



## **Merchant Operating Guide**

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## Chapter

## 1

# About Your Card Program

Thank you for your choosing us as your Servicer. This Merchant Operating Guide contains simple, easy to-read instructions for processing card transactions with us and minimizing the risk of fraud to your business.

This guide is a part of the Agreement with us. Please familiarize yourself with this guide as you are the first line of defense against fraud. Failure to comply with these guidelines and suggestions may be considered a breach of the Agreement and may result in financial loss to your business. In the event that compliance with this Merchant Operating Guide would cause you to violate applicable Payment Network Regulations and/or Laws, you should comply with such applicable Payment Network Regulations and/or Laws.

Throughout this guide terms that have specific meaning to the Card industry are noted with initially capitalized letters (e.g., Credit Card, Card Present Transactions). If you are not familiar with these terms, refer to Appendix A, *Glossary* for definitions.

## TYPES OF CARDS

Types of Cards include:

- **Credit Card:** A Credit Card is issued by a financial institution or other Credit Card company (called the Issuer) that extends a line of credit to the Cardholder. A Credit Card allows the Cardholder to borrow money against the credit line and to repay the funds with interest if the Balance is carried over from month to month. Visa and MasterCard Credit Cards (often referred to as “Bank Cards”) are issued by banks, while American Express, Discover Network, and other Credit Cards may be issued by the Card company itself or in some instances by other financial institutions. There are many Issuers that offer Discover Network, Visa and MasterCard Credit Cards, making it possible for a Cardholder to have several different Credit Cards, each of which represents its own line of credit.
- **Debit Card:** A Debit Card is issued by a financial institution. Purchases made with Debit Cards result in the immediate withdrawal of funds from the Cardholder’s bank account. Debit Cards do not represent a line of credit; they can only be used to the extent the Cardholder has available funds in the account associated with the Debit Card. Discover Network, Visa and MasterCard offer Debit Cards in addition to Credit Cards. Debit Cards that are processed on Credit Card Association networks are typically signature-based Debit Cards, while Debit Cards that are processed on EFT Networks are generally Personal Identification Number (PIN)-based Debit Cards.
- **Automated Teller Machine (ATM) Card:** An ATM Card is a plastic card issued by a financial institution that allows a Cardholder to withdraw funds, make deposits, make purchases, or perform other banking functions against the Cardholder’s bank account through an ATM or POS Device.

- **Electronic Gift Cards (EGC):** EGCs are issued by Merchants at a set dollar amount for future purchases. When a Cardholder uses an EGC to make a purchase, the Transaction total is deducted from the value remaining on the Card until the pre-paid amount is spent.
- **Electronic Benefits Transfer (EBT) Cards:** EBT Cards are Cards used by a Cardholder to purchase qualifying goods or services from a Merchant using government-funded benefits loaded onto the Card. EBT Cards are used like Debit or ATM Cards (requiring a PIN). When an EBT Card is used to make a purchase, the Transaction total is deducted from the value remaining in the Cardholder's account until the pre-paid amount is spent.

## ABOUT TRANSACTION PROCESSING

To accept Credit Cards, Debit Cards or other Cards for payment, you process the Transactions through a POS Device and/or with point-of-sale software. A group of Transactions is called a Batch, and the process of sending these Transactions to us is called Settlement.

When you settle a Batch, information for each Transaction is sent to clearing networks across the country and sometimes around the world. Based on each Card number, we send information about a Transaction to the corresponding Issuer so they can charge the Cardholder. Then, funds for the Transaction are deposited into your Demand Deposit Account (DDA). Refer to Chapter 2, *Processing Transactions*, for specific details about processing Transactions.

In exchange for these services, you are charged a percentage of each Transaction (known as a Discount), along with Transaction fees, Authorization fees, and any other fees specified in the Agreement. Fees are deducted from your DDA on either a monthly or a daily basis.

