# American Express Merchant Reference Guide - U.S.

October 2012

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# 1

introduction

## contents


1.1 about American Express

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1.3 organization of the reference guide

1.4 publishing schedule

1.5 becoming an American Express merchant

introduction

## 1.1 about American Express

American Express was established more than 150 years ago and has undergone remarkable changes over the years. One characteristic has remained constant, however: our commitment to the core values of our founders. American Express is guided by a value system that is steadfastly focused on doing business in more than 130 countries around the globe with trust and integrity, delivering quality products and services to our valued customers.

As a world-recognized brand leader, we take our commitment to Merchants seriously. This guide is designed to provide information about American Express and how accepting the American Express® Card can benefit Merchants.

## 1.2 about the reference guide

We are pleased to provide the *American Express Merchant Reference Guide – U.S.* which describes in general American Express's standard policies and procedures for Card acceptance.

This is a general review of information already distributed to Merchants in their Agreements with American Express governing acceptance of the Card; it does not change the terms and conditions of a particular Merchant's Card acceptance Agreement. Some Merchants may have different or additional, or reformatted terms and conditions. In the event of any conflict between the Agreement and any Applicable Law, the requirements of the law govern.

## 1.3 organization of the reference guide

The American Express Merchant Reference Guide is designed to follow the flow of the Transaction cycle - from Card acceptance, to Authorization, to Submission, to Settlement, to Disputed Charges, to Chargebacks.

## 1.4 publishing schedule

The American Express Merchant Reference Guide will change periodically. We reserve the right to make changes at any time, and it is possible that this information will not be accurate or current at all times or in all respects.

## 1.5 becoming an American Express merchant

If interested in becoming an American Express Merchant, call 800-829-7302, or visit www.americanexpress.com/merchant.



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# 2

doing business with American Express

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2.2 the American Express merchant number

2.3 merchant information

2.4 use of third parties

2.5 compliance with the technical specifications

2.6 call monitoring

doing business with American Express

## 2.1 introduction

At American Express, we feel privileged to do business with Merchants and want to help make the process of accepting our Cards as simple as possible. This chapter outlines some general concepts that relate to doing business with American Express.

## 2.2 the American Express merchant number

American Express Merchant Numbers are provided to Merchants shortly after the application process to accept the Card is completed.

Merchants must use their Merchant Numbers to identify their businesses any time they contact us. The Merchant is responsible for safeguarding the Merchant Number.

## 2.3 merchant information

Seamless communication is a critical component of our ability to provide superior service to our Merchants. Merchants must notify American Express of any changes in their Merchant information (e.g., changes in methods of doing business).

Additionally, we require that Merchants provide us accurate information to identify each person or Entity applying to accept the Card and open a Merchant Account.

## 2.4 use of third parties

Some Merchants choose to deal directly with American Express for all aspects of the Transaction process; others enlist the assistance of various third parties to provide them with services. These third parties include:

- service providers/Processors,
- Terminal Providers,
- vendors, and
- Covered Parties and other agents contracted to operate on the Merchant's behalf.

Merchants may retain, at their expense, such third parties; however, Merchants remain financially and otherwise liable for all obligations (including confidentiality obligations and compliance with the Technical Specifications), services, and functions they perform under the Agreement for Merchants, such as the technical requirements of authorizing and submitting Transactions to American Express, as if Merchants performed such obligations, services, and functions. Merchants must notify us if they intend for these third parties to deal directly with us and notify us promptly in writing if they change such third parties.



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| | | |
|---|---|---|
| **2.5** | **compliance with the technical specifications** | Each day, billions of Transactions traverse and are processed by the American Express Network. Merchants, Processors, Terminal Providers, and others must conform to the Technical Specifications in order to connect to and transact on the Network.<br><br>Merchants must ensure that they and any third parties they enlist to facilitate Transaction processing with us comply with the Technical Specifications. Valid and accurate data must be provided for all data elements in accordance with the Technical Specifications. Failure to comply with the Technical Specifications may impact a Merchant's ability to successfully process Transactions, and may result in non-compliance fees (see subsection 12.2.3, "submission and settlement fees.") |
| **2.6** | **call monitoring** | We will monitor or record (or both) and analyze telephone calls with Merchants to improve our services, prevent fraud, or for other business purposes. |

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doing business with American Express

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# 3

# Card acceptance

## contents


3.1 accepting the Card

3.2 treatment of the American Express brand

3.3 prohibited uses of the Card

3.4 treatment of American Express Cardmember information

## 3.1 accepting the Card

Merchants must accept the Card as payment for goods and services (other than those goods and services prohibited under section 3.3, "prohibited uses of the Card") sold, or (if applicable) for charitable contributions made at all Establishments, except as expressly permitted by applicable state statute.

Merchants are jointly and severally liable for the obligations of their Establishments under the Agreement.

## 3.2 treatment of the American Express brand

American Express has built a brand that is synonymous with trust, integrity, security, quality, and customer service. We work diligently to uphold our reputation and restrict Merchants from engaging in activities that would harm our business or brand.

Except as expressly permitted by Applicable Law, Merchants must not:

- indicate or imply that they prefer, directly or indirectly, any Other Payment Products over our Card,
- try to dissuade Cardmembers from using the Card,
- criticize or mischaracterize the Card or any of our services or programs,
- try to persuade or prompt Cardmembers to use any Other Payment Products or any other method of payment (e.g., payment by check),
- impose any restrictions, conditions, disadvantages or fees when the Card is accepted that are not imposed equally on all Other Payment Products, except for electronic funds transfer, cash, and checks,
- engage in activities that harm our business or the American Express Brand (or both), or
- promote any Other Payment Products (except the Merchant's own private label card that they issue for use solely at their Establishments) more actively than the Merchant promotes our Card, or
- convert the currency of the original sales Transaction to another currency when requesting Authorization or submitting Transactions (or both).



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**3.2 treatment of the American Express brand (continued)**

Merchants may offer discounts or in-kind incentives from their regular prices for payments in cash, ACH funds transfer, check, debit card or credit/charge card, provided that (to the extent required by Applicable Law): (i) they clearly and conspicuously disclose the terms of the discount or in-kind incentive to their customers, (ii) the discount or in-kind incentive is offered to all of their prospective customers, and (iii) the discount or in-kind incentive does not differentiate on the basis of the issuer or, except as expressly permitted by applicable state statute, payment card network (e.g., Visa, MasterCard, Discover, JCB, American Express). The offering of discounts or in-kind incentives in compliance with the terms of this paragraph will not constitute a violation of the provisions set forth above in this section 3.2.

Whenever payment methods are communicated to customers, or when customers ask what payments are accepted, Merchants must indicate their acceptance of the Card and display our Marks according to our guidelines and as prominently and in the same manner as any Other Payment Products.

The Merchant must not use our Marks in any way that injures or diminishes the goodwill associated with the Mark, nor (without our prior written consent) indicate that we endorse the Merchant's goods or services. The Merchant shall only use our Marks as permitted by the Agreement and shall cease using our Marks upon termination of the Agreement.

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## 3.3 prohibited uses of the Card

Merchants must not accept the Card for any of the following:

- adult digital content sold via Internet Electronic Delivery,
- amounts that do not represent bona fide sales of goods or services (or, if applicable, amounts that do not represent bona fide charitable contributions made) at the Merchant's Establishments,
- amounts that do not represent bona fide, direct sales by the Merchant's Establishments to Cardmembers made in the ordinary course of their business,
- cash,
- Charges that the Cardmember has not specifically approved,
- costs or fees over the normal price of goods/services (plus applicable taxes) that the Cardmember has not specifically approved,
- damages, losses, penalties, or fines of any kind,
- gambling services (including online gambling), gambling chips, or gambling credits; or lottery tickets,
- unlawful/illegal activities, fraudulent business transactions, or when providing the goods or services is unlawful/illegal (e.g. unlawful/illegal online internet sales of prescription medications or controlled substances; sales of any goods that infringe the rights of a Rights-holder under laws applicable to us, you, or the Cardmember),
- overdue amounts, or amounts covering returned, previously dishonored, or stop-payment checks,
- sales made by third parties or Entities conducting business in other industries, or
- other items of which we notify the Merchant.

Merchants must not use the Card to verify a customer's age.

## 3.4 treatment of American Express Cardmember information

Cardmember Information is confidential and the sole property of the Issuer, American Express or its Affiliates.

Merchants generally must not disclose Cardmember Information, nor use nor store it, other than to facilitate Transactions at their Establishments in accordance with the Agreement. For more information, see section 4.3, "completing a transaction at point of sale."

For more information about protecting Cardmember Information, see chapter 8, "protecting Cardmember information."



