internet address

#### Don'ts

- Don't exceed the percentage of your total payment card volume for Card-Not-Present sales, as set out in your application
- Don't submit a transaction for processing until after the goods have been shipped or the service has been provided to the cardholder – the only exception to this is where the goods have been manufactured to the cardholder's specifications and the cardholder has been advised of the billing details. Don't accept card account numbers by electronic mail
- Don't require a cardholder to complete a postcard or another document that displays the cardholder's account number in clear view when mailed or send any mailing to a cardholder that displays personal information in clear view

It is also recommended that, if feasible, you obtain and keep a copy on file of the cardholder's signature authorizing you to submit telephone and mail order transactions.

Address Verification Service (AVS) (and other fraud mitigation tools such as Verified by Visa, Mastercard Secure Code, Card Validation Codes and Card Identification) does not guarantee against chargebacks; but, if used properly, it assists you in reducing the risk of fraud by confirming whether certain elements of the billing address provided by your customer matches the billing address maintained by the card-issuing bank.

AVS also may help you avoid incurring additional interchange expenses. AVS is a separate process from obtaining an authorization and will provide a separate response. A transaction may be authorized regardless of the AVS response. It is your responsibility to monitor the AVS responses and use the information provided to avoid accepting high-risk transactions.

If a disputed charge arises for a transaction conducted over the internet or electronically, a chargeback may be exercised for the full amount.

For Discover Network transactions, please refer to Appendix 3 for the Discover Network protocol for internet transactions.

### Customer-activated terminals and self-service terminals

Transactions processed at customer-activated terminals and self-service terminals have specific requirements for processing. You must contact Customer Service for approval and further instructions before conducting customer-activated terminal transactions or self-service terminal transactions.

## 4 Transaction guidelines

### Do's

- Do only present for payment valid charges that arise from a transaction with a bona fide cardholder

### Don'ts

- Don't set a minimum transaction amount of more than \$10 for any credit cards or of any amount for debit cards or Alipay transactions
- Don't set a maximum transaction amount for any credit cards
- Don't establish any special conditions for accepting a card
- Don't make any cash disbursements or cash advances to a cardholder as part of a transaction with the exception of the Discover Network Cash Over service
- Don't accept any direct payments from cardholders for goods or services that have been included on a sales draft
- Don't require a cardholder to supply any personal information for a transaction (for example, phone number, address or driver's license number) unless:
  - (i) instructed by the Voice Authorization Center
  - (ii) presented an unsigned card; or
  - (iii) processing a Card-Not-Present transaction don't submit any transaction representing the refinance or transfer of

an existing cardholder obligation which is deemed uncollectible, for example, a transaction that has been previously charged back or to cover a dishonored check

- Don't submit sales drafts or credit drafts transacted on the personal card of an owner, partner, officer or employee of your business establishment or of a guarantor who signed your application form, unless such transaction arises from a bona fide purchase of goods or services in the ordinary course of your business
- Don't carry out factoring, that is the submission of authorization requests or sales drafts for card transactions transacted by another business

## 5 Security

You are responsible for maintaining the security of your POS devices and for instituting appropriate controls to prevent employees or others from submitting credits that do not reflect bona fide returns or reimbursements of earlier transactions.

Please comply with the data security requirements shown below:

### Do's

- Do install and maintain a secure firewall configuration to protect data
- Do protect stored data and do encrypt the transmission of data sent across open/public networks, using methods indicated in the Payment Card Industry Data Security Standard (PCI DSS) which is available at: [pcisecuritystandards.org](http://pcisecuritystandards.org)
- Do use and regularly update anti-virus software and keep security patches up to date
- Do restrict access to data by business "need to know". Assign a unique ID to each person with computer access to data and track access to data by a unique ID
- Do regularly test security systems and processes
- Do maintain a policy that addresses information security for employees and contractors
- Do restrict physical access to cardholder information
- Do destroy or purge all media containing obsolete transaction data with cardholder information
- Do keep all systems and media containing card 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

- Do use only those services and devices that have been certified as PCI-DSS compliant by the payment organizations

### Don'ts

- Don't use vendor-supplied defaults for system passwords and other security parameters
- Don't transmit cardholder account numbers to cardholders for internet transactions
- Don't store or retain card verification codes (three-digit codes printed on the back of most cards and a four-digit code printed on the front of an American Express card) after final transaction authorization
- Don't store or retain magnetic stripe data, PIN data, chip data or AVS data – only cardholder account number, cardholder name and cardholder expiration date may be retained subsequent to transaction authorization

For internet transactions, copies of the transaction records may be delivered to cardholders in either electronic or paper format.

## 6 TransArmor® services

If you are receiving TransArmor services from us, the important Do's and Don'ts listed below apply to you:

### Do's

- Do comply with the payments organization rules, including PCI DSS
- Do demonstrate and maintain your current PCI DSS compliance certification. Compliance must be validated either by a Qualified Security Assessor (QSA) with corresponding Report on Compliance (ROC) or by successful completion of the applicable PCI DSS Self-Assessment Questionnaire (SAQ) or Report on Compliance (ROC), as applicable and if applicable to your business, passing quarterly network scans performed by an Approved Scan Vendor, all in accordance with payments organization rules and PCI DSS
- Do ensure that all third parties and software that you use for payment processing comply with PCI DSS
- Do deploy the data protection solution (including implementing any upgrades to such service within a commercially reasonable period of time after receipt of such upgrades) throughout your systems including replacing existing card numbers on your systems with tokens

- Do use the token in lieu of card numbers for ALL activities subsequent to receipt of the authorization response, including settlement processing, retrieval processing, chargeback and adjustment processing and transaction reviews
- Do ensure that any POS device, gateway or VAR is certified by us for use with the data protection solution. If you are uncertain whether your equipment is compliant, contact a customer service representative at 866-359-0978
- If you send or receive batch files containing completed card transaction information to/from us, do use the service provided by us to enable such files to contain only tokens or truncated information
- Do use truncated report viewing and data extract creation within reporting tools provided by us
- Do follow rules or procedures we may provide to you from time to time regarding your use of the data protection solution
- Do promptly notify us of a breach of any these terms

### Don'ts

- Don't retain full card numbers, whether in electronic form or hard copy
- Don't use altered version(s) of the data protection solution
- Don't use, operate or combine the data protection solution or any related software, materials or documentation or any derivative works thereof with other products, materials or services in a manner inconsistent with the uses contemplated in this section

## 7 Debit cards

When accepting debit cards, you'll need to follow the specific requirements for each debit network, as well as, the general requirements set out in this section.

### Do's

- Do read the account number electronically from the magnetic stripe/chip for transactions authenticated with a PIN. If the magnetic stripe/chip is unreadable, you must request another form of payment from the cardholder

### Don'ts

- Don't process a credit card transaction in order to provide a refund on a debit card transaction

- Don't complete a debit card transaction without:
  - Entry of the PIN by the cardholder (and no one else)
  - Signature by the cardholder (and no one else)

Unless the transaction is a “no-signature” debit transaction or a “PINless” PIN debit transaction specifically supported by the debit network:

- Don't accept the PIN from the cardholder verbally or in written form
- Don't manually enter the account number for PIN debit transactions. Signature debit transactions may be key entered if you are unable to swipe, dip, tap or wave the card

The debit network used to process your debit transaction will depend upon, among other things, our own business considerations, the availability of the debit network at the time of the transaction and whether a particular debit card is enabled for a particular debit network.

The debit network used to route your transaction may or may not be the lowest cost network available. We may in our sole discretion:

- Use any debit network available to us for a given transaction (including any of our affiliated PIN debit networks)
- Add or remove debit networks available to you based on a variety of factors, including availability, features, functionality and our own business considerations

[You are responsible for securing your POS devices and implementing appropriate controls to prevent employees or others from submitting credits and voids that do not reflect bona fide returns or reimbursements of prior transactions.](#)

You may offer cash back to your customers when they make a PIN debit card purchase. You may set a minimum and maximum amount of cash back that you will allow. If you are not currently offering this service, your POS device may require additional programming to begin offering cash back as long as it is supported by the debit network.

You must reconcile your accounts for each location daily and notify us within 24 hours of any issues.

An adjustment is a transaction that is initiated to correct a debit card transaction that has been processed in error. For signature debit transactions (that is, “no-signature” debit transactions), the cardholder and card-issuing bank have the right to question or dispute a transaction. If these questions or disputes are not resolved, a chargeback may occur. You are responsible for all adjustment and chargeback fees that may be charged by a debit network.

An adjustment may be initiated for many reasons, including:

- The cardholder was charged an incorrect amount, whether too little or too much
- The cardholder was charged more than once for the same transaction
- A processing error may have occurred that caused the cardholder to be charged even though the transaction did not complete normally at the POS
- A cardholder is disputing the goods or services provided

All parties involved in processing adjustments and chargebacks are regulated by time frames that are specified in the operating rules of the applicable debit network, the Electronic Funds Transfer Act, Regulation E and other applicable law.

## 8 Electronic Benefit Transfer (EBT) transactions

We offer electronic interfaces to Electronic Benefit Transfer (EBT) networks for the processing, settlement and switching of EBT transactions initiated through the use of a state-issued EBT card at your POS terminal(s), so that EBT recipients may receive EBT benefits.

### EBT benefits may comprise:

- United States Department of Agriculture, Food and Nutrition Service (FNS)
- Supplemental Nutrition Assistance Program (SNAP)
- Women, Infants and Children Benefits (WIC Benefits)
- Government delivered cash

If you accept EBT transactions or provide EBT benefits:

### Do's

- Do provide EBT benefits to EBT recipients in accordance with applicable law and the procedures set out in the Quest rules, in the amount authorized through your terminal, upon presentation by an EBT recipient of an EBT card and such EBT recipient's entry of a valid PIN
- Do use POS Terminals, PIN pad and printer or other equipment that meets required standards (that is those set out in the Quest rules) during your normal business hours and in a manner consistent with your normal business practices
- Do comply with the procedures set out in the Quest rules for authorization of EBT benefits if your terminal fails to print EBT benefit issuance information as approved and validated as a legitimate transaction

- Do provide a receipt for each EBT transaction to the applicable EBT recipient
- Do provide EBT benefits for EBT recipients from all states
- Do notify us promptly if you plan to stop accepting EBT cards and providing EBT benefits or if you are unable to comply with this section or the Quest rules
- Do adequately display any applicable state's service marks or other licensed marks, including the Quest marks and other materials supplied by us in accordance with the standards set by the applicable state
- Do use any marks only to indicate that EBT benefits are issued at your location(s)
- Do maintain adequate cash on hand to issue EBT service provider authorized cash benefits
- Do issue cash benefits to EBT recipients in the same manner and to the same extent that cash is provided to your other customers

### Don'ts

- Don't accept EBT cards or provide EBT benefits at any time other than in compliance with this section or the Quest rules
- Don't designate and direct EBT recipients to special checkout lanes restricted to use by EBT recipients unless you also designate and direct other customers to special checkout lanes for debit cards, credit cards or other payment methods such as checks other than cash
- Don't resubmit any EBT card transaction, except as specifically permitted by the applicable Quest rules and procedures
- Don't accept any EBT card for any purpose other than providing EBT benefits, including without limitation accepting an EBT card as security for repayment of any EBT recipient obligation to you. If you violate this requirement, you will be obligated to reimburse the state or us for any EBT benefits unlawfully received by either you or an EBT recipient to the extent permitted by law
- Don't dispense cash for FNS, SNAP and WIC Benefits
- Don't disclose individually identifiable information relating to an EBT recipient or applicant for EBT benefits without prior written approval of the applicable state
- Don't use the marks of any EBT service provider without prior written approval from such EBT service provider

- Don't indicate that we, any state or its EBT service provider endorse your goods or services
- Don't require or in your advertising suggest, that any EBT recipient must purchase goods or services from you as a condition to receiving cash benefits, unless such condition applies to other customers as well

You must take sole responsibility for the provision of any EBT benefits other than in accordance with authorizations received from the EBT service provider.