When a Cardholder does not agree with a Transaction posted to his or her account, the Cardholder can contact the Issuer and initiate a dispute. In this case, the Transaction amount is debited from your DDA and we send you a Chargeback notice. In order to protect your rights, it is important that you respond promptly to any Chargeback notice you receive. Refer to Chapter 6, *Retrieval Requests & Chargebacks*, for a detailed explanation of this process.

## GENERAL OPERATING GUIDELINES

When you process Transactions, it is important to keep the following general guidelines in mind:

- **Do Not Set Restrictions on Card Transactions:** Discover Network, Visa and MasterCard prohibit setting a minimum or maximum purchase amount except that you are permitted to set a minimum purchase amount of up to \$10 for Credit Card Transactions and, if you are a government agency or institution of higher education, you may set a maximum purchase amount for Credit Card Transactions. Discover Network, Visa and MasterCard permit adding a surcharge to a Credit Card Transaction amount, subject to specific conditions and requirements. You may give a discount from your standard pricing or offer an in-kind incentive for payment by cash, Credit Card, Debit Card or any other method of payment. Card customers are frequently among your best customers due to their available lines of credit, purchasing freedom, and their tendency to spend more than cash customers.
- **Do Not Discriminate:** You must honor all valid Cards within your acceptance categories when properly presented for payment, without discrimination, unless Laws expressly require otherwise. You must maintain a policy that does not discriminate, unless Laws expressly require otherwise, among Cardholders seeking to make purchases with a particular brand of Card accepted by you.
- **Keep Passwords Secure:** Keep all passwords that allow you to access our databases or services secure. Remember, you are responsible for the actions of anyone who uses your password. If you believe your password has been compromised or shared with an unauthorized user, please contact us immediately.
- **Protect Cardholder Privacy:** You may only require a Cardholder's personal information if it is necessary to complete a Transaction (such as a delivery address and/or telephone number for Card Not Present

Transactions) or if the Voice Authorization Center specifically requests it. You may not refuse to complete an otherwise valid Card Transaction just because a Cardholder refuses to provide additional identification or information. Discover Network, Visa and MasterCard regulations prohibit listing a Cardholder's personal information on the Transaction Receipt because it can expose a Cardholder to increased risk of fraud.

- **Plan Ahead for Fees and Chargebacks:** Maintain sufficient funds in your DDA to cover all fees, Chargebacks, or any other adjustments that may occur. Monthly fees are debited from your DDA near the beginning of each month for the prior month's activity. We recommend that you keep five percent (5%) of your average monthly processing volume available in your account to cover monthly fees and the possibility of Chargebacks. Keep in mind that this is only a recommendation and your business may require additional available funds. For example, businesses that conduct high-risk Transactions (such as Card Not Present or those with future delivery of products or services) should consider maintaining a higher percentage of their average monthly processing volume in their account.
- **Keep Cardholder Data Secure:** Keep all Transaction Receipts in a locked area that is accessible only to select personnel. When you dispose of Transaction Receipts after the designated retention period, make sure that account numbers and Imprints are rendered unreadable, as criminals can commit fraud with even a few pieces of Cardholder data. Your customers will not only appreciate your concern and consideration, but will also gain confidence in your service and integrity.
- **Perform Regular Audits:** In addition to balancing daily receipts, compare Transaction Receipts to the register tape to ensure that they match. Periodic reviews help identify potential problems associated with a specific register or sales associate. Remember, it is your responsibility to address inconsistencies and educate your staff.
- **Know Your Third Party Vendors:** If you use software or other services (such as an online "shopping cart") provided by a third party or value-added reseller (VAR), you may be impacted by and financially liable for security breaches or system failures by the third party vendor. Be sure to acquaint yourself with the third party vendors' requirements and limitations so you can minimize disruption in service and protect yourself from unauthorized access. It is your responsibility to ensure that all Cardholder information (including that accessed or maintained by your third party vendor) is stored in an encrypted and secure environment. You are responsible for ensuring that any third party vendors that you engage are registered with the Payment Networks prior to the performance of any contracted services on your behalf. Additionally, you are responsible for notifying Servicer of any third party vendors registered or VARs used by you.
- **Security Program Compliance:** You, and any third party vendors that you utilize, must comply with all applicable requirements of the Payment Card Industry (PCI) Data Security Standard, including Visa's Cardholder Information Security Program (CISP), MasterCard's Site Data Protection Program (SDP) and the Discover Information Security & Compliance (DISC) program. You must remain in compliance with these standards as they change.
- **Data Compromise:** Notify us immediately, and in any event within twenty-four (24) hours, if you know or suspect that Cardholder information has been accessed or used without authorization, even if this compromise involves a third party vendor. You must take immediate steps to preserve all business records, logs and electronic evidence and contact local law enforcement authorities (including the local FBI and U.S. Secret Service). You must work with us to rectify any issues that result, including providing us (and obtaining any waivers necessary to provide us with) all relevant information to verify your ability to prevent future data incidents in a manner consistent with the Agreement.
- **Interchange:** Interchange qualification requirements, as defined by the Credit Card Associations, affect the Merchant's fees or surcharges owed for Transactions. Merchant will pay a higher discount rate, higher fees, and surcharges for Transactions that do not meet the best rate qualification criteria or have been processed in a manner other than for which the Merchant was approved.