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# 4

transaction processing

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transaction processing

## 4.1 the many types of transactions

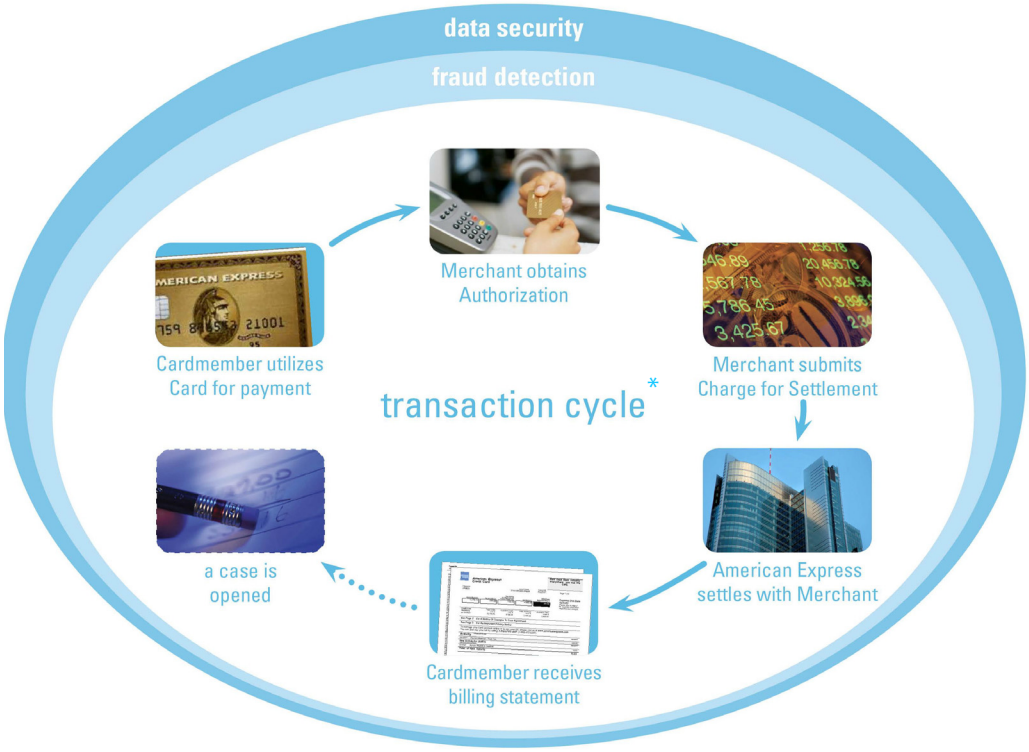
In today's marketplace, point of sale Transactions encompass a wide variety of customer options, including:

- in-store Transactions
- internet/e-commerce Transactions
- phone/mail order Transactions
- Customer Activated Terminal (CAT) Transactions

This chapter addresses Transaction processing and offers specific procedures for dealing with various Transaction types.

## 4.2 transaction cycle

The first step in understanding the Card acceptance process is to understand the American Express Transaction cycle. We will refer to this Transaction cycle at various points throughout the Reference Guide.

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## 4.3 completing a transaction at point of sale

All valid Transactions begin with a Cardmember's purchase at the point of sale. Whether the physical Card is used to facilitate a Card Present Charge, or the Cardmember provides his or her Cardmember Information over the phone, via mail order, or the internet, the Transaction must not be completed without the Card and/or information provided by the Cardmember.

To accept the Card for Charges at an Establishment, at the point of sale, generally the Merchant must clearly and conspicuously disclose all material terms of the sale and inform the Cardmember at all points of interaction what Entity is making the sales offer so that he or she can distinguish the Merchant from any other parties involved in the sales offer.

The Transaction Data a Merchant collects to facilitate the Charge must be, or have been, provided directly to the Merchant by the Cardmember. Failure to meet this requirement may subject the Merchant to data pass violation fees, as described in section 12.2.5, "data pass violation fees."

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## 4.4 processing an in-person charge

In-Person Charges refer to Charges in which the Card and Cardmember are present at the point of sale. An example of this is when a Cardmember presents a Card to a Merchant at a retail store.

There are two types of In-Person Charges:

- electronic Charges, which can be conducted in a variety of ways depending on the type of Card presented.
- key-entered Charges.

Merchants must conduct In-Person Charges and follow Card acceptance procedures according to the type of In-Person Charge and Card presented. For example, Merchants must:

- verify that the Card is not visibly altered or mutilated,
- verify that the customer is the Cardmember* (Cards are not transferable),
- capture Card Data,
- obtain an Authorization Approval ,
- instruct the Cardmember to enter the PIN or obtain signature (when required) and verify that the signature is identical to the name on the Card*,
- compare the signature on the Charge Record (when required) with the signature on the Card,
- match the Card Number and Expiration Date on the Card to the same information on the Charge Record,
- verify the Card's Expiration Date, and
- validate the Card's presence (key-entered Charges only).

*Except for Prepaid Cards that do not show a name on their face.

This list is not exhaustive and we may, at our sole discretion, modify Card acceptance procedures.

## 4.5 customer activated terminals

We generally accept Charges for purchases at Customer Activated Terminals (CATs) or payment kiosks.



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## 4.6 processing a Card not present charge

Mail orders, telephone orders, and Internet Orders increase business opportunities, but such Card Not Present Charges do not provide the opportunity to inspect the physical Card.

For Card Not Present Charges, the Merchant must create a Charge Record and ask the Cardmember to provide the following:

- Card Number, and
- Card Expiration Date.

In addition, we also recommend that Merchants ask for:

- name as it appears on the Card,
- Cardmember's full billing address, and
- ship-to address, if different from the Cardmember's full billing address.

Key-entered Charges are subject to a fee. See subsection 12.2.2, "authorization fees."

If a Merchant accepts Card Present Transactions and also accepts payments via the internet, the Merchant must notify American Express so that we may assign a separate Merchant Number for the internet Transactions.

## 4.7 processing a credit

A Credit may occur when a Merchant processes a refund for purchases or payments made on the Card. If the Merchant issues a Credit, we will not refund the Discount or any other fees or assessments previously applied on the corresponding Charge, unless the Merchant elects to increase its Discount Rate by 40 basis points (0.40%), in which case, if the Merchant issues a Credit, we will refund the Discount (but not any other fees or assessments) previously applied on the portion of the corresponding Charge that has been credited. This option, sometimes called the "Discount Refund Option" in our materials, is available only to Establishments in the United States (not Puerto Rico, the U.S. Virgin Islands, or other U.S. territories and possessions). Enrollment in the Discount Refund Option requires a one (1) year commitment for all of a Merchant's Establishments, after which time the Merchant can change its election. The Discount on Chargebacks will not be refunded (see section 11.9, "how we chargeback.")

Merchants must follow these steps to issue a Credit:

1. Create a Credit Record.
2. Compare the last four digits on the Charge Record against the Card presented.
3. Have the Cardmember sign the Credit Record (when applicable).
4. Provide a copy of the Credit Record to the Cardmember.

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|---|---|---|
| **4.8** | **return and cancellation policies** | The Merchant's return and cancellation policies must be fair and clearly disclosed at the time of purchase prior to completion of the Charge and in compliance with Applicable Law. |
| **4.9** | **corporate purchasing Card charges** | In order to participate in our Corporate Purchasing Card (CPC) program (if applicable), Merchants must capture additional or reformatted Card Data on the Charge Record, and Transmission Data on the Transmissions, according to the Technical Specifications. |
| **4.10** | **advance payment charges** | For certain purchases, Merchants may accept the Card for Advance Payment Charges. An Advance Payment Charge is a Charge for which full payment is made in advance of the Merchant providing the goods and/or rendering the services to the Cardmember. |
| **4.11** | **aggregated charges** | Merchants we classify in an internet industry may accept the Card for Aggregated Charges. An Aggregated Charge combines multiple small purchases or refunds (or both) incurred on a Card into one single Charge. |
| **4.12** | **delayed delivery charges** | Merchants may accept the Card for Delayed Delivery Charges. A Delayed Delivery Charge is a single purchase for which the Merchant must create and submit two separate Charge Records. The first Charge Record is for the deposit or down payment and the second Charge Record is for the balance of the purchase. |
| **4.13** | **recurring billing charges** | Recurring Billing is an option offered to Cardmembers to make recurring Charges automatically on their Card. The Recurring Billing Charges are for a product or service the Cardmember agrees to pay periodically and automatically (e.g., membership fees to health clubs, magazine subscriptions, and insurance premiums). If a Merchant offers Cardmembers the option to make Recurring Billing Charges, generally the Merchant must clearly and conspicuously disclose all material terms of the option including permission to receive updated Card account information and all cancellation policies, obtain the Cardmember's express written consent prior to billing, and provide confirmation after the first Recurring Billing Charge. If the material terms of the option change, the Merchant must notify the Cardmember and obtain express written consent to the new terms.<br><br>If the Recurring Billing Charge amounts vary, the Merchant must offer the Cardmember the right to receive notification of the amount and date of each Recurring Billing Charge. |



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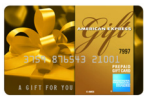
## 4.14 processing prepaid Cards



Prepaid Cards are available for a variety of uses: gifting, travel, incentive, etc. All American Express Prepaid Cards show the American Express "Blue Box" logo either on the face or back of the Prepaid Card. Prepaid Cards may or may not be embossed. Most Prepaid Cards can be used for both in-store and online purchases.

Prepaid Cards are valid through the date on the Card. Simply swipe the Card at the point of sale just like any other Card. A Prepaid Card must be tendered for an amount that is no greater than the funds available on the Card.

## 4.15 processing travelers/gift cheques

American Express Travelers Cheques, Cheques for Two, and Gift Cheques are easy to accept provided that the cheque is an authentic American Express Travelers Cheque.