If an authorized terminal is not working or the EBT system is not available:

### Do's

- Do manually accept EBT cards and manually provide EBT benefits in the amount authorized through the applicable EBT service provider to the EBT recipients at no cost to the EBT recipients upon presentation by an EBT recipient of their EBT card
- Do obtain an authorization number for the amount of the purchase from the applicable EBT service provider while the respective EBT recipient is present and before you provide the EBT recipient with any FNS, SNAP and WIC benefits or cash benefits, as applicable
- Do properly and legibly enter the specified EBT recipient, clerk and sales information, including the telephone authorization number, on the manual sales draft
- Do clear all manual vouchers authorizations on your POS terminal within fourteen (14) days after the date of applicable voice authorization. If a voucher expires before it has been cleared by your terminal for payment, no further action can be taken to obtain payment for the voucher

### Don'ts

- Don't attempt to voice authorize a manual EBT transaction if the EBT recipient is not present to sign the voucher. The EBT recipient must sign the voucher. You must give a copy of the voucher to the EBT recipient at the time of authorization and retain one copy for your records
- Don't resubmit a manual sales draft for payment for a transaction if you have not received an authorization number
- Don't mail vouchers requesting payment

You must take sole responsibility for (and you will not be reimbursed in respect of) a manual transaction, if you fail to obtain an authorization number from the applicable EBT service provider in accordance with this section or otherwise fail to process the manual transaction in

accordance with the Quest rules, except as specifically provided in the Quest rules.

## 9 Surcharging requirements

A “Surcharge” is an additional fee that you add to relevant transactions as permitted by Card Organization Rules and applicable laws (together, “Applicable Laws”). Merchants must receive prior approval from Processor before assessing a Surcharge.

If you participate in Surcharging the following terms and conditions apply:

### Do

- Provide notice to the merchant's acquirer/card brands before beginning to Surcharge, as applicable based on card brand rules
- Disclose the existence and amount of any Surcharges on a stand-alone basis in locations that the consumer is likely to see prior to committing to a transaction, including: signs or postings, webpages, advertising materials; catalogues or menus
- Provide disclosures that are prominent and easily visible to customers
  - Place disclosures prominently on websites and the information should appear, at a minimum, before proceeding to checkout, in addition to other pages
  - If a POS register is being used for the transaction, the sign should be located near the register such that a customer would see it prior to initiating the checkout process
  - On a sign prominently near an entrance or other high-traffic part of the facility
  - On a receipt, the disclosure must be broken out as its own line item, showing a dollar amount and how that dollar amount is added into the total cost
- Use the word “Surcharge” to describe the fee, accurately reflect the reason for the Surcharge, and describe it as a Surcharge you are assessing for accepting relevant transactions as permitted by Applicable Laws
- If the Surcharge is calculated as a percentage of the transaction amount, clearly disclose in writing the dollar and cents amount of the Surcharge prior to processing the charge. In the context of a card not present transaction, the dollar amount of the Surcharge must be disclosed prior to processing the transaction

- Provide full refunds for the exact dollar amount of the original transaction including tax, handling charges, Surcharges
- For partial refunds relating to Surcharge transactions, the Surcharge amount must be prorated

### Don't

- Do not Surcharge for debit, prepaid card or other transactions as prohibited by Applicable Laws
- Do not Surcharge on debit card transactions for which the cardholder using a debit card chooses “credit” on the POS terminal
- Do not characterize the Surcharge in a way that suggests it is not being imposed by the business itself (such as calling it “mandatory”) or that it is being imposed solely to cover credit card costs



## Part II

Gives you information about transaction types (that is, chargebacks and retrievals)

This part of the “Your Payments Acceptance Guide” reviews essential elements of a transaction, including authorizations, issuing refunds and exchanges and handling special transactions like recurring payments. You'll also find information about chargebacks and processes to put in place to avoid chargebacks. Feel free to contact Customer Service with any questions that arise as you review this information.

## 10 Authorizations

### General

- You must obtain an authorization approval code from us for all transactions
- A positive authorization response remains valid for the time frame set out in Section 20
- An authorization approval code only indicates the availability of funds on an account at the time the authorization is requested. It does not indicate that the person presenting the card is the rightful cardholder, nor is it a promise or guarantee that you will not be subject to a chargeback or adjustment
- You must not attempt to obtain an authorization approval code from anyone other than us, unless we have authorized you to use a third-party authorization system as set out in Section 10. An authorization approval code from any other source may not be valid
- If you use Address Verification Services (AVS), you must review the AVS response separately from the authorization response and make your own decision about whether to accept the transaction. A transaction may receive an authorization approval code from the card-issuing bank even if AVS is unavailable or reflects that the address provided to you does not match the billing address on file at the card-issuing bank
- If you receive a referral response to an attempted authorization, you must not:
  - Submit the transaction without calling for and receiving a voice authorization
  - Attempt another authorization on the same card through your POS device
- You must not attempt to obtain multiple authorizations for a single transaction. If a sale is declined, do not take alternative measures with the same card to obtain an approval of the sale from other authorization sources. Instead, request another form of payment

- If you fail to obtain an authorization approval code or if you submit a card transaction after receiving a decline (even if a subsequent authorization attempt results in an authorization approval code), your transaction may result in a chargeback and it may be assessed fines or fees by the payment organizations for which you will be responsible. Fees currently range from \$25 to \$150 per transaction
- You will be charged for a request for an authorization approval code (where applicable), whether or not the transaction is approved
- For Card Present transactions, it is highly recommended that you use your electronic authorization device to swipe (magnetic stripe), tap/wave (contactless) or insert (chip) cards

### Card-Not-Present (CNP) transactions

It is highly recommended that you obtain the three-digit card verification code on the back of the card (or the four-digit verification code on the front of American Express cards) and that you include this code with each CNP authorization request unless the transaction is a recurring transaction.

For recurring transactions, submit the card verification code only with the first authorization request and not with subsequent authorization requests.

For American Express CNP transactions, please also refer to Appendix 2. For Discover Network CNP transactions, please also refer to Appendix 3. PayPal and Alipay do not allow CNP transactions.

### Authorization through telephone (other than terminal/electronic device users)

- You must call your designated Voice Authorization Toll-Free Number and enter the authorization information into the VRU using a touch-tone phone or hold for an authorization representative
- If the Voice Authorization Center asks you to obtain identification from the cardholder before issuing an approval code, you must clearly write the appropriate identification source and numbers in the space provided on the sales draft

- If the Voice Authorization Center asks you to confiscate a card, do not take any action that will alarm or embarrass the card presenter and send the card to Rewards Department, P.O. Box 5019, Hagerstown, MD 21740. You may be paid a reward for the return of the card
- If the sale is declined, please remember that our operators are only relaying a message from the card-issuing bank. The fact that a sale has been declined must not be interpreted as a reflection of the cardholder's creditworthiness. You must instruct the cardholder to call the card-issuing bank

### Authorization through electronic devices

- If you use an electronic terminal to obtain authorization approval codes, you must obtain the authorization approval codes for all sales through this equipment
- If your terminal malfunctions, please refer to your "Quick Reference Guide" or call the POS Help Desk. Please remember to check your terminal periodically because most terminal problems are temporary in nature and are quickly corrected
- If a terminal is moved or if wires are disconnected, causing malfunction, call the POS Help Desk immediately and follow their instructions. You may be responsible for any service charges incurred for reactivation of the terminal
- Until the terminal becomes operable, you must call your designated Voice Authorization Toll-Free Number and enter authorization information into the VRU using a touch-tone phone

### Third-party authorization systems

If you have contracted to use one of our authorization services, you must not use another third-party authorization system without notifying Customer Service. Otherwise, we will be unable to successfully research and defend any authorization related chargebacks on your behalf. This delay will significantly decrease your time to research and provide proof of authorization, thus reducing your opportunity to reverse a chargeback.

If you use another authorization network:

- You will be responsible for the downgrade of any transactions to a higher cost interchange that result from any mismatch of information to our systems and those of third-party authorization networks
- Liability resulting from discrepancies with that network must be resolved between you and that network. We will not research chargebacks resulting from authorization approval codes obtained from another authorization service organization. Such chargebacks will be passed through to you for resolution. If an authorization provided by a third-party authorization system is challenged in a chargeback, you must obtain proof (for example, third-party authorization logs) from the authorization source and submit it to us within the time frame specified on the chargeback documentation.

### Call the following for other card types, each of which is available 24 hours/day; 7 days/week:

American Express Direct	800-528-2121
JCB, International (For YEN and CAD currency only)	800-522-9345
TeleCheck	800-366-5010
Voyager	800-987-6589
WEX	800-842-0071

You must enter manually all approved sales that have been authorized in this manner as "post authorization" transactions into the terminal, once the terminal becomes operational. You must enter all credit transactions into the terminal for data capture. If you receive a referral and subsequently receive an approval, you may be subject to a chargeback.

For specific procedures on electronic data capture, refer to the "Terminal Operating Instructions/Users Guide." If the terminal malfunctions for more than twenty-four (24) hours, contact Customer Service for further instructions on processing your transactions.

## Automated dispensing machines

You must produce records for all transactions originating with automated dispensing machines or limited-amount terminals. Such records must include the last four-digits of the cardholder account number, merchant's name, terminal location, transaction date, identification of transaction currency, transaction type (purchase), authorization code and amount.

For Discover Network transactions, please refer to Appendix 3 for instructions on how to cancel an authorization. For PayPal transactions, please refer to Appendix 4 for instructions on how to cancel an authorization.

## Partial authorization and authorization reversal

Partial authorization provides an alternative to a declined transaction by permitting a card-issuing bank to return an authorization approval for a partial amount. This amount is less than the transaction amount requested because the available card balance is not sufficient to approve the transaction in full. The cardholder is able to use the funds remaining on the card to pay for a portion of the purchase and select another form of payment (in other words, another payment card, cash and check) for the remaining balance of the transaction.