- **Display of Card Marks.** Unless otherwise informed by Servicer, you must prominently display the most current versions of the Credit Card Association's and EFT Network's names, symbols, and/or service marks, as appropriate, at or near the POS Device as may be required or requested by the Payment Networks. For Merchants that accept Cards for Electronic Commerce Transactions, you must display such names, symbols and/or service marks on Internet payment screens. You may also display such marks on promotional materials to inform the public that such Credit Cards and Debit Cards will be honored at your place(s) of business. Merchant's use of such marks must comply with the requirements of each mark's owner. Merchant's right to use or display such marks shall continue only so long as the Agreement remains in effect and such right shall automatically terminate upon termination of the Agreement. Merchant must remove the marks immediately upon termination.
- **Prohibited Transactions.** A Merchant must not: (a) submit for payment into interchange any Transaction that (i) arises from the dishonor of a Cardholder's personal check, (ii) arises from the acceptance of a Card at a POS Device that dispenses scrip, (iii) is illegal, or (iv) is otherwise prohibited herein or in the Payment Network Regulations; (b) accept Cardholder payments for previous Card charges incurred at the Merchant location; (c) accept a Card to collect or refinance an existing debt that has been deemed uncollectible by the Merchant providing the associated goods or services; or (d) accept Cards at POS Devices that dispense scrip.

## ADDITIONAL SERVICES

In addition to the traditional Card processing services offered, we also provide the following services:

- **Acceptance of American Express, Discover Network, Diners, JCB, and/or UnionPay Cards:** If Servicer provides authorization and/or data capture services to Merchant for American Express, Discover Network, Diners, JCB, and/or UnionPay Transactions, Merchant agrees to the following provisions, in addition to the other provisions set forth in the MOG. If Card Processing Fees are indicated for Discover Network on your Merchant Application or Schedule A, Schedule of Fees to the Agreement, as applicable, then Servicer provides full authorization, processing and settlement services for Discover Network Transactions and the Merchant's Discover Network Transactions must comply with the provisions of the MOG; otherwise, Servicer provides only authorization and/or data capture services for Discover Network Transactions.
- **Address Verification Service (AVS):** Allows a Merchant to help prevent fraud by verifying a Cardholder's billing address prior to completing a Card Not Present Transaction.
- **MerchantConnect:** Allows a Merchant to manage Transaction data from multiple locations or multiple merchant accounts via any standard web browser (e.g., Internet Explorer) using a web-based Transaction reporting and reconciliation system.
- **Automated Customer Service (ACS):** Allows a Merchant to view detailed reports of Transaction activity, statement detail, Card type history, and qualification detail using a desktop reporting and accounting reconciliation application.
- **Dynamic Currency Conversion (DCC):** Allows a Merchant to offer international Cardholders in the United States the option at the point-of-sale to pay in their home currency rather than in U.S. Dollars.
- **Electronic Check Services (ECS):** Allows a Merchant to convert paper checks and other payment information into electronic Transactions, eliminating the need to manually deposit checks at a bank. ECS provides you and your customers with efficient, easy, and secure bank account payment processing. Refer to the separate *Electronic Check Service Merchant Operating Guide (ECS MOG)* for additional information on electronic processing of checks using ECS.
- **Electronic Gift Card (EGC) Services:** Allows a Merchant to sell Electronic Gift Cards redeemable for in-store merchandise or services. EGCs provide customers with another form of payment while encouraging repeat shopping.