Businesses can accept these Cheques for payment. Merchants can deposit Travelers Cheques, Cheques for Two and Gift Cheques directly into their Bank Account as they never expire.

American Express Travelers Cheques are the most widely used and recognized travel currency in the world. They are considered the world's safest currency because if they are ever lost or stolen, they can be replaced quickly and easily, almost anywhere in the world, usually within twenty-four (24) hours.

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# 5

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authorization

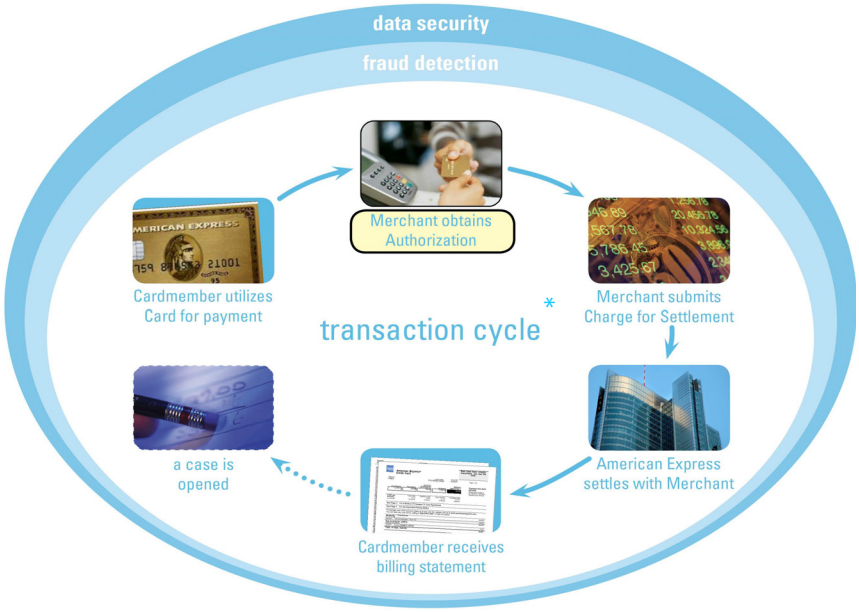
## 5.1 introduction

The payment card industry devotes significant amounts of time and resources to developing Authorization systems and decision models in an effort to mitigate the financial losses.

Every Transaction begins and ends with the Cardmember. Between the time the Cardmember presents the Card for payment and receives the goods or services, however, a great deal of data is exchanged, analyzed and processed. A process that literally takes seconds at the point of sale is actually a highly complex approach to analyzing each Transaction.

## 5.2 transaction cycle

For all Charges, Merchants must initiate an Authorization. The Authorization process begins when a Merchant provides an Authorization request to us. After requesting Authorization, Merchants receive an Authorization response, which they use, in part, to determine whether to proceed with the Charge.

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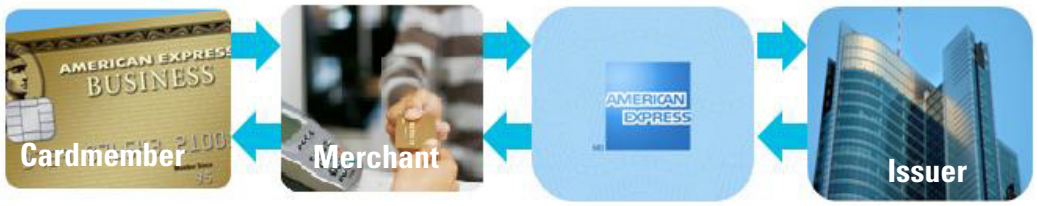
## 5.3 the purpose of authorization

The purpose of an Authorization is to provide the Merchant with information that will help them to determine whether or not to proceed with a Charge.

For every Charge, the Merchant is required to obtain an Authorization Approval. The Authorization Approval must be for the full amount of the Charge except for Merchants that we classify in the restaurant industry and certain Charges from Merchants we classify in the cruise line, lodging, and vehicle rental industries.

An Authorization Approval does not guarantee that (i) the person making the Charge is the Cardmember, (ii) the Charge is in fact valid or bona fide, (iii) the Merchant will be paid for the Charge, or (iv) the Merchant will not be subject to a Chargeback.

## 5.4 authorization process




## 5.5 possible authorization responses

Responses to a Merchant's requests for Authorization are generated by Issuers and transmitted by us to the Merchant. The following are among the most commonly generated responses to a request for Authorization. The exact wording will vary.

- Approved
- Declined or Card Not Accepted
- Please Call or Referral
- Pick up

## 5.6 obtaining an electronic authorization

Generally, Establishments must obtain an electronic Authorization.

Merchants must ensure that all Authorization requests comply with the Technical Specifications (see section 2.5, "compliance with the technical specifications.") If the Authorization request does not comply with the Technical Specifications, we may reject the Submission, we may exercise Chargeback, and we will have the right to assess non-compliance fees (see subsection 12.2.3, "submission and settlement fees.")

Occasionally, obtaining an electronic Authorization may not be possible (e.g., due to Point of Sale Systems problems, System Outages and other disruptions of an electronic Charge). In these instances, the Merchant must validate the Card's presence and obtain a Voice Authorization.

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|---|---|---|
| **5.7** | **obtaining a voice authorization** | If a Merchant's electronic Point of Sale System is unable to reach our Authorization system, or a Merchant does not have an electronic Point of Sale System, the Merchant may call us for an Authorization. We may assess a fee for each Charge for which a Merchant requests such Voice Authorization. See subsection 12.2.2, "authorization fees." |
| **5.8** | **Card identification (CID) number** | The Card Identification (CID) number provides an extra level of Cardmember validation and is part of the Authorization process. The CID number is printed on the Card. The number is four digits.<br><br>If, during the Authorization, a response is received that indicates the CID number given by the person attempting the Charge does not match the CID number that is printed on the Card, re-prompt the customer at least one more time for the CID number. If it fails to match again, the Merchant should follow its internal store policies.<br><br>Note: CID numbers must not be stored for any purpose. They are available for real time Charges only. See chapter 8, "protecting Cardmember information." |
| **5.9** | **authorization reversal** | Merchants may reverse an Authorization for a corresponding Charge by initiating an Authorization reversal or by calling the American Express Authorization Department.<br><br>After a Charge Record has been submitted to us, however, the Authorization cannot be cancelled or changed. |
| **5.10** | **authorization time limit** | An Authorization Approval is valid for seven (7) days, with limited exceptions. |
| **5.11** | **floor limit** | We maintain a zero-dollar Floor Limit on all Charges for our Merchants in the U.S., Puerto Rico, the U.S. Virgin Islands, or other U.S. territories and possessions. This means that we require an Authorization on all purchases, regardless of the amount. |



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# 6

## contents


6.1 introduction
6.2 transaction cycle
6.3 purpose of submission
6.4 submission process
6.5 submission requirements – electronic
6.6 submission requirements – paper
6.7 how to submit

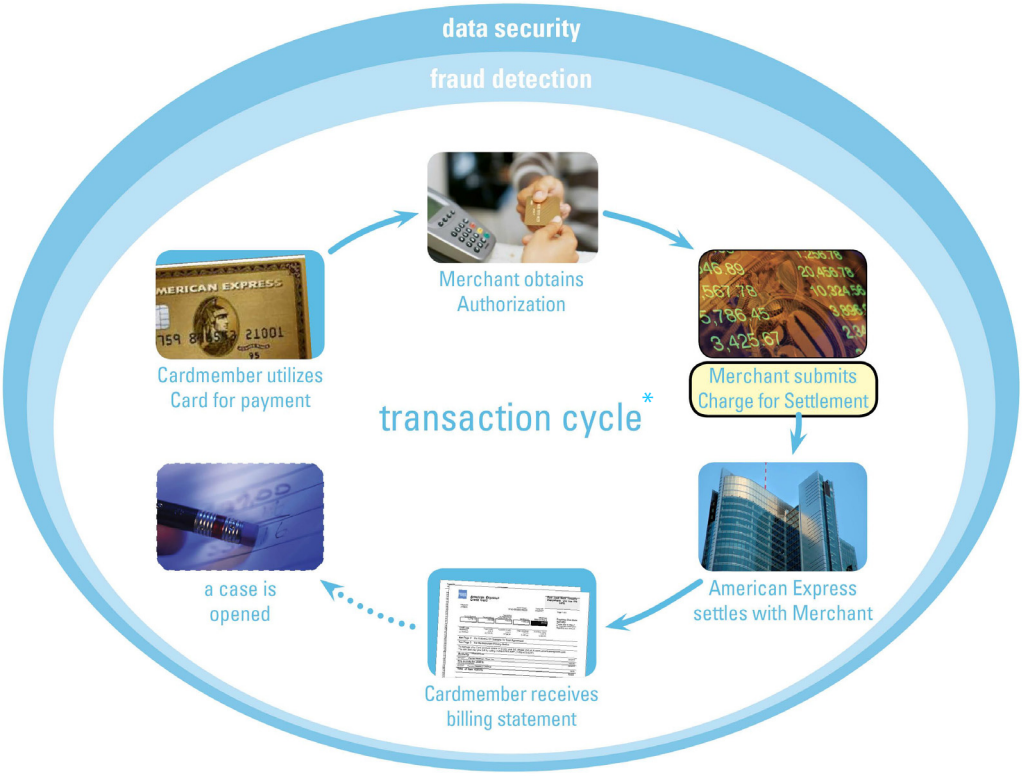
submission

## 6.1 introduction

Since payment cannot occur until the Transactions are submitted, submitting Transactions daily is encouraged even though the Merchant has up to seven (7) days to do so.