- For Mastercard transactions, partial authorization is optional for batch authorized e-commerce transactions, mail order, telephone order transactions and recurring payment transactions
- For Discover transactions, partial authorization support is optional for CNP transactions. If you support partial authorizations, a partial authorization indicator must be included in each authorization request

You must submit an authorization reversal if the authorization is no longer needed, a partial amount of the total authorized is submitted for the settled transaction or the cardholder elects not to complete the purchase. The transaction sent for settlement must be no more than the amount approved in the partial authorization response. If you wish to support partial authorization functionality, you must contact Customer Service for additional rules and requirements.

## 11 Special types of transactions

### Payment by installments

If a cardholder makes a deposit toward the full amount of the sale price and pays the balance on delivery, please follow the procedures set out in this section.

## Do's

- Do execute two separate sales drafts and obtain an authorization for each sales draft on each transaction date
- Do indicate on each sales draft:
  - Whether it is for the deposit or the balance of payment
  - The authorization date and approval code
- Do submit and seek authorization of each delayed delivery transaction under the same merchant identification number and treat deposits on the card no differently than you treat deposits on all other payment products
- Do complete Address Verification for each "balance" authorization
- Do obtain proof of delivery upon delivery of the services/merchandise purchased

## Don'ts

- Don't submit sales data to us relating to the "balance" until the goods have been completely delivered or the services fully provided

If delivery occurs after the time frames set out in Section 20, you must obtain a new authorization for the unprocessed portion of the transaction prior to delivery. If the transaction is declined, contact the cardholder and request another form of payment.

For example: On January 1, a cardholder orders \$2,200 worth of furniture and you receive an authorization for the full amount; however, only a \$200 deposit is processed leaving a \$2,000 balance remaining on the furniture. An authorization reversal must be processed for \$2,000. When the goods are available to ship, the \$2,000 transaction balance must be reauthorized.

## Advance payment charges

If you permit or require cardholders to make advance payment charges for the following types of goods or services, please follow the procedures set out in this section:

- Custom-orders (for example orders for goods to be manufactured to a customer's specifications)
- Ticketing for events or entertainment (for example, sporting events or concerts)
- Tuition, room, board and other mandatory fees (for example, library or other students services fees at universities)

- Tickets for airlines, rail lines, cruise lines, lodging and other travel-related services (for example, tours or guided expeditions)
- Vehicle rentals
- In-store merchandise not immediately available (for example, merchandise prepurchased for an upcoming sale event or merchandise on layaway)

For all advance payment transactions:

- Do state your full cancellation and refund policies
- Do clearly disclose your intention to receive advance payment
- Before you request an authorization, do obtain written consent from the cardholder to bill the card for an advance payment charge

The cardholder's consent must include: (1) a detailed description of the goods or services to be provided and (2) his or her agreement to all of the terms of the sale (including price, any cancellation or refund policies) and the expected delivery date of the goods or services

- Do obtain an authorization approval
- Do complete a sales draft
- If you cannot deliver the goods or services (for example, because custom-ordered merchandise cannot be fulfilled) and cannot make other arrangements, do immediately issue a credit for the full amount of the advance payment charge

For CNP transactions involving an advance payment:

- Do ensure that the sales draft contains the words "Advance Payment"
- Within twenty-four (24) hours of the advance charge being authorized, do provide the cardholder with written confirmation (for example, by email or facsimile) that advance payment charge has been made, the written confirmation must include (1) a detailed description of the goods or services to be provided; (2) the amount of the charge; (3) the confirmation number (if applicable); (4) the details of any cancellation or refund policies; and (5) the expected delivery date of the goods or services

### Recurring transactions

If you process recurring transactions and charge a cardholder's account periodically for goods or services (for example, yearly subscriptions, annual membership fees and so on), please follow the procedures set out in this section.

### Do's

- Do obtain written cardholder approval for goods or services to be charged on a recurring basis to the cardholder's account. Approval must at least specify:
  - The cardholder's name, address, account number and expiration date
  - The transaction amounts
  - The timing or frequency of recurring charges
  - The duration of time for which the cardholder's approval is granted
  - For Discover Network and PayPal transactions, the total amount of recurring charges to be billed to the cardholder's account, (that is, taxes and tips) and your merchant identification number
- Do obtain an authorization for each transaction
- Do include the recurring payment indicator in each authorization request and as applicable, each batch submission entry
- Do indicate on the sales draft "Recurring Transaction" (or "P.O." for Mastercard transactions)
- For Discover Network and PayPal recurring transactions, do include a toll-free customer service number that the cardholder can call to cancel his/her approval for the recurring transaction or to obtain other assistance relating to the recurring transaction

### Don'ts

- Don't include partial payments for goods or services purchased in a single transaction
- Don't impose a finance charge in connection with the recurring transaction or preauthorized order
- Don't complete a recurring transaction after receiving a cancellation notice from the cardholder or card-issuing bank or after a request for authorization has been denied
- Don't store a payment credential if either the first payment transaction or account verification is declined

It is highly recommended that you obtain the three-digit card verification code on the back of the card (or the four-digit verification code on the front of American Express cards), include the number with the first authorization request. This is not required for subsequent authorization requests.

A positive authorization response for one recurring transaction is not a guarantee that any future recurring transaction authorization request will be approved or paid.

If the recurring transaction is renewed, you must obtain from the cardholder a new written request for the continuation of such goods or services to be charged to the cardholder's account.

If you or we have terminated your right to accept cards, you must not submit authorization requests or sales data for recurring transactions that are due after the date of such termination.

For American Express transactions please also see Appendix 2.

### Stored payment credential transactions

If you store information (including, but not limited to, an account number or payment token) to process future purchases on behalf of the cardholder, follow the procedures set out in this section.

#### Do's

- Do include the appropriate data values when a payment credential is being stored for the first time
- Do include the appropriate data values when a payment credential is being used to initiate a stored credential transaction
- Do include the appropriate data values when a payment credential is being used to identify an unscheduled credentials on file transaction
- Do submit a valid authorization if an amount is due at the time the payment credential is being stored
- Do submit an authorization verification if no payment is due at the time the payment credential is being stored

#### Don'ts

- Don't store a payment credential if either the first payment transaction or account verification is declined

### Card checks

If you accept card checks, you must treat checks from all the payment organizations that you accept equally (for example, if you accept Mastercard and American Express, your check acceptance policy must treat checks for both of these payment organizations equally). You should handle these card checks like any other personal check drawn upon a bank in the United States.

## 12 Sales drafts

### Do's

- Do prepare a sales draft for each transaction and provide a copy of the sales draft or transaction receipt to the cardholder at the time the card transaction is completed; an exception is eligible transactions participating in any of the 'No Signature Required' programs
- Do only collect transaction data provided directly to you by the cardholder
- Do include all of the following information on a single page document constituting the sales draft:
  - The cardholder's account number
  - Cardholder's signature, unless you participate in any of the 'No Signature Required' programs. For the 'No Signature Required' programs, Visa, Mastercard, Discover and American Express does not require you to obtain signatures at the POS for credit or debit transactions unless required by law
  - Date of the transaction
  - The total amount of the transaction, including any taxes to be collected, in the approved currency of the sale
  - Description of the goods or services involved in the transaction – if there are too many items, combine them into one description; (for example, "clothing") to ensure that all information is contained on a single page
  - Description of your merchandise return and credit/refund policy
  - A valid authorization code
  - Merchant's Doing Business As ("D/B/A") name and location (city and state required) and merchant identification number. The merchant identification number is optional but if provided for Discover, include only the last-four digits

### Don'ts

- Don't include the card expiration date or any more than the last-four digits of the card number in the copy of the sales draft which you provide to the cardholder

- If you are EMV<sup>®</sup>-enabled, you may elect to participate in the 'No Signature Required' programs. For the 'No Signature Required' programs, you are not required to:
  - Provide a transaction receipt, unless requested by the cardholder; or
  - Obtain the cardholder's signature provided you transmit the full track data/full chip card data in the authorization request regardless of the sale amount

## 13 Refunds

### Do's

- Do provide clear instructions to your customers regarding returns, including the following:
  - Customer service telephone number
  - Reference number for the return
  - Expected processing time for the credit
  - Return address, preferably on a preformatted shipping label (if applicable)
- Do document your cancellation policy and terms and conditions on the contract the cardholder signs or on your website, as applicable
- Do create a credit draft containing the following information for every refund:
  - The account number
  - The cardholder's name
  - Your name, city, state and merchant identification number
  - The merchant identification number is optional but if provided for Discover, only include the last four digits
  - Transaction type
  - A description of the goods or services
  - The transaction date of the credit; the total amount of the credit
  - For Discover Network transactions, the approved currency used and the signature of your authorized representative or employee
  - For PayPal transactions, the approved currency used and the signature of your authorized representative or employee
- Do submit all credit drafts to us within the time frames set out in Section 19
- Do submit each credit under the establishment where the credit originated

- Do provide full refunds for the exact dollar amount of the original transaction including tax, handling charges, Surcharges and so on and under no circumstances provide a refund amount for more than the original card sale amount
- For partial refunds relating to Surcharge transactions, the Surcharge amount must be prorated
- Do write clearly all amounts and other handwritten information – stray marks on the credit draft will render it illegible
- Do ensure that the cardholder signs the credit draft, give the cardholder the appropriate copy and deposit the credit draft immediately

### Don'ts

- Don't circle or underline any information on the credit draft
- Don't credit an account that differs from the account used for the original transaction
- Don't include the card expiration date or any more than the last four-digits of the card number in the copy of the credit draft which you provide to the cardholder
- Don't give cash, check, credit refunds or other consideration for card sales, with the exception of the following type of Visa transactions only:
  - Visa Easy Payment Service Transaction or if EMV-enabled and participating in Visa's "No Signature Required" program
  - The recipient of the gift is not the cardholder
  - Visa prepaid card transaction if the cardholder states that the Visa prepaid card has been discarded
- Don't intentionally submit a sale and an offsetting credit at a later date solely for the purpose of debiting and crediting your own or a customer's account
- Don't process a credit transaction after a chargeback has been received

Your website must communicate your refund policy to your customers and require your customers to select a "click-to-accept" or another affirmative button to acknowledge the policy. The terms and conditions of the purchase must be displayed on the same screen view as the checkout screen that presents the total purchase amount or within the sequence of website pages the cardholder accesses during the checkout process.

For American Express transactions, please also refer to Appendix 2.

## 14 Exchanges

For an even exchange, no additional paperwork is necessary and you may simply follow your standard company policy.

For an uneven exchange, you must complete a credit draft and follow the procedures outlined in Section 12 for the total amount of goods returned. The cardholder's account will be credited for that amount. Then, complete a new sales draft for the total amount of any new goods purchased.