- **Electronic Benefits Transfer (EBT) Service:** Allows electronic transfer of government funds to individuals through the use of a plastic debit-like Card and a PIN. The federal government requires all states to distribute food stamps and cash benefits in this manner.
- **Hospitality Services:** Allows a Merchant operating in the hotel and hospitality industry to process Transactions for lodging accommodations.
- **Petroleum Services:** Allows a Merchant to process petroleum-related Transactions including Satellite Services, SmartLink Services, Voyager Card Acceptance and Wright Express Card Acceptance.
- **Processing Services in Canada:** Allows Merchants operating in Canada to process Transactions subject to the requirements set forth herein and in the Agreement.

Please contact us if you are interested in any of these services.

## Chapter

## 2

## Processing Transactions

This Chapter explains the two steps involved in the Transaction process—Authorization and Settlement—as well as the different types of Transactions.

### AUTHORIZATION

The first step in processing a Transaction is to request Authorization from the Issuer to accept a Card for payment. Merchant must obtain an Authorization Code before completing any Transaction. An Authorization request is made via one of the following two methods:

- **Electronic Authorization:** The Merchant swipes a Card through or manually enters a Card number into a POS Device. Then, the POS Device sends the Transaction information electronically to the Issuer for Authorization.
- **Voice Authorization:** The Merchant calls the Voice Authorization Center, which then communicates the Transaction information electronically to the Issuer. An operator or an interactive voice response (IVR) unit provides the Merchant with the Authorization Code given by the Issuer. Voice Authorization toll-free telephone numbers are located on a sticker on your POS Device. If there is not a Voice Authorization sticker on your POS Device, contact Merchant Services.

Most Authorizations are requested electronically. Voice Authorization is usually used if a Merchant does not have a working POS Device or if the Issuer requests additional information during Electronic Authorization.

An Authorization request is required for every Transaction to determine if:

- The Card number is valid;
- The Card has been reported lost or stolen; and/or
- Sufficient credit or funds are available.

Receipt of an Approval Code in response to an Authorization request does not:

- Guarantee that the Merchant will receive final payment for a Transaction;
- Guarantee that the Cardholder will not dispute the Transaction later (all Card Transactions are subject to Chargebacks even when an Approval Code has been obtained);
- Protect you from Chargebacks for unauthorized Transactions or disputes regarding the quality of goods or services; or
- Waive any provision of the Agreement or otherwise validate a fraudulent Transaction or a Transaction involving the use of an expired Card.

Merchant will follow any instructions received during Authorization. Upon receipt of an Authorization Code, Merchant may consummate only the Transaction authorized and must note the Authorization Code on the Transaction Receipt. In any case in which a Transaction is completed without imprinting the Card, the Merchant, whether or not an Authorization Code is obtained, shall be deemed to warrant the true identity of the Customer as the Cardholder.