## 6.2 transaction cycle

Merchants must submit Transactions to us, directly or through their Processor, usually at the end of a day.




*This graphic is for illustration purposes only and is not to be construed as limiting or waiving American Express's rights with respect to Cardmember Information or other information.

## 6.3 purpose of submission

After we receive the Submission, either directly from a Merchant or from its Processor, we will process it and settle with the Merchant according to its payment plan, speed of payment and payment methods, as described in chapter 7, "settlement."



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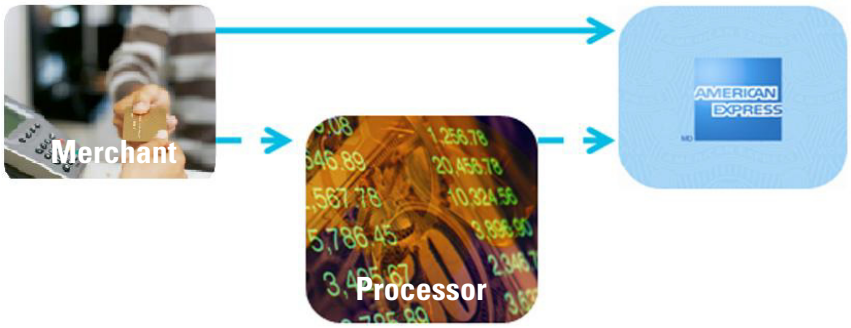
## 6.4 submission process




## 6.5 submission requirements – electronic

Merchants must submit Transactions electronically except under extraordinary circumstances.

When Merchants transmit Transactions electronically, they must still complete and retain Charge and Credit Records.

We may not accept Submissions that do not comply with the Technical Specifications and have the right to assess non-compliance fees. See subsection 12.2.3, "submission and settlement fees."

## 6.6 submission requirements – paper

If under extraordinary circumstances (e.g., outdoor market places, taxis and limousine services), Merchants submit Transactions on paper, they must do so in accordance with our instructions.

Fees may apply if the Merchant submits Transactions on paper. See subsection 12.2.3, "submission and settlement fees."

## 6.7 how to submit

In many cases, a Merchant's Point of Sale System automatically processes the Transactions in Batches at the end of the day.

On busy days, a Merchant's Transaction volume may be greater than its Point of Sale System's storage capability. Merchants should work with their Terminal Provider to determine storage capacity, then determine if Transactions will need to be submitted more than once each day (e.g., submit a Batch at mid-day and again in the evening).

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submission

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# 7

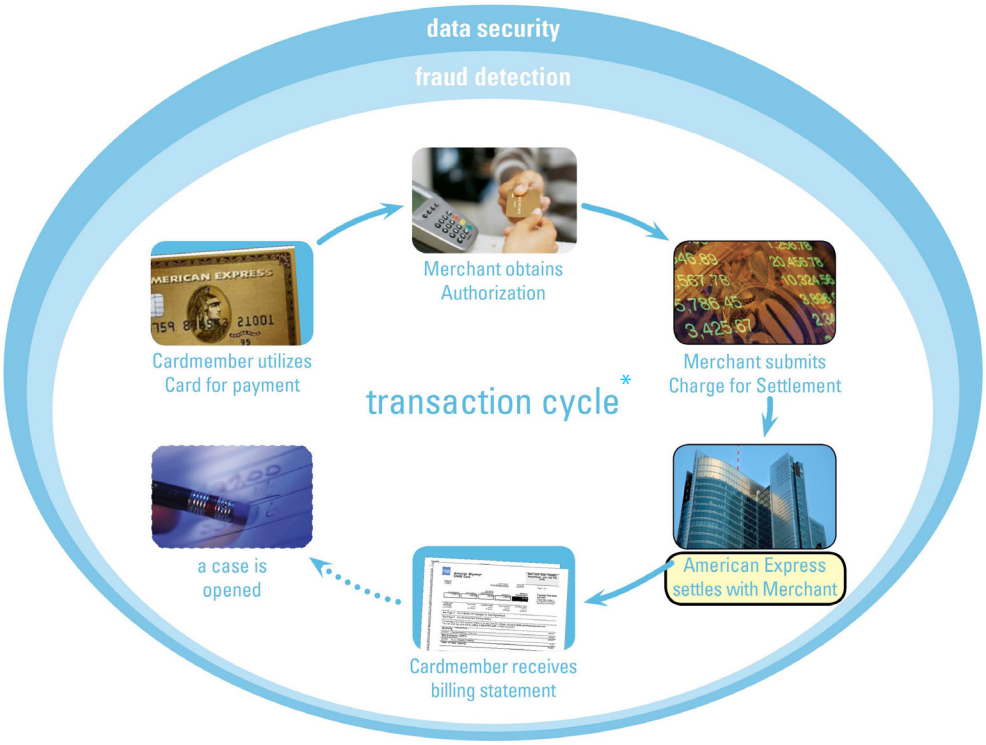
## contents


7.1 transaction cycle
7.2 settlement amount
7.3 discount/discount rate
7.4 method of payment
7.5 speed of payment
7.6 payment options
7.7 reconciliation options
7.8 payment errors or omissions

settlement

## 7.1 transaction cycle

Once we receive a Submission file from the Merchant, we begin the process of settling. The Settlement amount is determined by totaling the Submissions adjusted for applicable debits and credits.

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## 7.2 settlement amount

The Merchant's Settlement amount will be the face amount of Charges submitted from its Establishments, pursuant to the Agreement, less all applicable deductions, rejections, and withholdings, which include:

- Discount - as set forth in the Agreement
- Amounts the Merchant owes us or our Affiliates - as set forth in the Agreement
- Amounts for which we have Chargebacks
- Credits that the Merchant submits



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**7.3 discount/discount rate**

The Discount is an amount we charge a Merchant for accepting the Card.

In addition to the Discount, we may charge the Merchant additional fees and assessments (see chapter 12, "merchant fees.") We may adjust any of these amounts and may change any other amount we charge the Merchant for accepting the Card.

**7.4 method of payment**

Merchants generally must participate in our electronic pay program. We will charge Merchants a fee for paying them by check. See subsection 12.2.3, "submission and settlement fees." We will send payments for Charges from the Merchant's Establishments in the United States electronically via ACH to a Bank Account that the Merchant designates at a bank in the United States that participates in ACH.

**7.5 speed of payment**

We offer a variety of different payment plans. Merchants may choose one of the following plans:

- Three day payment plan
- Fifteen day payment plan
- Thirty day payment plan

**7.6 payment options**

American Express offers Merchants two main payment options. If a Merchant does not choose a payment option, it will automatically be enrolled in the net pay option.

| net pay | gross pay |
|---|---|
| Merchant is paid the full amount of the Charges submitted less the Discount and other applicable amounts pursuant to the Agreement. | Merchant is paid the full amount of the Charges submitted, and then a second Adjustment occurs to deduct the Discount and other applicable amounts pursuant to the Agreement. |

**7.7 reconciliation options**

There are several formats that Merchants can choose to reconcile a Merchant Account. Each format can be used separately or in combination with the other formats.

- Paper format (monthly paper statement) - Under this format, we may assess a fee for each paper statement. See subsection 12.2.3, "submission and settlement fees."
- Online format (My Merchant Account/Online Merchant Services (OMS)).
- Electronic file format (we provide raw data feed to the Merchant).

**7.8 payment errors or omissions**

Merchants must notify us in writing of any error or omission in respect of their Discount or other fees or payments for Charges, Credits or Chargebacks within ninety (90) days of the date of the statement containing such claimed error or omission.

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settlement

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# 8

# protecting Cardmember information

## contents


8.1 data security operating policy

8.2 standards for protection of Cardmember information

8.3 data incident management obligations

8.4 indemnity obligations for a data incident

8.5 periodic validation of merchant systems

protecting Cardmember information

## 8.1 data security operating policy

As a leader in consumer protection, American Express has a long-standing commitment to protect Cardmember Information, ensuring that it is kept secure.

Compromised data negatively affects consumers, Merchants, and Issuers. Even one incident can severely damage a company's reputation and impair its ability to effectively conduct business. Addressing this threat by implementing security operating policies can help improve customer trust, increase profitability, and enhance a company's reputation.

The requirements of our Data Security Operating Policy apply to all equipment, systems, and networks on which Cardholder Data or Sensitive Authentication Data (or both) are stored, processed, or transmitted.

## 8.2 standards for protection of Cardmember information

Merchants must, and they must cause their Covered Parties, to:

- store Cardholder Data only to facilitate Transactions in accordance with, and as required by, the Agreement, and
- comply with the current version of the Payment Card Industry Data Security Standard ("PCI DSS," which is available at www.pcisecuritystandards.org), no later than the effective date for implementing that version.

## 8.3 data incident management obligations

Merchants must notify American Express immediately and in no case later than twenty-four (24) hours after discovery of a Data Incident.