## 15 Chargebacks, retrievals and other debits

### Chargebacks

Both the cardholder and the card-issuing bank have the right to question or dispute a transaction. If such questions or disputes are not resolved, a chargeback may occur. You are responsible for all chargebacks, our chargeback fees and related costs arising from your transactions. As a result, we will debit your settlement account or settlement funds for the amount of each chargeback.

Due to the short time frames and the supporting documentation necessary to successfully (and permanently) reverse a chargeback in your favor, we strongly recommend that:

- You adhere to the guidelines and procedures outlined in this guide
- If you do receive a chargeback, investigate and if you dispute the chargeback, submit the appropriate documentation within the required time frame
- Whenever possible, contact the cardholder directly to resolve the dispute (except with respect to a Discover Network cardholder with whom direct contact regarding the dispute is prohibited by Discover Network Card Organization Rules)
- If you have any questions, call Customer Service

You must not process a credit transaction once a chargeback is received, even with cardholder authorization, as the credits may not be recoverable and you may be financially responsible for the credit as well as the chargeback. Instead, the card-issuing bank will credit the cardholder's account.

### Chargeback process

If the card-issuing bank submits a chargeback, we will send you a chargeback notification, which may also include a request for transaction documentation. Due to

the short time requirements imposed by the payment organizations, it is important that you respond to a chargeback notification and transaction documentation request within the time frame set out in the notification.

Upon receipt of a transaction documentation request, you must immediately retrieve the requested sales draft(s) using the following guidelines:

- Make a legible copy, centered on 8-1/2 x 11-inch paper (only one (1) sales draft per page)
- Write the 'case number' from the request for transaction documentation on each copy/page
- If applicable, make copies of a hotel folio, car rental agreement, mail/phone/internet order form or other form of receipt
- If a credit transaction has been processed, make a copy of the credit draft
- Letters are not acceptable substitutes for sales drafts
- Fax or mail legible copies of the sales draft(s) and credit drafts, if applicable, to the fax number or mail address provided on the request form
- If you fax your response, please (i) set your fax machine to print your fax number and name on the documents that you send and (ii) set the scan resolution on your fax machine to the highest setting. We can use this information to help determine where the documentation received originated from if additional research is required and the higher resolution setting improves the clarity of characters and graphics on the documentation transmitted and helps reduce the number of illegible fulfillments and chargebacks

We strongly recommend that you also include a detailed rebuttal letter along with all pertinent documents when responding to a transaction request or a chargeback notification (for example, rental agreement, the portion signed by the cardholder; and the area where the authorization codes, with amounts and dates, are located).

If the information you provide is both timely and, in our sole discretion, sufficient to warrant a re-presentation of the transaction or reversal of the chargeback, we will do so on your behalf. However, a re-presentation or reversal is ultimately contingent upon the card-issuing bank and/or cardholder accepting the transaction under applicable payment organization guidelines. Re-presentation or reversal is not a guarantee that the chargeback has been resolved in your favor.

If we do not receive a clear, legible and complete copy of the transaction documentation within the time frame specified on the request, you may be subject to a chargeback for “non-receipt” for which there is no recourse.

If you do not dispute the chargeback within the applicable time limits as set by the payment organization rules and regulations, you will forfeit your reversal rights. Our only alternative, which is available for Visa and Mastercard only, is to attempt a “good faith collection” from the card-issuing bank on your behalf for non-fraud chargeback reason codes. This process can take up to six (6) months and must meet the card-issuing bank’s criteria (for example, at or above a set dollar amount). Good faith collection attempts are not a guarantee that any funds will be collected on your behalf. Card-issuing banks normally charge good faith collection fees, which are deducted from the transaction amount if accepted in addition to any processing fees that are charged by us.

The card-issuing bank may charge a handling fee which will be debited from your settlement account or settlement funds if a transaction documentation request results from a discrepancy between the sales draft and the transmitted record regarding any of the following:

- The name of your business
- The city, state or country listed for your business
- The transaction date

**Visa:** If we reverse the chargeback and re-present the transaction to the card-issuing bank, the card-issuing bank, at its sole discretion, may elect to submit the matter for arbitration before Visa. Visa currently charges a filing fee and a review fee. Whether or not a decision is made in your favor, you will be responsible for all such fees and charges and any other applicable fees and charges imposed by Visa. Such fees and charges will be debited from your settlement account or settlement funds, in addition to the chargeback.

**STAR:** If we reverse the chargeback and re-present the transaction to the card-issuing bank, the card-issuing bank, at its sole discretion, may elect to submit the matter for arbitration before STAR. Whether or not a decision is made in your favor, you will be responsible for all fees and charges relating to that arbitration and any other applicable fees and charges imposed by STAR. Such fees and charges will be debited from your settlement account or settlement funds, in addition to the chargeback.

**Mastercard:** If we reverse the chargeback and re-present the transaction to the card-issuing bank, the card-issuing bank, at its sole discretion, may elect to resubmit the

chargeback. In such an event, at our discretion, we will debit your settlement account or settlement funds for the chargeback. However, if you feel strongly that it is an invalid chargeback, we may, on your behalf and at your request, submit the matter for arbitration before Mastercard. Mastercard currently charges a filing fee and a review fee. Whether or not a decision is made in your favor, you will be responsible for all such fees and charges and any other charges imposed by Mastercard. Such fees and charges will be debited from your settlement account or settlement funds, in addition to the chargeback.

**Discover Network:** If Discover Network rejects our re-presentment request and you feel strongly that the chargeback is invalid, we may, at our discretion and on your behalf and at your request, submit the matter for dispute arbitration before Discover Network. Discover Network charges acquirers fees for re-presentment requests and matters submitted to Discover Network for arbitration. We, in turn, may charge you fees for these items.

**PayPal:** If PayPal rejects our re-presentment request and you feel strongly that the chargeback is invalid, we may, at our discretion and on your behalf and at your request, submit the matter for dispute arbitration before PayPal. PayPal charges acquirers fees for re-presentment requests and matters submitted to PayPal for arbitration. We, in turn, may charge you fees for these items.

**American Express:** You may request a chargeback reversal if the chargeback was applied in error, provided that (i) you have responded to the original inquiry within the specified time frame set out in your dispute notification and (ii) you have provided all supporting documentation to substantiate the error.

**Alipay:** Refer to Appendix 5.

## Chargeback reasons

The following section outlines the most common types of chargebacks. This list is not exhaustive. Within each group, we have included recommendations on how to reduce the risk of chargebacks. These are recommendations only and do not guarantee that you will eliminate chargebacks.

### Chargebacks due to authorization

#### Description

Proper authorization procedures were not followed and valid authorization was not obtained.

### Likely scenario

- Authorization not obtained
- Authorization was declined
- Transaction processed with an expired card and authorization was not obtained
- Transaction processed with an invalid account number and authorization was not obtained
- Card Recovery Bulletin (CRB) or Exception File was not checked (transactions below floor limit)

### Recommendations to reduce the risk of chargeback

- Obtain valid authorization on the day of the transaction
- If you receive the following responses:
  - Decline – Request another form of payment from the cardholder
  - Referral – Follow the voice procedures to obtain a valid authorization
  - “Pick-up” – Means that the card-issuing bank is asking for the card to be returned – you must not accept the card for payment and, in addition, you may retain the card and send it to us so that we can arrange for its return to the card-issuing bank
- You must not exceed any predetermined thresholds for specific POS device types as specified by each payment organization
- You must ship goods within the time frame set out in Section 20, after you have obtained authorization

### Chargebacks due to cancellation and returns

#### Description

- Credit was not processed properly or the cardholder has canceled or returned items

#### Likely scenario

- Cardholder received damaged or defective merchandise
- Cardholder continued to be billed for canceled recurring transaction
- Credit transaction was not processed

### Recommendations to reduce the risk of chargeback

- Issue credit to the cardholder on the same account as the purchase in a timely manner  
Do not issue credit to the cardholder in the form of cash, check or in-store/merchandise credit as we may not be able to recoup your funds if the transaction is charged back

- For recurring transactions ensure customers are fully aware of the conditions:
  - Cancel recurring transactions as soon as notification is received from the cardholder or as a chargeback and issue the appropriate credit as needed to the cardholder in a timely manner
  - Notify the cardholder within 10 days (domestic) and 15 days (international) in advance of each billing, to allow the cardholder time to cancel the transaction
- Provide proper disclosure of your refund policy for returned/canceled merchandise or services to the cardholder at the time of transaction. Card present, cardholder signed the sales draft containing disclosure
- If applicable, the words “NO EXCHANGE, NO REFUND,” and so on must be clearly printed in 1/4-inch lettering on the sales draft:
  - E-commerce, provide disclosure on your website on the same page as check out. Require the cardholder to click to accept prior to completion
  - CNP, provide the cancellation policy at the time of the transaction
- For any Travel and Entertainment (T&E) transaction, provide cancellation numbers to cardholders when the services are canceled
- Ensure delivery of the merchandise or services ordered to the cardholder
- Participate in recommended fraud mitigation tools

### Chargebacks due to fraud

#### Description

Transactions that the cardholder claims are unauthorized; the account number is no longer in use, or is fictitious, or the merchant was identified as “high risk.”

**Note:** For Visa transactions, to ensure that you preserve your chargeback rights, you must:

- Complete a retrieval request and provide a sales slip that contains all required data elements
- Respond to all retrieval requests with a clear legible copy of the transaction document that contains all required data elements within the specified time frame

#### Likely scenario

- Multiple transactions were completed with a single card without the cardholder’s permission
- A counterfeit card was used and proper acceptance procedures were not followed
- Authorization was obtained; however, full track data was not transmitted
- The cardholder states that they did not authorize or participate in the transaction

## Recommendations to reduce the risk of chargeback

### Card Present Transactions:

- Obtain an authorization for all transactions
- For recurring transactions ensure customers are fully aware of the conditions:
  - Cancel recurring transactions as soon as notification is received from the cardholder or as a chargeback and issue the appropriate credit as needed to the cardholder in a timely manner
  - Notify the cardholder within 10 days (domestic) and 15 days (international) in advance of each billing, allowing the cardholder time to cancel the transaction
  - American Express customers have the option to receive written notification of the recurring transaction at least (10) days prior to submitting or any time the charge amount exceeds a maximum amount that has been set by the cardholder
- If you are utilizing an electronic device to capture card data, swipe, dip or wave all card transactions through your electronic authorization device to capture cardholder information. When applicable, ensure the displayed cardholder number matches the number on the card
- You should avoid keying the card data into your electronic authorization device unless you are unable to capture the card data through one of the above methods. If you do key the card data into your electronic authorization device, it is highly recommended that you also key in the three or four digit verification code

### If you are not participating in the “No Signature Required” program:

- Obtain the cardholder signature for all transactions; ensure the signature on the sales draft matches the signature on the back of the card
- Process all transactions one time and do not batch out transactions multiple times
- Educate staff on procedures to eliminate POS fraud

### CNP Transactions:

- Ensure delivery of the merchandise or services ordered to the cardholder
- Participate in recommended fraud mitigation tools:
  - Verified by Visa Program
  - Mastercard SecureCode
  - Address Verification Services (AVS)
  - Use of card verification code

**Note:** While transactions utilizing these tools may still be disputed, the service may assist you with your decision to accept certain cards for payment.