To notify American Express, please contact the American Express Enterprise Incident Response Program (EIRP) toll free at 888.732.3750 (U.S. only), or at 1.602.537.3021 (International), or email at EIRP@aexp.com.

## 8.4 indemnity obligations for a data incident

Under the Agreement, Merchants' indemnity obligations to American Express for a Data Incident are determined by a formula we provide for calculating compensation for fraudulent Transactions, including associated costs and a Data Incident non-compliance fee (for additional information, see subsection 12.2.4, "data security fees,") unless:

- the Merchant notified American Express
- the Merchant was in compliance at the time of the Data Incident with the PCI DSS, and
- the Data Incident was not caused by the Merchant's wrongful conduct or that of its Covered Parties.

## 8.5 periodic validation of merchant systems

Certain Merchants must take certain steps to demonstrate compliance with the PCI DSS, annually and quarterly.

American Express has the right to impose non-validation fees on Merchants and terminate the Agreement if the Merchant does not fulfill these requirements or fails to provide the mandatory Validation Documentation to American Express by the applicable deadline. The fees for non-validation are outlined in chapter 12, "merchant fees."



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# 9

# fraud prevention

## contents


9.1 introduction
9.2 transaction cycle
9.3 strategies for deterring fraud
9.4 Card acceptance policies
9.5 Card security features
9.6 recognizing suspicious activity
9.7 fraud mitigation tools
9.8 verification services

fraud prevention

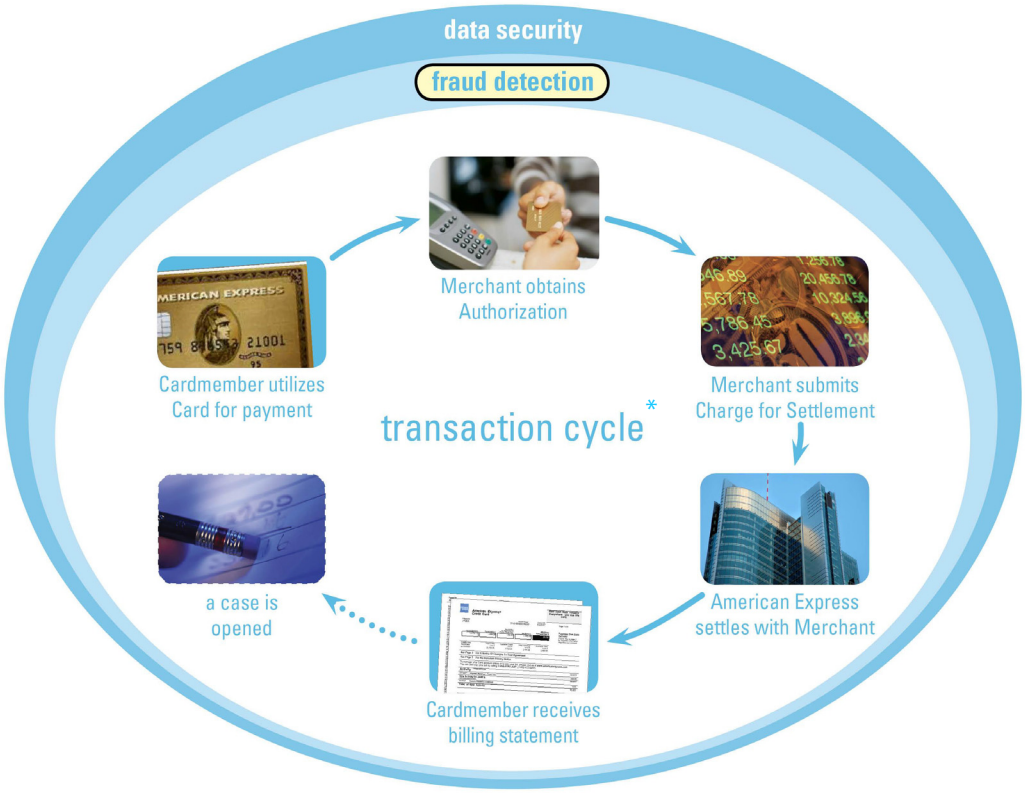
## 9.1 introduction

We offer a full suite of premium value tools that can help to mitigate the chances of fraud on American Express Cards and reduce this cost to a Merchant's business.

## 9.2 transaction cycle

Our primary strategy for combating fraudulent Card use is to address it at the point of Authorization.

While fraud usually is thought of as a deceptive act at the point of sale, detection can actually occur during any stage in the Transaction cycle.

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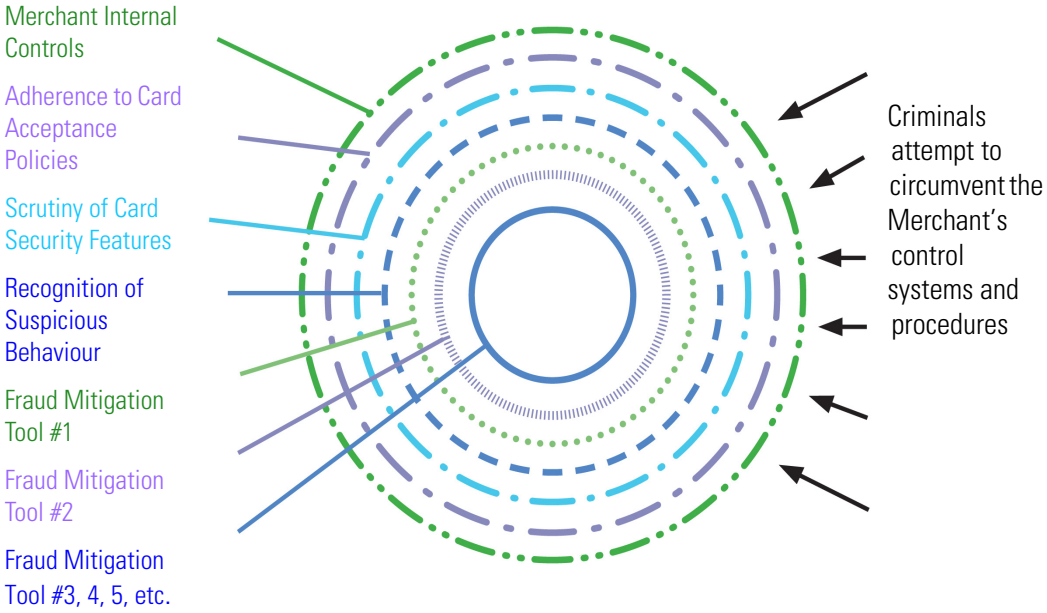
## 9.3 strategies for deterring fraud

We recommend implementing multiple layers of fraud protection to help secure the Merchant's business. These layers may include a combination of the Merchant's point of sale procedures and controls as well as implementation of fraud mitigation tools.




American Express is committed to working with Merchants to deploy tools that can help reduce the likelihood that fraudulent Charges will be Approved. The implementation and use of the strategies and tools, however, does not guarantee that (i) the person making the Charge is the Cardmember, (ii) the Charge is in fact valid or bona fide, (iii) the Merchant will be paid for the Charge, or (iv) the Merchant will not be subject to a Chargeback.

## 9.4 Card acceptance policies

A critical component in a Merchant's overall fraud mitigation strategy is to follow our Card acceptance procedures. The additional layers of fraud mitigation mentioned previously can supplement this line of defense.

## 9.5 Card security features

In many cases, the physical appearance of the Card will offer the most obvious clues of fraudulent activity.

Our Card security features are designed to help Merchants assess whether a Card is authentic or has been altered. Ensure that all personnel are familiar with our Card's security features so they can identify potentially compromised Cards.

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## 9.6 recognizing suspicious activity

Diligently scrutinizing behaviors and circumstances can help prevent Merchants from being victimized by fraud.

Merchants must always be aware of circumstances that may indicate a fraudulent scheme or suspicious behavior that may flag a fraudulent Cardmember.

*Suspicious Behavior*

A suspicious situation may arise, causing the Merchant to question the authenticity of the Card, or the legitimacy of the person presenting it.

If a Merchant suspects Card misuse, they should follow their internal store policies. Merchants should never put themselves or their employees in unsafe situations, nor physically detain or harm the holder of the Card.

## 9.7 fraud mitigation tools

We offer fraud mitigation tools for both Card Present and Card Not Present Transactions to help verify that they are valid. These tools help Merchants mitigate the risk of fraud at the point of sale, but are not a guarantee that (i) the person making the Charge is the Cardmember, (ii) the Charge is in fact valid or bona fide, (iii) the Merchant will be paid for the Charge, or (iv) the Merchant will not be subject to a Chargeback.

## 9.8 verification services

We also offer tools that help Merchants evaluate the validity of a Charge by comparing information provided by the customer at the point of sale with information on file with the Issuer. These verification tools are available for both Card Present and Card Not Present Charges, and can be used in multiple layers simultaneously to help the Merchant mitigate the risk of fraud. However, our verification tools are not a guarantee that (i) the person making the Charge is the Cardmember, (ii) the Charge is in fact valid or bona fide, (iii) the Merchant will be paid for the Charge, or (iv) the Merchant will not be subject to a Chargeback.



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# 10

# risk evaluation

## contents

10.1 introduction
10.2 prohibited merchants
10.3 monitoring
10.4 consumer protection monitoring program

risk evaluation

## 10.1 introduction

Merchants understand the hard work and dedication it takes to keep a business running. At American Express, we also work hard to maintain our business and uphold our reputation as a world-class global payments and network company. Part of our regimen is to evaluate Merchants to ensure compliance with our policies and procedures, in addition to assessing any potential risk to our business.

## 10.2 prohibited merchants

Some Merchants are not eligible (or may become ineligible) to accept the Card. We may terminate the Agreement (including immediate termination without prior notice) if we determine or have reason to believe, in our sole discretion, that the Merchant is performing a prohibited activity, or that the Merchant is identified on a prohibited Merchant or government sanctions list (among other things).

## 10.3 monitoring

After a Merchant joins our Network, we monitor to identify potential risks, assess financial status and compliance with the Agreement.

Based on the results of our monitoring, we reserve the right to take action to mitigate our risk, including one or more of the following (in our sole judgment):

- requesting information about the Merchant's finances and operations
- instituting Card acceptance restrictions,
- exercising Chargeback, rejecting Charges or withholding Settlements,
- charging fees or assessments to the Merchant Account,
- requiring corrective action by the Merchant,
- terminating any Establishment's Card acceptance privileges or suspending those privileges until the risk has subsided, or
- terminating the Agreement and the Merchant Account.

## 10.4 consumer protection monitoring program

American Express monitors the Network for fraudulent, deceptive, and unfair practices relating to the sale, advertising, promotion, or distribution of goods or services to consumers. If we determine or have reason to believe, in our sole discretion, that a Merchant engages or has engaged (or knowingly participates or knowingly has participated) in such fraudulent, deceptive, or unfair practices, we may place the Merchant in our Consumer Protection Monitoring Program.

If a Merchant is placed in the Consumer Protection Monitoring Program, we may suspend or refuse to allow Card acceptance at an Establishment, or terminate the Agreement.



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# 11

# inquiries and chargebacks

## contents


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11.3 disputed charge process
11.4 why a customer may dispute a charge
11.5 deadline for responding
11.6 minimum supporting documentation
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11.8 inquiry and chargeback monitoring
11.9 how we chargeback
11.10 chargeback programs
11.11 chargeback reversals
11.12 resubmission of disputed charge
11.13 ways to receive inquiries and chargebacks
11.14 response methods

inquiries and chargebacks

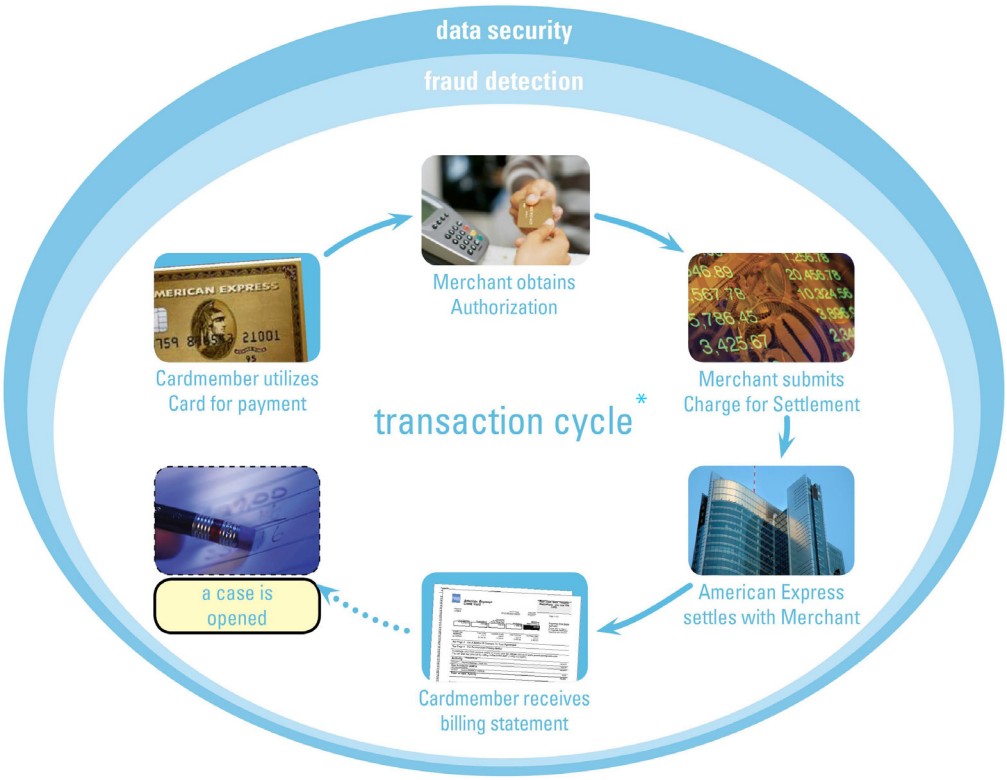
## 11.1 introduction

This chapter provides an overview on how American Express processes Inquiries and Chargebacks.

## 11.2 transaction cycle

Occasionally, Cardmembers question a Charge appearing on their billing statement.

If a Cardmember disputes a Charge, American Express opens a case. We may also open cases when Issuers or the Network initiates disputes.

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## 11.3 disputed charge process

With respect to a Disputed Charge:

- we may send the Merchant an Inquiry prior to exercising Chargeback, or
- we have Chargeback rights, prior to sending the Merchant an Inquiry, if we determine that we have sufficient information to resolve the Disputed Charge in favor of the Cardmember.

We have Chargeback rights:

- whenever Cardmembers bring Disputed Charges, as described in this chapter, or have rights under the Applicable Law or contract to withhold payments,
- in cases of actual or alleged fraud relating to Charges,
- if the Merchant does not comply with the Agreement (including omitting any Transaction Data from Charge Submissions), even if we had notice when we paid the Merchant for a Charge that the Merchant did not so comply and even if the Merchant obtained Authorization for the Charge in question, or
- as provided elsewhere in the Agreement.

All judgments regarding resolution of Disputed Charges are at our sole discretion.

## 11.4 why a customer may dispute a charge

Cardmembers dispute Charges for a variety of reasons. In general, most Disputed Charges stem from:

- Cardmember dissatisfaction with some aspect of the purchase (e.g., a failure to receive the merchandise, duplicate billing of the same Transaction, incorrect billing amount, no knowledge of the Charge), or
- Fraudulent Transactions.

## 11.5 deadline for responding

Merchants must respond in writing within twenty (20) days following our Inquiry and provide a copy of the Charge Record or Credit Record and other supporting documentation.

## 11.6 minimum supporting documentation

Unless a Merchant has accepted the Chargeback or issued a Credit to the Cardmember in response to our Inquiry, they must submit specific documentation to support their claim to a Charge. American Express reviews the response and makes a determination to resolve the Disputed Charge.

## 11.7 Cardmember re-disputes

We may reinvestigate an Inquiry if a Cardmember provides new or additional information after we review the initial supporting documentation regarding a Disputed Charge. In such case, Merchants will be required to provide additional information to support the validity of the Charge.

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## 11.8 inquiry and chargeback monitoring

American Express monitors the number of Inquiries and Chargebacks at all Merchants and Establishments on the Network. If the number of Inquiries and/or Chargebacks at a Merchant or Establishment is considered disproportionate, we may take action to protect our interests.

## 11.9 how we chargeback

We may Chargeback by (i) deducting, withholding, recouping from, or otherwise offsetting against our payments to a Merchant or debiting a Merchant's Bank Account, or we may notify a Merchant of its obligation to pay us, which it must do promptly and fully; or (ii) reversing a Charge for which we have not paid the Merchant. In the event of a Chargeback, we will not refund the Discount or any other fees or assessments, or we will otherwise recoup such amounts from a Merchant. Our failure to demand payment does not waive our Chargeback rights.

## 11.10 chargeback programs

Certain Chargebacks arise because Merchants are in the following Chargeback programs. We may place Merchants in any of these programs upon signing, or any time during the term of the Agreement.

- Immediate Chargeback Program
- Partial Immediate Chargeback Program
- Fraud Full Recourse Program

## 11.11 chargeback reversals

Merchants may request a Chargeback Reversal if the Chargeback was applied in error. In order for us to consider the request, the Merchant must:

- have responded to the original Inquiry by the deadline (see section 11.5, "deadline for responding,") and
- request the Chargeback Reversal no later than twenty (20) days after the date of the Chargeback, and provide all supporting documentation to substantiate the Merchant's claim for a Chargeback Reversal.

If a Chargeback is applied under any of our Chargeback programs (see section 11.10, "chargeback programs,") the Chargeback Reversal can only be requested if the Merchant proves that a Credit was already issued to the Cardmember for the amount of the Disputed Charge.

## 11.12 resubmission of disputed charge

Merchants must not re-submit a Disputed Charge after it has been resolved in favor of the Cardmember. We will Chargeback all such Disputed Charges that are resubmitted.