- Ensure you ship to the AVS confirmed address (bill to and ship to must match)
- Obtain authorization for all transactions
- Ensure merchant descriptor matches the name of the business and is displayed correctly on the cardholder statement
- Ensure descriptor includes correct business address and a valid customer service number
- Please refer to Appendix 2 for American Express fraud mitigation tools

## Chargebacks due to cardholder disputes

### Description

Goods or services not received by the cardholder;  
Merchandise defective or not as described.

### Likely scenario

- Services were not provided or merchandise was not received by the cardholder
- Cardholder was charged prior to merchandise being shipped or merchandise was not received by agreed upon delivery date or location
- Cardholder received merchandise that was defective, damaged or unsuited for the purpose sold or did not match the description on the transaction documentation/verbal description presented at the time of purchase
- Cardholder paid with an alternate means and their card was also billed for the same transaction
- Cardholder canceled service or merchandise and their card was billed
- Cardholder billed for a transaction that was not part of the original transaction document
- Cardholder claims to have been sold counterfeit goods
- Cardholder claims the merchant misrepresented the terms of sale

## Recommendations to reduce the risk of chargeback

- Provide Services or Merchandise as agreed upon and described to the cardholder; clearly indicate the expected delivery date on the sales receipt or invoice
- Contact the cardholder in writing if the merchandise or service cannot be provided or is delayed, and offer the cardholder the option to cancel if your internal policies allow

- If the cardholder received defective merchandise or the merchandise received was not as described; resolve the issue with the cardholder at first contact
- If the merchandise is being picked up by the cardholder, have them sign for the merchandise after inspecting that it was received in good condition
- Do not charge the cardholder until the merchandise has been shipped, according to the agreed upon terms and a signed Proof of Delivery from the cardholder is obtained
- If unable to provide services or merchandise, issue a credit to the cardholder in a timely manner
- Accept only one form of payment per transaction and ensure the cardholder is only billed once per transaction
- Do not bill cardholder for loss, theft or damages unless authorized by the cardholder
- Ensure that a description of the service or merchandise provided is clearly defined

### Chargebacks due to processing errors

#### Description

Error was made when transaction was processed or it was billed incorrectly.

#### Likely scenario

- The transaction was not deposited within the payment organization specified time frame
- The cardholder was issued a credit draft, however, the transaction was processed as a sale
- The transaction was to be processed in a currency other than the currency used to settle the transaction
- The account number or transaction amount used in the transaction was incorrectly entered
- A single transaction was processed more than once to the cardholder's account
- The cardholder initially presented the card as payment for the transaction, however, the cardholder decided to use an alternate form of payment
- A limited amount or self-service terminal transaction was processed for an amount over the predetermined limit

#### Recommendations to reduce the risk of chargeback

- Process all transactions within the payment organization specified time frames
- Ensure all transactions are processed accurately and only one time

- If a transaction was processed more than once, immediately issue voids, transaction reversals or credits
- Ensure that credit transaction receipts are processed as credits and sale transaction receipts are processed as sales
- Ensure all transactions receive a valid authorization approval code prior to processing the transaction and obtain a legible magnetic swiped, dipped, tapped or waved sales draft that is signed
- Do not alter transaction documentation or make any adjustments unless the cardholder has been contacted and agrees to modifications of the transaction amount
- Ensure limited amount, self-service and automated fuel dispenser terminals are set properly to conform to the predetermined limits

### Chargebacks due to non-receipt of information

#### Description

Failure to respond to a retrieval request or the cardholder does not recognize the transaction.

#### Likely scenario

- The transaction documentation was not provided to fulfill the retrieval request
- The retrieval request was fulfilled with an illegible sales draft or was an invalid fulfillment (incorrect sales draft or the sales draft did not contain required information that may include signature if you are not participating in the "No Signature Required" program)
- The cardholder does not recognize or is unfamiliar with the transaction due to the merchant name or location not matching the name or location where the transaction took place

#### Recommendations to reduce such risk of chargeback

- Provide a clear and legible copy of the sales draft that contains all required data elements within the required time frame that is specified on the retrieval request
- Ensure that the most recognizable merchant name, location and customer service phone number is provided on all transactions
- Retain copies of all transaction documentation for the required time frame that is specified by each payment organization
- Develop efficient methods to retrieve transaction documentation to maximize ability to fulfill requests

## 16 Suspect/Fraudulent transactions

If the card being presented or the behavior of the person presenting the card appears to be suspicious or you otherwise suspect fraud, you must immediately call the Voice Authorization Center and ask to speak to a Code 10 operator. Answer all their questions and follow their instructions.

While not proof that a transaction is fraudulent, the following are some suggestions to assist you in preventing fraudulent transactions that could result in a chargeback:

### Does the cardholder:

- Appear nervous/agitated/hurried?
- Appear to be making indiscriminate purchases (for example, does not care how much an item costs, the size and so on)?
- Make purchases substantially greater than your usual customer (for example, your average transaction is \$60, but this transaction is for \$360)?
- Insist on taking the merchandise immediately (for example, no matter how difficult it is to handle, is not interested in free delivery, alterations and so on)?
- Appear to be purchasing an unusual amount of expensive items or the same items?
- Take an unusual amount of time to sign the sales draft or look at the back of the card as he signs?
- Take the card from a pocket instead of a wallet?
- Repeatedly come back, in a short amount of time or right before closing time, to make additional purchases?
- Cause an unusual, sudden increase in the number and average sales transactions over a one to three day period?

- Tell you he has been having some problems with his card-issuing bank and request that you call a number that he provides) for “special” handling or authorization?
- Have a previous history of disputed charges?
- Place orders to be shipped to an address other than the billing address or use anonymous/free email domains?
- Place orders sent to ZIP codes or countries where you show a history of fraudulent claims?

### Does the card:

- Have characters the same size, height, style and all within alignment?
- Appear to be re-embossed (the original numbers or letters may be detected on the back of the card)?
- Have a damaged hologram?
- Have a Magnetic Stripe on the back on the card?
- Have “valid from” (effective) and “valid thru” (expiration) dates consistent with the sale date?

We also recommend that you are vigilant for any cardholder who behaves as follows, specifically in relation to prepaid cards:

- Frequently makes purchases and then returns the goods for cash
- Uses prepaid cards to purchase other prepaid cards
- Uses large numbers of prepaid cards to make purchases

Gift Cards, jewelry, video, stereo, computer and camera equipment, shoes and men’s clothing are typically fraud-prone because they can easily be resold. Also be suspicious of high dollar amounts and transactions with more than one fraud-prone item, (for example, two laptops, three gold chains and so on).



## Part III

Gives you helpful information and guidelines for specific industries

In this part of the guide, you'll find helpful information about what to do if a card is left at your business, how long you must retain copies of records, how to return equipment and important transaction time frames. This is also where you'll find additional guidelines for specific industries, including:

- **Lodging**
- **Travel and Entertainment**
- **Restaurants**
- **Vending Machines**
- **Telecommunications**
- **Petroleum**

If you'd like additional information about anything that you've read in the "Your Payments Acceptance Guide," please contact Customer Service.

## 17 Lost/Recovered cards

If a card is left behind and remains unclaimed, you should call the appropriate payment organization's Customer Service team through the number below and they will instruct you on how to handle it:

<b>Visa</b>	<b>800-336-8472</b>
<b>Mastercard</b>	<b>800-826-2181</b>
<b>Discover</b>	<b>800-DISCOVER (800-347-2683)</b>
<b>Amex</b>	<b>800-992-3404</b>
<b>PayPal</b>	<b>877-569-1113</b>

## 18 Retention of records

You must securely retain legible copies of all sales drafts and credit drafts or any other transaction records for the following periods:

**Mastercard, Visa and STAR:** Thirteen (13) months from the transaction date. Five (5) years for healthcare sales drafts and credit drafts.

**Discover Network:** The longer of (i) 365 days or (ii) the resolution of any pending or threatened disputes, claims, disagreements or litigation involving the card transaction. You must also keep images or other copies of sales drafts for no less than three (3) years from the date of the Discover Network transaction.

**PayPal:** The longer of (i) either (A) one (1) year from the transaction date or (B) if the transaction date was subject to dispute, two (2) years from the transaction date, or (ii) the time period required by applicable law.

**American Express:** Twenty-four (24) months from the date on which you submitted the sales draft or credit draft to us. You must provide all sales drafts and credit drafts or other transaction records requested by us within the shortest time limits established by payment organization rules.

## 19 Return of equipment

To return POS equipment that you do not own, you must call Customer Service for the address of the location to send the device.

You must include the following information in the shipping box:

- Your name, address and phone number
- The name of the person to contact if there are any questions
- Your merchant identification number
- The lease number (if applicable)
- The serial number of the POS device (found on the underside of the POS device)

You must return the POS device in a manner that can be tracked. Reference the lease number (if applicable) on the return packaging.

## 20 Time frames

### Authorizations

A positive (approved) authorization response remains valid for:

- Seven (7) days for Mastercard electronic processed transactions
- Ten (10) days for Visa, Discover and STAR electronic processed transactions subject to the following exception:
  - Thirty (30) days for Visa, Discover and PayPal, twenty (20) days for STAR for the following Industries
  - Car rental
  - Airline and passenger railway
  - Lodging
  - Other Travel and Entertainment (T&E) categories
- Seven (7) days for American Express electronic processed transaction subject to the following exception:
  - Thirty (30) days for the Travel and Entertainment (T&E) industries

### Delayed deliveries

If delivery is more than:

- Seven (7) days (Mastercard, Visa, American Express and STAR transactions)
- Ten (10) days (Discover Network and PayPal transactions)
- After the original transaction date and the initial authorization request, you must reauthorize the unprocessed portion of the transaction prior to delivery

### Refunds

You must submit all credit drafts to us within five (5) days of determining that a credit is due.

## 21 Additional provisions for specific industries

### Merchants in the lodging industry

There are additional rules and requirements that apply to merchants in the lodging industry for practices including, but not limited to, guaranteed reservations and charges for no shows, advance deposits, overbookings and priority checkout.

If you are a lodging merchant and wish to participate in the payment organization lodging services programs, please contact your sales representative or relationship manager for details and the appropriate payment organization requirements.

You must provide the cardholder with written confirmation of a guaranteed reservation. The confirmation must contain:

- Cardholder's name as it appears on the card, if present
- Card number, truncated where required by applicable law to you or us and card expiration date if present, unless prohibited by applicable law to you or us
- Reservation confirmation number
- Anticipated arrival date and length of stay
- The cancellation policy in its entirety, inclusive of the date and time the cancellation privileges expire
- Any other pertinent details related to the reserved accommodations

If a cardholder requests a cancellation in accordance with your cancellation policy and specified time frames, you 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, you must provide this confirmation to the cardholder within three (3) business days of such request. For the purposes of this section, a "business day" means Monday through Friday, excluding Bank holidays.