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| | | |
|---|---|---|
| **11.13** | **ways to receive inquiries and chargebacks** | American Express has a variety of options for the exchange of Inquiry information with Merchants. In addition to the traditional paper by mail method, Merchants can receive and respond to Inquiries and Chargebacks using our My Merchant Account/Online Merchant Services (OMS) tool, our preferred method of handling Inquiries and Chargebacks. |
| **11.14** | **response methods** | Merchants may respond to Inquiries through My Merchant Account/Online Merchant Services (OMS), fax and mail. |

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# 12

# merchant fees

## contents

12.1 introduction
12.2 types of fees

merchant fees

## 12.1 introduction

Merchants must pay us the Discount and they may be subject to various other fees and assessments. Some fees and assessments are for special products or services, while others may be applied because of a Merchant's non-compliance with our policies and procedures. Many non-compliance fees and assessments can be avoided by correcting the actions that are causing the Merchant not to be in compliance.

## 12.2 types of fees

The Agreement imposes various fees and assessments, examples of which are described in the following tables.

### 12.2.1 Card acceptance discount fees

| fee | description | amount |
|---|---|---|
| Discount | The Discount is one of the amounts we charge a Merchant for accepting the Card. To learn more, see chapter 7, "settlement." Merchants can determine the Discount they pay by contacting an American Express representative. | varies |
| Monthly Flat Fee | If we charge a Monthly Flat Fee, we will debit the Merchant's Bank Account for such Monthly Flat Fee instead of debiting the amount corresponding to the Discount Rate. | $7.95 per month |



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### 12.2.2 authorization fees

| fee | description | amount |
|---|---|---|
| gateway fee | If a Merchant or its Covered Parties route Authorization requests to American Express through the Visa or MasterCard processing gateways, Visa and MasterCard charge us fees for these Authorizations. We will pass their fees, which may vary depending on Authorization volume and other factors, on to the Merchant for all of the Authorizations that are routed through their gateways in a given month. | varies |
| non-swiped Transaction fee | A fee applied to any Charge for which we did not receive both (i) the full Magnetic Stripe, and (ii) the indicator as to whether the Card was swiped. | 0.30% of the face amount of each non-swiped Charge |
| Voice Authorization fee | If the Merchant's Point of Sale System is unable to reach our computer Authorization system for Authorization, or the Merchant does not have such Point of Sale Systems, the Merchant must request Authorization for all Charges by calling American Express. We may charge the Merchant a fee for each Charge for which it requests Authorization by telephone. | $0.65 per Charge |

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### 12.2.3 submission and settlement fees

| fee | discount | amount |
|---|---|---|
| check fee | A fee may be assessed for each check that we issue/create. | $1.50 per check |
| inbound fee | A fee applied on any Charge made using a Card that was issued outside the United States*. | 0.40% of the face amount of the Charge |
| monthly gross pay fee | If the Merchant enrols in the monthly gross pay option, we may charge this fee if the amount of Charges exceeds a threshold amount we determine. | 0.03% of the face amount of the Charge |
| paper statement fee | If the Merchant chooses to receive paper statements, we may charge a fee for each paper statement. | $7.95 per statement |
| paper submission rate | All paper Submissions are charged a higher Discount Rate than electronic Submissions. | varies |
| Technical Specifications non-compliance fee | A fee applied to any Transaction submitted to us that does not comply with the Technical Specifications. This fee applies to Transactions submitted via both a Processor and direct to American Express. | $0.10-$1.00 per Transaction |

*As used herein, the United States does not include Puerto Rico, the U.S. Virgin Islands, and other U.S. territories and possessions.



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### 12.2.4 data security fees

| fee | discount | amount |
|---|---|---|
| Data Incident non-compliance fee | A fee assessed to a Merchant in respect of a Data Incident. | Not to exceed $100,000 per Data Incident |
| data security non-validation fee | Depending on the Merchant's Transaction volume, the Merchant has reporting obligations under our Data Security Operating Policy including providing Validation Documentation to us.<br>The Merchant may be assessed non-validation fees if it fails to provide the mandatory Validation Documentation. See chapter 8, "protecting Cardmember information."<br>Non-validation fees are cumulative. | |

| Deadline | Level 1 | Level 2 |
|---|---|---|
| First deadline | $25,000 | $5,000 |
| 30 days past due | $35,000 | $10,000 |
| 60 days past due | $45,000 | $15,000 |

### 12.2.5 data pass violation fee

| fee | discount | amount |
|---|---|---|
| data pass violation fee | As described in section 4.3, "completing a transaction at point of sale," the Transaction Data collected to facilitate a Charge must have been provided directly by the Cardmember. If a Merchant or Establishment violates this requirement, we may assess the Merchant data pass violation fees.<br>At the time we determine the Merchant has violated this provision, we will send a warning and then final notice specifying a date for correction and assess a fee based on the gross Charge volume at the Merchant's highest Merchant Account level over a rolling twelve (12) month period. | Fee amounts range from $2,500 to $50,000 (depending on the Merchant's Charge volume) |

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### 12.2.6 excessive dispute fee

| fee | discount | amount |
|---|---|---|
| excessive dispute fee | If, in any three (3) months, the monthly ratio of Disputed Charges to gross Charges (less Credits) at an Establishment exceeds three percent, and thereafter in any month when the Establishment again exceeds this ratio, we may charge the Merchant a fee for each Disputed Charge in excess of this ratio. | $5 per Disputed Charge if the Merchant is in the Immediate Chargeback Program<br>or<br>$15 per Disputed Charge if the Merchant is not in the Immediate Chargeback Program |

### 12.2.7 American Express Merchant Regulations fee

| fee | discount | amount |
|---|---|---|
| Merchant Regulations fee | A fee for each copy of the Merchant Regulations the Merchant orders from us. | Paper copy $22.50 plus shipping and handling<br><br>CD-ROM copy $8.00 plus shipping and handling |



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# glossary

glossary

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| **Adjustment** | An American Express credit or debit to the Merchant Account. |
| **Advance Payment Charge** | A Charge for which full payment is made in advance of the Merchant providing the goods and/or rendering the services to the Cardmember. |
| **Affiliate** | Any Entity that controls, is controlled by, or is under common control with either party, including its subsidiaries. As used in this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an Entity, whether through ownership of voting securities, by contract, or otherwise. For the avoidance of doubt, but not by way of limitation, the direct or indirect ownership of more than 50% of (i) the voting securities or (ii) an interest in the assets, profits, or earnings of an Entity shall be deemed to constitute "control" of the Entity. |
| **Aggregated Charge** | A Charge that combines multiple small purchases or refunds (or both) incurred on a Card into a single, larger Charge before submitting the Charge for payment. |
| **Agreement** | The agreement governing a Merchant's acceptance of the Card. |
| **American Express** | American Express Travel Related Services Company, Inc., a New York corporation. |
| **American Express Brand** | The American Express name, trademarks, service marks, logos, and other proprietary designs and designations and the imagery owned by American Express or an American Express Affiliate and the goodwill associated with all of the foregoing and with all the goods and services now and in the future provided, marketed, offered, or promoted by American Express or an American Express Affiliate. |
| **American Express Card or Cards** | (i) Any card, account access device, or payment device or service bearing our or our Affiliates' Marks and issued by an Issuer or (ii) a Card Number. |
| **American Express Network or Network** | The Network of Merchants that accept Cards and the operational, service delivery, systems, and marketing infrastructure that supports this Network and the American Express Brand. |
| **Applicable Law** | (i) any law, statute, regulation, ordinance, or subordinate legislation in force from time to time to which you or we or an Affiliate of either is subject, (ii) the common law as applicable to them from time to time, (iii) any court order, judgement, or decree that is binding on them, and (iv) any directive, policy, rule, or order that is binding on them and that is made or given by a regulator or other government or government agency of any Territory, or other national, federal, commonwealth, state, provincial, or local jurisdiction. |
| **Approval/Approved** | A message granting an Authorization in response to a request for Authorization from a Merchant, consisting of an Approval or other indicator. |



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| **Authorization/Authorized** | The process by which a Merchant obtains an Approval for a Charge in accordance with the Agreement. |
| **Bank Account** | A deposit account (also known as a Demand Deposit Account, DDA or checking account) that a Merchant holds at a bank or other financial institution. |
| **Batch** | A group of Transactions, including Charges and Credits, submitted to American Express, usually on a daily basis. |
| **Card** | See "American Express Card or Cards." |
| **Card Data** | Card Data includes the following elements: Cardmember name, Card Number, Expiration Date, Charge date, the amount of the Charge, the Approval, description of goods and services, Merchant name, Merchant address, Merchant Number and if applicable the Establishment number, Cardmember signature (for In-Person Transactions only), 'No Refund' if the Merchant has a no refund policy and all other information as required from time to time by us or Applicable Law. |
| **Card Identification (CID) Number** | A four-digit number printed on the Card. See section 5.8, "Card identification (CID) number." |
| **Card Not Present Charge** | A Charge for which the Card is not presented at the point of sale (e.g., Charges by mail, telephone, fax or the internet). |
| **Card Number** | The unique identifying number that the Issuer assigns to the Card when it is issued. |
| **Card Present Charge** | A Charge for which the physical Card and Cardmember are present at the point of sale, including In-Person Charges and Charges made at CATs. |
| **Cardholder Data** | Has the meaning given in the then current Glossary of Terms for the PCI DSS. |
| **Cardmember** | An individual or Entity (i) that has entered into an agreement establishing a Card account with an Issuer or (ii) whose name appears on the Card. |
| **Cardmember Information** | Any information about Cardmembers and Transactions, including, but not limited to, Transaction Data, and Cardmember name, addresses, Card Numbers, and Card Identification (CIDs) Numbers. |
| **Charge** | A payment or purchase made on the Card. |
| **Charge Data** | Data to be included in Submissions of Charge Records. |
| **Charge Record** | A reproducible (both paper and electronic) record of a Charge that complies with our requirements and that contains the Card Number, Transaction date, dollar amount, Approval, Cardmember signature (if applicable), and other information. |