The cancellation confirmation must contain:

- The cardholder's reference that charges were placed on the card, if applicable or a guarantee that a "no-show" charge will not be placed on the card
- The cardholder's name as it appears on the card, if present
- The card number, truncated as required by applicable law to you or us
- The card expiration date, if present, unless prohibited by applicable law to you or us
- The reservation cancellation number
- The date of cancellation
- The name of your employee that processed the cancellation
- Any other pertinent information related to the reserved accommodations

## **Preauthorization for Travel and Entertainment (T&E) and restaurant merchants**

If you are a business engaged in providing travel and entertainment services (for example, car rentals, hotels, motels and so on) or a restaurant business and engage in the practice of “preauthorization” you must comply with the following general procedures:

- A hotel, motel or car rental merchant may obtain an estimated authorization at the time of check-in
- Restaurants 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
- You must notify the cardholder of the dollar amount you intend to “preauthorize”
- If the customer decides to use another form of payment (for example, cash, check and so on) you must promptly call the Voice Authorization Response Unit to delete the authorization hold. Provide the cardholder’s account number original dollar amount and date of the transaction and the authorization code. If a new transaction takes place, a new signed sales draft for the exact amount and a new authorization code for that amount must be obtained.
- Vehicle rental providers may not include potential vehicle damage or insurance deductibles in any preauthorizations
- If you receive a decline on a transaction, you must wait twenty-four (24) hours before attempting to reauthorize. If you reauthorize prior to this time frame and receive an approval, you may be subject to a chargeback and a fine imposed by the payment organizations
- Hotels, motels and car rental merchants are allowed up to a 15 percent variance above the amount authorized. If the final amount charged to the cardholder exceeds the original estimate by more than 15 percent above the preauthorization, you must authorize any additional amounts and all incremental authorization codes must be written in the authorization area along with the date of authorization and the amount authorized
- Preauthorization for certain establishments’ services, are allowed up to a 20 percent (instead of 15 percent) variance above the amount authorized. If the final amount exceeds the amount “preauthorized” by more

than 20 percent, you must authorize the additional amount. Estimating the authorization amount to include a tip is prohibited. The authorization request must include only the amount associated with the bill presented to your customer

- You must obtain an authorization for the initial estimated charges and then monitor the charges to ensure that the actual charges made do not exceed the estimated charges. If the actual charges exceed the amount of the initial estimated authorization (and any subsequent estimated authorizations), then you must secure a positive authorization for the additional amount. Subsequent authorizations must only be for the additional amount of total charges and must not include any amounts already authorized
- The estimated amount of any preauthorization for lodging accommodations must be based on:
  - i. The intended length of stay
  - ii. The room rate
  - iii. Applicable taxes and service charges
  - iv. Other miscellaneous charges as dictated by experience
- If an authorization request is declined, no charges occurring after that date will be accepted for that cardholder
- You do not need to obtain a final authorization if the total sum of charges (the final amount) does not exceed 20% of the previously authorized charges. You must record the dates, authorized amounts and their respective authorization approval codes on the sales draft(s)

### **Merchants operating vending machines**

For Mastercard, if you are operating vending machines under MCC 5499 (Miscellaneous Food Stores-Convenience Stores, Markets, and Specialty Stores), you need not provide a receipt at the time a transaction is conducted. However, if a vending machine cannot provide a printed receipt, you must disclose and post instructions advising cardholders how a receipt may be obtained.

### **Telecommunication service providers**

You must contact Customer Service for approval and further instructions, rules and requirements before conducting telecommunication transactions.

Telecommunication card sales occur when a telephone service provider is paid directly using a card for individual local or long-distance telephone calls, with the exception that prepaid telephone service cards are not and do not give rise to telecommunication card sales.

### **The petroleum industry**

For Visa, Mastercard, STAR, American Express, Discover and PayPal transactions, merchants operating in the petroleum industry that conduct card sales at Automated Fuel Dispensers (AFDs), may submit an card authorization request for \$1 to verify the validity of the

presented. Under such circumstances, you must submit an authorization advice message for the actual amount of the card sale within sixty (60) minutes of completion of fuel delivery regardless of whether you previously received a partial authorization response or a positive authorization response for any other amount. If you do not complete the card sale following receipt of an approved authorization response for any amount, a request to cancel the authorization request must be submitted within sixty (60) minutes of the completion of fuel delivery.



# Appendices

## Appendix 1

### Additional provisions for WEX and Voyager

#### WEX cards

If you participate in the WEX Full Service program, the following terms and conditions will apply:

#### Do's

- Do provide, at your own expense, all equipment necessary to permit the electronic acceptance of the WEX cards, including the operation and maintenance of the equipment, telecommunication link and provision of all networking services
- Do include in any request for authorization the following information:
  - WEX cardholder account number
  - Vehicle number
  - Card expiration date
  - Driver identification number
  - The amount of the transaction
  - The date and time of the transaction
  - The quantity of goods sold, unit price and product code (the "Authorization Request Data")
  - An authorization number or other approval code from WEX for all manual WEX card sales (in other words, sales facilitated by a card imprinter)
- Do ensure that the product detail of each transaction is accurate, including:
  - The type of goods sold
  - Quantity of goods sold
  - Unit price/price per gallon (if applicable)
  - Taxes
  - Any coupons presented
- Do ensure that the product detail outlined equals the total amount of the sale when calculated (for example, product quantity x unit price must equal the product amount. The sum of all product amounts, including taxes minus any coupons must equal the total transaction amount)
- Do complete a WEX card sale only upon the receipt of an authorization approval message
- Do provide a copy of the receipt for a WEX card sale upon the request of the cardholder, to the extent permitted by applicable law. The receipt must not include the full account number or driver identification number

- Do require the cardholder to sign a receipt when a WEX card sale is not completed by an island card reader
- Do take all commercially reasonable efforts to protect manual WEX card sales data from fraud or misuse
- Do securely maintain a record of all WEX card sales (including the authorization request data) for a period of one year. You must produce such records upon the reasonable request of WEX
- Do notify us of any errors contained in a settlement report within forty-five (45) days of receipt of such report. We will not accept reprocessing requests for WEX transactions older than 90 days
- Do allow WEX to audit records, upon reasonable advance notice, related to the WEX Full Service
- Do retransmit WEX card sales data when reasonably requested to do so

#### Don'ts

- Don't submit a WEX card sale for processing unless a WEX card is presented at the time of the sale
- Don't accept a WEX card if an expired card/decline message is received
- Don't submit a WEX card sale for processing until the goods have been delivered or services performed
- Don't accept a WEX card if it appears to be invalid or expired or there is reasonable belief that the WEX card is counterfeit or stolen
- Don't divide the price of goods and services purchased in a single WEX card sale among two or more sales receipts
- Don't permit a WEX card sale when only partial payment is made by use of the WEX card and the balance is paid with another bank card
- Don't remove fuel tax at the POS is not permitted. For all payment system product codes that are taxable, the transaction dollar amount and Price per Gallon (PPG) must contain the sum of the fuel cost and PPG inclusive of all applicable Federal, State, County, Local and other fuel taxes

You acknowledge and agree that your sole remedies with respect to the WEX Full Acquiring services will be against us and not WEX, except to the extent that WEX knows of any fraud related to the WEX cards and fails to provide notice of such fraud or WEX commits fraud in respect to the WEX Full Acquiring Services.

## Voyager cards

- You must check Fleet Cards for any printed restrictions at the POS
- You must establish a fair policy for the exchange and return of merchandise
- You must promptly submit credits to us for any returns that are to be credited to a Voyager cardholder's account
- You must not give any cash refunds to any Voyager cardholder in connection with a sale, unless required by law

In addition to the information set out in Section 12 (Sales Drafts), you must include the following information on a single page document constituting the sales draft for Voyager transactions:

- All authorization request data for Voyager card sales must include the following:
  - Voyager cardholder account number
  - Card expiration date
  - Driver identification number
  - The amount of the transaction, date and time of the transaction
  - Quantity of goods sold, unit price and product code (the "Authorization Request Data")
- All manual Voyager card sales (in other words, sales facilitated by a card imprinter) must include:
  - The Authorization Request Data
  - An authorization number or other approval code from Voyager
  - The type of goods sold, quantity of goods sold, unit price/price per gallon (if applicable), taxes
  - Any coupons presented within the product
- The product detail outlined must equal the total amount of the sale when calculated, in other words:
  - Product quantity x unit price must equal product amount
  - The sum of all product amounts including taxes minus any coupons must equal the total transaction amount

You must not remove fuel tax at the POS. For all payment system product codes that are taxable, transaction dollar amount and price per gallon (PPG) must contain the sum of the fuel cost and PPG inclusive of all applicable Federal, State, County, Local and other fuel taxes.

If there is an increase of 15 percent or more compared to the previous month in the number of Voyager transaction

authorization calls that are not due to our or Voyager system outages, we may, at our discretion, deduct telephone charges from the settlement of your Voyager transactions. Fees will not exceed \$0.25 (25 cents) per call.

Settlement of Voyager transactions will generally occur by the fourth banking day after we process the applicable card transactions. We will reimburse you for the dollar amount of sales you submit for a given day, reduced by the amount of chargebacks, tax exemptions, discounts, credits and the fees set out in the Agreement. You must notify us of any errors contained with the settlement reports within 30 calendar days of receipt of such report. Neither we nor Voyager will be required to reimburse you for sales submitted more than sixty (60) calendar days from the date of purchase.

For daily transmission of sales data, you must securely maintain true and complete records for a period of not less than thirty-six (36) months from the date of the generation of the data. You may store records on electronic media, if secure. You are responsible for the expense of retaining sales data records and sales drafts.

## Appendix 2

### Additional provisions for American Express

For merchants participating in the American Express OptBlue® Program, you should review the operating guide made available to you at [americanexpress.com/merchantopguide](http://americanexpress.com/merchantopguide).

#### Treatment of the American Express marks

Whenever payment methods are communicated to customers or when customers ask what payments are accepted, you must indicate your acceptance of the American Express card and display the American Express marks (including any card application forms provided to you) as prominently and in the same manner as any other payment products.

You must not use the American Express marks in any way that injures or diminishes the goodwill associated with the mark, nor (without our prior written consent) indicate that American Express endorses your goods or services.

You must only use the American Express marks as permitted. You must cease using the American Express marks upon termination of your acceptance of American Express cards.

For additional guidelines on the use of the American Express marks, please contact Customer Service.

## Treatment of American Express cardholder Information

Any and all cardholder information is confidential and the sole property of the card-issuing bank, American Express or its affiliates. Except as otherwise specified, you must not disclose cardholder information, nor use nor store it, other than to facilitate transactions at your establishments in accordance with the terms on which you are authorized to accept American Express cards.