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| **Chargeback** | When used as a verb, means (i) our reimbursement from a Merchant for the amount of a Charge subject to such right, or (ii) our reversal of a Charge for which we have not paid the Merchant; when used as a noun, means the amount of a Charge subject to reimbursement from a Merchant, or reversal. (Chargeback is sometimes called "full recourse" or "Full Recourse" in our materials). |
| **Chargeback Reversal** | Removal of a previously posted Chargeback. |
| **Chip** | An integrated microchip embedded on a Card containing Cardmember and account information. |
| **Consumer Protection Monitoring Program** | Our program to monitor for fraudulent, deceptive, or unfair practices relating to the sale, advertising, promotion, or distribution of goods or services to consumers. See section 10.4, "consumer protection monitoring program" for additional information. |
| **Corporate Purchasing Card (CPC)** | The Corporate Purchasing Card program assists with procurement costs and enables streamlining of the procurement process from sourcing and buying, to billing payment and reconciliation. |
| **Covered Parties** | Any or all of the Merchant's employees, agents, representatives, subcontractors, Processors, service providers, providers of their Point of Sale Systems or payment processing solutions, and any other party to whom the Merchant may provide Cardmember Information access in accordance with the Agreement. |
| **Credit** | The amount of the Charge that the Merchant refunds to Cardmembers for purchases or payments made on the Card. |
| **Credit Record** | A record of Credit that complies with our requirements. |
| **Customer Activated Terminal (CAT)** | An unattended POS System (e.g., gasoline pump, vending machine, check-out kiosk). |
| **Data Incident** | An incident involving at least one Card Number in which there is (i) unauthorized access or use of Cardholder Data or Sensitive Authentication Data (or both) that are stored, processed, or transmitted on a Merchant's equipment, systems, and/or networks (or the components thereof); (ii) use of such Cardholder Data or Sensitive Authentication Data (or both) other than in accordance with the Agreement; and/or (iii) suspected or confirmed loss, theft, or misappropriation by any means of any media, materials, records, or information containing such Cardholder Data or Sensitive Authentication Data (or both). |
| **Data Security Operating Policy (DSOP)** | The American Express data security policy, as described in chapter 8, "protecting Cardmember information." |
| **Decline** | A message from us denying the Merchant's request for Authorization. |



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| **Delayed Delivery Charge** | A single purchase for which the Merchant must create and submit two separate Charge Records. The first Charge Record is for the deposit or down payment and the second Charge Record is for the balance of the purchase. |
| **Discount/Discount Rate** | An amount that we charge a Merchant for accepting the Card, which amount is: (i) a percentage (Discount Rate) of the face amount of the Charge that the Merchant submits, or a flat per-Transaction fee, or a combination of both; and/or (ii) a Monthly Flat Fee (if the Merchant meets our requirements). See subsection 12.1.1, "Card acceptance discount fees." |
| **Disputed Charge** | A Charge about which a claim, complaint, or question has been brought. |
| **Entity** | A corporation, partnership, sole proprietorship, trust, association, or any other legally recognised entity or organization. |
| **Establishments** | Any or all of a Merchant's and its Affiliates' locations, outlets, websites, online networks, and all other methods for selling goods and services, including methods that a Merchant adopts in the future. |
| **Expiration Date** | The month and year on which a Card expires (sometimes referred to as "valid thru" or "active thru" date). |
| **Floor Limit** | A monetary threshold amount for a single Charge, at or above which the Merchant must obtain an Authorization before completing the Charge. |
| **Fraud Full Recourse Program** | One of our Chargeback programs. See section 11.10, "chargeback programs" for additional information. |
| **Immediate Chargeback Program** | One of our Chargeback programs. See section 11.10, "chargeback programs" for additional information. |
| **In-Person Charge** | A Card Present Charge excluding Charges made at CATs (e.g., a Charge taken at a Merchant attended retail location where the Card is swiped, read by a contactless reader, inserted into a Chip Card reader or manually key-entered). |
| **Inquiry** | Our request for information about a Disputed Charge. |
| **Internet Electronic Delivery** | Delivery of goods or services purchased on the internet via an internet download or another file transfer process (e.g., images or software download). |
| **Internet Order** | Card payment information that is taken via the World Wide Web, online (usually via a website payment page), email, intranet, extranet, or other similar network in payment for merchandise or services. |

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| **Issuers** | Any Entity (including American Express and its Affiliates) licensed by American Express or an American Express Affiliate to issue Cards and to engage in the Card issuing business. |
| **Magnetic Stripe** | A stripe on the back of a Card that contains Cardmember and account information in machine readable form. |
| **Marks** | Names, logos, service marks, trademarks, trade names, taglines, or other proprietary designs or designations. |
| **Merchant** | Any seller of goods or services, non-profit, or government Entity that enters into an Agreement with American Express or its licensees wherein the seller agrees to (i) permit any Cardmember to charge purchases of goods and services at or with such Merchant by means of the Card and (ii) transfer Transactions to American Express or its licensee. This term includes all Establishments (sometimes called "Service Establishments" or "SEs" in our materials). |
| **Merchant Account** | An account established by us upon entering into an Agreement with a Merchant. |
| **Merchant Number** | A unique number we assign to the Merchant's Establishment. |
| **Monthly Flat Fee** | One of the Discount amounts we charge the Merchant for accepting the Card (if the Merchant meets our requirements). |
| **My Merchant Account/Online Merchant Services (OMS)** | Our online tool that allows for reconciliation of payment, facilitates the resolution of Inquiries and Disputed Charges and provides Merchant reporting. |
| **Network** | See "American Express Network." |
| **Other Payment Products** | Any charge, credit, debit, stored value, prepaid, or smart cards, account access devices, or other payment cards, services, or products other than the Card. |
| **Partial Immediate Chargeback Program** | One of our Chargeback programs. See section 11.10, "chargeback programs" for additional information. |
| **Payment Card Industry Data Security Standard (PCI DSS)** | The Payment Card Industry Data Security Standard, which is available at www.pcisecuritystandards.org. |
| **Personal Identification Number (PIN)** | A secret code for use with one or more American Express Network, Acquirer, or Issuer systems that is used to authenticate the user (e.g., a Cardmember) to that system. |
| **Point of Sale (POS) System** | An information processing system or equipment, including a terminal, personal computer, electronic cash register, contactless reader, or payment engine or process, used by a Merchant, to obtain Authorizations or to collect Transaction Data, or both. |



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| **Prepaid Card** | A Card that is marked "Prepaid" or bearing such other identifiers used by American Express from time to time. |
| **Processor** | A service provider to Merchants who facilitates Authorization and Submission processing to the Network. |
| **Recurring Billing** | An option offered to Cardmembers to make recurring Charges automatically on their Card (e.g., membership fees to health clubs, magazine subscriptions, and insurance premiums). |
| **Referral** | During an Authorization request, the message relayed to the Merchant through its POS System (e.g., "please call" or "refer to Issuer") requiring the Merchant to telephone the American Express Authorization Department for Approval. |
| **Rights-holder** | A natural or legal person or Entity having the legal standing and authority to assert a copyright or trademark right. |
| **Sensitive Authentication Data** | Has the meaning given in the then current Glossary of Terms for the PCI DSS. |
| **Settlement** | The process by which we compile the Merchant's debits and credits to calculate a net amount that will be applied to the Merchant's Bank Account. |
| **Submission** | The collection of Transaction Data that the Merchant sends to us. |
| **System Outage** | Interruption of either Merchant or American Express Network systems or services (e.g., computer system failure, telecommunications failure, or regularly scheduled downtime). |
| **Technical Specifications** | The set of mandatory, conditional, and optional requirements related to connectivity to the Network and electronic Transaction processing, including Authorization and Submission of Transactions, which we may update from time to time. |
| **Terminal Provider** | The Processor, vendor or company that provides the Merchant's POS System. |
| **Transaction** | A Charge or Credit completed by the means of a Card. |
| **Transaction Data** | All information required by American Express evidencing one or more Transactions, including information obtained at the point of sale, information obtained or generated during Authorization and Submission, and any Chargeback. |
| **Transmission** | A method of sending Transaction Data to American Express, whereby Transaction Data is transmitted electronically over communication lines. |
| **Transmission Data** | The same as Card Data except for the requirements to include: Cardmember name, Expiration Date, the Cardmember's signature; and the words "No Refund" if the Merchant has a no refund policy. |

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| **Validation Documentation** | Documents to be provided by Merchants under the Data Security Operating Policy. See chapter 8, "protecting Cardmember information." |
| **Voice Authorization** | The Authorization of a Charge obtained by calling the American Express Authorization Department. |
| **we, our and us** | American Express Travel Related Services Company, Inc. |



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