### Authorization for CNP transactions

If you process a CNP transaction you must obtain the following information:

- The card number
- The card expiration date
- The cardholder's name as it appears on the card
- The cardholder's billing address
- The delivery address if different from the billing address. In addition, for internet transactions you must:
  - Use any separate merchant identification numbers (Seller ID) established for your internet orders in all of your requests for authorization and Submission of charges
  - Provide us with at least one (1) month's prior written notice of any change in your internet address
  - Comply with any additional requirements that American Express provides from time to time

American Express has the right to chargeback for any CNP transaction that the cardholder denies making or authorizing. However, American Express will not chargeback for any CNP transaction based solely upon a claim by a cardholder that he or she did not receive the disputed goods if you have:

- Verified the address to which the goods were shipped was the cardholder's full billing address
- Provided proof of delivery signed by the cardholder or an authorized signer of the card indicating the delivery of the goods or services to the cardholder's full billing address

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.

If a disputed transaction arises involving a CNP transaction that is an internet electronic delivery transaction, American Express may exercise a chargeback for the full amount of the transaction and place you in any of its chargeback programs.

## Charge records (also known as 'sales drafts')

For each transaction submitted:

- Electronically – you must create an electronically reproducible charge record
- On paper – you must create a charge record containing all of the following required data:
  - Full card number and expiration date and if available, cardholder name
  - The date the transaction was incurred
  - The amount of the transaction, which must be the total price for the purchase of goods and services (plus applicable taxes and gratuities) purchased on the card
  - The authorization approval
  - A clear description of the goods and services purchased by the cardholder
  - The words "No Refunds" if you have a no refund policy and your return and cancellation policies
  - The cardholder's signature (if a CP transaction and you are not participating in the "No Signature Required" program) or the words "telephone order," "mail order," "internet Order," or "signature on file," as applicable (if a CNP transaction)

In the charge record (and a copy of the customer's receipt) you must:

- Include your return and cancellation policies
- Mask truncated card number digits with replacement characters such as "X," "\*" or "#," and not blank spaces or numbers

If the cardholder wants to use more than one card for payment of a purchase, you may create a separate charge record for each card used. However, if the cardholder is using a single card for payment of a purchase, you must not divide the purchase into more than one transaction and you must not create more than one charge record.

### Refunds

To issue a refund you must:

- Compare the last four-digits on the charge record against the card presented (when applicable)
- Issue the credit in the currency in which the original transaction was submitted to us

- Issue the credit to the card used to make the original purchase. If the credit is for the return of a gift by someone other than the cardholder who made the original purchase, you must apply your usual refund policy.

If the cardholder indicates that the card on which the purchase was originally made is no longer active or available:

- For all cards except prepaid cards – advise the cardholder that you must issue the credit to that card; and if the cardholder has questions, advise him or her to call the customer service number on the back of the card in question
- For prepaid cards – apply your usual refund policy for returns

In the credit draft delivered to the cardholder, you must mask truncated card number digits with replacement characters such as “x,” “\*” or “#,” and not blank spaces or numbers.

Your refund policy for card transactions must be at least as favorable as your refund policy for purchases made with other payment products or other payment methods.

If you issue a credit, American Express will not refund the discount or any other fees or assessments previously applied to the corresponding transaction. The discount on chargebacks will not be refunded.

### **Fraud mitigation tools**

American Express offers fraud mitigation tools for CP and CNP transactions to help verify that a transaction is valid. These tools help you mitigate the risk of fraud at the POS, but are not a guarantee that a transaction is, in fact, valid or bona fide or that you will not be subject to a chargeback. For optimal use of the tools, please visit American Express’ Fraud Prevention Information at: [americanexpress.com/fraudinfo](https://americanexpress.com/fraudinfo).

### **Recurring transactions**

For recurring transactions, you must offer the cardholder the option to receive written notification for the recurring transaction(s) at least (10) ten days prior to submitting or any time the transaction amount exceeds a maximum amount that has been set by the cardholder. You must clearly and conspicuously disclose all material terms of the option, including, if applicable, the fact that recurring billing will continue until the option is canceled by the cardholder. If the material terms of the option change after submission of the first recurring transaction, you must promptly notify the cardholder in writing of such change and obtain the cardholder’s express written consent to the new terms prior to submitting another recurring transaction.

### **For recurring transactions you must:**

- Periodically verify with cardholders that their information (for example, card number, expiration date and billing address) is still accurate. This will improve the likelihood of obtaining approval for an authorization request
- Retain evidence of consent to receive updated card account information from the card-issuing bank for twenty-four (24) months from the date you submit the last recurring transaction
- Ensure that your process for cancellation of recurring transactions is simple and expeditious
- Within twenty-four (24) hours of incurring the first recurring billing transaction, provide the cardholder written confirmation (for example, email or facsimile) of such transaction, including all material terms of the option and details of your cancellation/refund policy

If your recurring transaction amounts vary, you must offer the cardholder the right to receive written notification of the amount and date of each recurring transaction:

- At least ten (10) days before submitting each transaction
- Whenever the amount of the transaction exceeds a maximum recurring transaction amount specified by the cardholder

For more information about processing prepaid cards:

- Call the customer service number on the back of the card in question
- See American Express Card Organization Rules regarding “additional authorization requirements”

### **No Signature Required program**

You may participate in the ‘No Signature Required’ program under which you are not required to request a signature from cardholders on the transaction record provided that:

- Your business is classified in an industry that accepts in-person charges, with the exception of the following categories:
  - Merchants who do not conduct in-person charges (that is, internet, mail order or telephone order)
  - Prohibited merchants or prohibited transactions (or both) as defined in American Express Card Organization Rules regarding “risk evaluation”
  - High-risk Merchants (for example, internet electronic services or nightclubs/lounges) as defined in American Express Card Organization Rules regarding “high-risk merchants”

- Merchants placed in our Fraud Full Recourse Program. See American Express Card Organization Rules regarding “chargeback programs”
- In relation to the transaction:
  - The transaction amount must meet the threshold established in American Express’ country-specific policy
  - The transaction must include the appropriate indicator to reflect that the card and the Cardholder were present at the POS
  - The transaction must include a valid approval

Under the American Express ‘No Signature Required’ program, chargebacks will not be exercised for such charges based solely on your failure to obtain the cardholder’s signature at the POS.

If a disproportionate number of disputed charges under the ‘No Signature Required’ program occur, you must cooperate to reduce the number of disputed charges. If such efforts fail, you may be placed in American Express chargeback programs or your participation in the ‘No Signature Required’ program may be modified or terminated.

### **Travelers Cheques**

Travelers cheques are available in various denominations and currencies. The denominations in U.S. dollars range from \$20 to \$1,000.

You must exercise caution when presented with a travelers cheque in a denomination of \$500 or greater. The higher denominated travelers cheques are rarely sold and so more likely to be counterfeit.

To accept a travelers cheque, watch your customer countersign in the lower-left corner of the travelers cheque and compare the countersignature to the signature in the upper left corner of the travelers cheque.

- If the signature and countersignature are a reasonable match (they look alike, but may not be identical), you may accept the cheque and there is no need to obtain any identification
- If you suspect that the countersignature may be false or you did not watch the customer countersign, ask your 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 you can compare the original signature with the new one
- If the signatures are not the same or you have any questions regarding the validity of the cheque, call Customer Service

- If you suspect that the travelers cheque may be fraudulent, verify that the cheque is authentic by:
  - Performing the smudge test. Turn the cheque over (non-signature side). Wipe a moistened finger across the denomination
  - On the right side of the cheque, the ink should not smudge
  - On the left side of the cheque, the ink should smudge
  - Obtaining online Authorization at [americanexpress.com/verifyamextc](http://americanexpress.com/verifyamextc). You are not required to obtain authorization before accepting a travelers cheque

### **High CV Merchants**

You acknowledge that you will be converted from the American Express U.S. Enhanced Acquisition Program to a direct card acceptance relationship with American Express if and when you become a ‘High CV Merchant’ in accordance with the American Express Card Organization Rules. As part of this acknowledgment, you agree that upon conversion: (i) You will be bound by American Express’ then-current agreement for card acceptance; and (ii) American Express will set pricing and other fees payable by you for card acceptance.

A “High CV Merchant” is a Program Merchant with Estimated Annual Charge Volume (ECV) of greater than (i) United States currency (USD) \$1,000,000 in the United States excluding Puerto Rico and the U.S. Virgin Islands or (ii) USD \$1,000,000 in Puerto Rico and the U.S. Virgin Islands. Where a Program Merchant Prospect has more than one Establishment, then the ECV of (i) all Establishments operated under the same tax identification number (TIN) in a region shall be aggregated or all Establishments operating under different TINs but as a unified business enterprise in a region shall be aggregated. For clarification purposes, a ‘unified business enterprise’ shall include Establishments that are owned, operated or affiliated to a single business entity.

### **Marketing Opt-Outs**

You agree that when providing your contact information to us that you may receive messages from American Express, including important information about American Express products, services and resources available to your business. These messages may be sent to the phone numbers, email addresses or fax numbers that you provide. If you provide a wireless phone number, you agree that you may be contacted at that number and the communications sent may include auto-dialed short message service (SMS or “text”) messages or automated or pre-recorded calls. If you provide a fax number,

you agree that you may be sent fax communications. American Express may otherwise use and share your information for business purposes and as permitted by applicable law. American Express uses reasonable administrative, technical and physical security measures to protect your information consistent with the sensitivity of the information.

You may opt-out of newsletters or messages about products, services and resources for different forms of communications by contacting us, through inbound telephone, email, facsimile, website and any other means identified by us or by exercising the opt-out options that may be described or offered in emails, SMS messages, faxes or other communications. If you opt-out, you may still receive messages from American Express regarding services and programs designed to enhance the value of the American Express Network.

### **Protecting American Express Card Member Information**

These merchant data security requirements apply to all of your equipment, systems and networks on which encryption keys, cardholder data and/or sensitive authentication data are stored, processed or transmitted.

#### **Standards for the protection of cardholder data and sensitive authentication data**

You must and you must ensure that all of your employees, agents, representatives, subcontractors, processors, service providers, providers of POS equipment or systems or payment processing solutions and any other party to whom you may provide card member information access, will:

- Store American Express cardholder data only to facilitate transactions for your acceptance of American Express cards
- Comply with the current version of the PCI DSS, no later than the effective date for implementing that version
- Use, when deploying new or replacement PIN entry devices or payment applications (or both), only those that are PCI-approved

You must protect all charge records and credit records retained in accordance with these data security provisions. You must use these records only for purposes of your acceptance of American Express cards and you must safeguard the records accordingly.

#### **Data incidents**

If you discover a data incident, you must:

- Notify us immediately and in no case later than twenty-four (24) hours after such discovery

- Conduct a thorough forensic investigation of each data incident; this must be conducted by a PCI forensic investigator (PFI) if the data incident involves 10,000 or more unique card numbers (or otherwise at our request)
- Promptly provide to us all compromised card numbers and the forensic investigation report of the data incident
- Work with us to rectify any issues arising from the data incident, including consulting with us about your communications to card members affected by the data incident and providing (and obtaining any waivers necessary to provide) to us all relevant information to verify your ability to prevent future data incidents
- At our request, provide validation by a qualified security assessor (QSA) that the deficiencies have been remediated

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 you were in compliance with the PCI DSS at the time of the data incident
- Verify your ability to prevent future data incidents by providing a plan for remediating all PCI DSS deficiencies

American Express has the right to disclose information about any data incident to card members, issuers, other participants on the American Express network and the general public as required by applicable 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.

#### **Periodic validation of your systems**

You must take steps to validate under PCI DSS annually and quarterly the status of your equipment, systems and networks (and their components) on which cardholder data and sensitive authentication data are stored, processed or transmitted.

##### **Step 1 – Enroll in a compliance program**

You must submit applicable periodic validation documentation to us. Please contact us for more information regarding data security compliance requirements.

##### **Step 2 – Determine merchant level and validation requirements**

Most merchant levels are based on the volume of transactions submitted by establishments. You will fall into one of the 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 onsite security assessment report and quarterly network scan	Mandatory
2	50,000 to 2.5 Million transactions per year	Annual Self-Assessment Questionnaire (SAQ) and quarterly network scan	Mandatory
3	Less than 50,000 transactions per year	Annual SAQ and quarterly network scan	Strongly recommended
3*	Less than 50,000 transactions per year and designated a Level 3 merchant by American Express	Annual SAQ and quarterly network scan	Mandatory

\* As designated by American Express.



American Express may require certain Level 3 merchants to enroll in American Express' compliance program. Such merchants must enroll no later than ninety (90) days following receipt of such notice from us. All other Level 3

merchants need not submit validation documentation, but must comply with all other provisions of these data security provisions.

The validation documentation which you must send to us is as follows:

Annual onsite security assessment	Annual self-assessment questionnaire	Quarterly network scans
<p>This is a detailed onsite examination of your equipment, systems and networks (and their components) where cardholder data or sensitive authentication data (or both) are stored, processed or transmitted.</p>	<p>This is a process using the PCI DSS Self-Assessment Questionnaire (SAQ) that allows self-examination of your equipment, systems and networks (and their components) where cardholder data or sensitive authentication data (or both) are stored, processed or transmitted.</p>	<p>The quarterly network scan is a process that remotely tests your internet-connected computer networks and web servers for potential weaknesses and vulnerabilities.</p>
<p><b>You must:</b></p> <ul style="list-style-type: none"> <li>• Ensure that the annual onsite security assessment is performed by (i) a QSA or (ii) you and certified by your chief executive officer, chief financial officer, chief information security officer or principal</li> <li>• Submit the AOC section of the SAQ annually to us and include copies of the full SAQ upon request</li> <li>• Ensure that the AOC certifies compliance with all requirements of the PCI DSS</li> </ul>	<p><b>You must:</b></p> <ul style="list-style-type: none"> <li>• Ensure that the SAQ is performed by you and certified by your chief executive officer, chief financial officer, chief information security officer or principal</li> <li>• Submit the AOC section of the SAQ annually to us and include copies of the full SAQ upon request</li> <li>• Ensure that the AOC of the SAQ certifies compliance with all requirements of the PCI DSS</li> </ul>	<p><b>You must:</b></p> <ul style="list-style-type: none"> <li>• Ensure that the quarterly network scan is performed by an Approved Scanning Vendor (ASV)</li> <li>• Complete and submit the ASV scan report attestation of scan compliance (AOSC) or executive summary of findings of the scan (and copies of the full scan, on request) quarterly to us</li> <li>• Ensure that the AOSC or executive summary certifies that (i) the results satisfy the PCI DSS scanning procedures, (ii) no high-risk issues are identified, (iii) the scan is passing or compliant</li> </ul>

**Step 3 – Send the validation documentation to participant**

Compliance and validation are completed at your expense. By submitting validation documentation to us, you represent and warrant to us that you are authorized to disclose the information contained in it and are providing the validation documentation without violating any other party's rights.

**Merchants not compliant with PCI DSS**

If you are not compliant with the PCI DSS, then you must:

- Complete and submit an AOC including "Part 4. Action Plan for Non-Compliant Status" to us
- Designate a remediation date, not to exceed twelve (12) months following the date of the AOC, for achieving compliance

- Provide us with periodic updates of your progress toward remediation under the "Action Plan for Non-Compliant Status"

**Non-validation fees and termination of the right to accept cards**

We have the right to impose non-validation fees on you and terminate your right to accept cards if you do not fulfill these requirements or fails to provide the mandatory validation documentation to us by the applicable deadline.

We will notify you separately of the applicable deadline for each annual and quarterly reporting period. If we do not receive your mandatory validation documentation, then we have the right to terminate your right to accept cards and to impose non-validation fees on you.

### Periodic validation of level EMV merchants

Your merchant level may be classified as EMV if you submit 50,000 (or more) American Express card transactions per year, of which at least 75 percent (75%) are made by the card member with the physical card present at a POS system compliant with EMV specifications and capable of processing contact and contactless transactions on a chip-enabled device.

If you are classified as merchant level EMV, you may submit the annual EMV attestation (AEA) instead of other validation documentation, in which case you must submit the AEA annually to us. Even if you fall into merchant Level 1 or 2, if you are classified as merchant level EMV, you only need to submit the AEA and not the other merchant Level 1 and 2 validation documentation.

The AEA involves a process using PCI DSS requirements that allows self-examination of your equipment, systems, and networks (and their components) where cardholder data or sensitive authentication data (or both) are stored, processed or transmitted.

The AEA must:

- Be performed by you
- Be certified by your chief executive officer, chief financial officer, chief information security officer or principal
- Certify that you meet the requirements for merchant-level EMV

## Appendix 3

### Special provisions for Discover Network

#### Discover network protocol for internet transactions

Each internet Discover Network card transaction accepted by you and submitted to us must comply with Discover Network standards, including, without limitation, Discover Network standards governing the formatting, transmission and encryption of data, referred to as the “designated protocol”.

You are permitted to accept only those internet Discover Network card transactions that are encrypted in accordance with the designated protocol. As of the date of these procedures, the designated protocol for the encryption of data is Secure Socket Layer (SSL).

We may, at our discretion, withhold Settlement until security standards can be verified. However, the designated protocol, including any specifications with respect to data encryption, may change at any time upon thirty (30) days advance written notice. You are not permitted to accept any internet Discover Network card

transaction unless the transaction is sent by means of a browser that supports the designated protocol.

### Authorizations

#### CNP Transactions

For Discover Network CNP transactions, you must also verify the name and billing address of the Discover Network cardholder using the Address Verification System (AVS).

#### Discover Network procedure for request for cancellation of authorization

If a Discover Network or PayPal card sale is canceled or the amount of the transaction changes following your receipt of authorization for the sale, you must process an authorization reversal through your POS device or, for voice-approved authorizations, call your Authorization Center directly and request a cancellation of the authorization. An authorization may be canceled at any time within ten (10) days of your receipt of the authorization, but must be canceled before the sales data relating to the transaction is submitted to us, after which the authorization cannot be changed. For an authorization cancellation, you must provide us with the following information, in this order:

- The Discover Network merchant number used in the authorization
- The card number
- The original amount of the authorization being canceled
- The new amount of the total transaction (if any)
- The original authorization code for the authorization being canceled
- The expiration date of the card
- A brief reason for the authorization cancellation

#### Discover Network Cash Over Transactions

Cash over transactions are only available for Discover Network.

You may issue cash over in connection with a Discover Network card sale, provided that you comply with the terms on which you are authorized to accept cards, including the following requirements:

- You must deliver to us a single authorization request for the aggregate total of the goods/services purchase amount and the cash over amount of the card sale. You may not submit separate authorization requests for the purchase amount and the cash over amount

- The sales draft must include both the purchase amount and cash over amount, and you may not use separate sales drafts for the purchase amount and cash over amount
- Cash over may only be offered with a CP card sale that includes a purchase of goods or services by the cardholder. You must not issue cash over as a stand-alone transaction. If you offer cash over, you may require the total amount of a card sale with a credit product, including cash over, to meet a minimum transaction amount of up to \$10. You must not assess or charge fees of any type or amount, including any surcharges, on cash over transactions. You must not include in cash over transactions any of the fees or charges applicable to cash advances
- Cash over may not be dispensed in connection with credits, cash advances or any card sale for which you are unable to electronically capture Track Data using the POS device
- The maximum amount of cash that you may issue as cash over is \$100

**Cash over may not be available in certain markets. Contact us for further information.**

## Appendix 4

### Special provisions for PayPal

#### **PayPal does not permit the following transaction types:**

PayPal does not permit internet (e-commerce), mail order, manually key-entered, cash type transactions (including, cash over, cash advance or quasi-cash transactions) or international/non-U.S. currency transactions. Contact us for further information related to these transaction types.

#### **Authorizations**

#### **PayPal procedure for request for cancellation of authorization**

If a PayPal card sale is canceled or the amount of the transaction changes following your receipt of authorization for the sale, you must process an authorization reversal through your POS device.

#### **PayPal Sublicense to Use PayPal Marks**

You are prohibited from using the PayPal Marks, as defined below, other than as expressly authorized in writing by us. "PayPal Marks" means the brands, emblems, trademarks and logos that identify PayPal acceptance. You may use the PayPal Marks only to promote PayPal products, offers, services, processing and acceptance. Your 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 PayPal Card Organization Rules. You are not permitted to use the PayPal Marks in such a way that PayPal Account Holders could believe that the products or services offered by you are sponsored or guaranteed by the owners of the PayPal Marks. You recognize that you have no ownership rights in the PayPal Marks. You are not permitted to assign to any third party any of the rights to use the PayPal Marks. You are prohibited from using the PayPal Marks, not permitted above, unless expressly authorized in writing by PayPal.

## Appendix 5

### Special provisions for Alipay

#### **What is Alipay**

Alipay is a payment processing platform offering a variety of services to Chinese National consumers. Alipay offers consumers the ability to make payments using prepaid funds stored in a digital wallet account established between Alipay and the Alipay consumer.

#### **State Restrictions**

If you elect to accept Alipay services, Processor may provide them to you in the States where legally permitted.

#### **Alipay Funding Schedule**

Alipay transactions are settled and funded in China Standard Time.

Alipay recognizes certain days as Chinese National holidays which can cause funding delays. The holidays can be as long as five consecutive days. Authorizations are not impacted during these holidays.

#### **Refunds and Transaction Adjustments**

Alipay consumers have 90 days from the transaction date to request a refund. After 90 days, all refund requests will be declined. Merchants will receive notification and will have the authority to determine if they wish to process the refund or reject the request (in accordance with your stated policy(ies) and any applicable laws).