## THE ELECTRONIC AUTHORIZATION PROCESS

The following diagram describes the Electronic Authorization process:

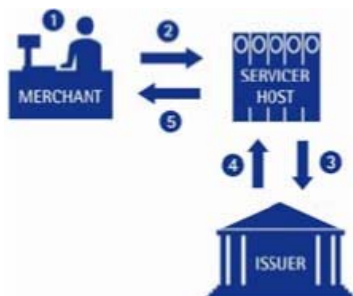


Figure 2-1. Authorization Process

1. **Authorization of Purchase:** The Transaction process begins when a Cardholder wants to buy goods or services using a Card. Before the Transaction can be completed, the Merchant must receive an Approval Code from the Issuer.
2. **Servicer Host:** The Merchant's POS Device sends the Transaction data to the Servicer Host to verify the MID, to read the Card number, and to route the information to the appropriate Issuer.
3. **Issuer:** The Servicer Host sends the information to the Issuer through the Discover Network, Visa, or MasterCard network, or directly to other Issuer networks (e.g., American Express). The Issuer determines whether the Transaction should be approved and sends one of the following responses back to the Servicer, who then forwards it to the Merchant:
  - **Approval Code:** Credit or funds are available to complete the sale and that the Card has not been reported lost, stolen, or otherwise invalid. The Merchant may complete the Transaction.
  - **Declined Code:** The Issuer does not approve the Transaction. The Merchant should ask for another form of payment and should not resubmit that Card for Authorization.
  - **Declined Pick-Up:** The Issuer does not approve the Transaction and requests that the Card not be returned to the Cardholder. The Card should be cut lengthwise without damaging the Magnetic Stripe and sent, along with the MID, Merchant address, and the date of the incident, to:
 

Exception Processing  
ATTN: Card Pick Up  
Elavon, Inc.  
7300 Chapman Highway  
Knoxville, TN 37920
  - **“Referral” or “Call Auth”:** The Issuer requests the Merchant to call the Voice Authorization Center, which will either provide an Approval Code or ask the Merchant to request additional information from the Cardholder (e.g., mother's maiden name). The Voice Authorization Center will provide this information to the Issuer who will either approve or decline the Transaction.
4. **Servicer Host:** The Servicer Host receives the response from the Issuer and routes it to the Merchant.

5. **Merchant:** The Merchant receives the Issuer's response from the Servicer Host and follows the appropriate steps to complete the Transaction.

## FULL AND PARTIAL AUTHORIZATION REVERSALS

For any approved amount received pursuant to an Authorization request that will not be included in a Transaction presentment for Settlement, a full or partial authorization reversal must be processed by the Merchant:

- Within 24 hours of the original Authorization request for Card Present Transactions; and
- Within 72 hours of the original Authorization request for Card Not Present Transactions.

This requirement does not apply if the Merchant is properly identified with any one of the following MCCs:

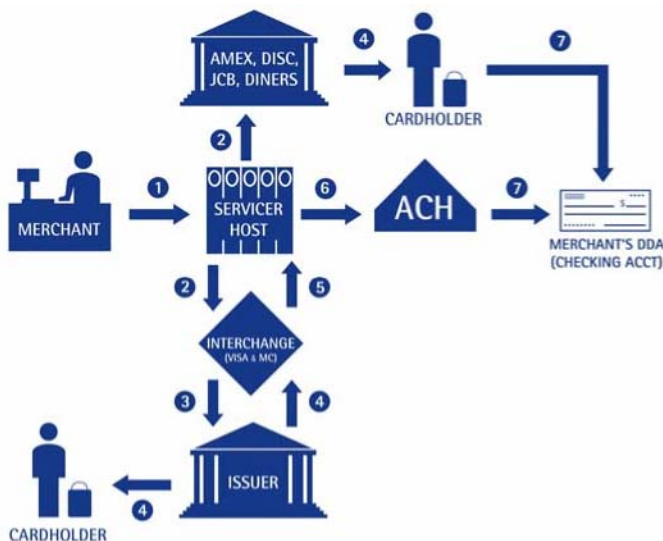
- MCCs 3351 through 3441 (Car Rental Agencies);
- MCCs 3501 through 3999 (Lodging—Hotels, Motels, Resorts);
- MCC 4411 (Cruise Lines);
- MCC 7011 (Lodging—Hotels, Motels, Resorts—not elsewhere classified); and
- MCC 7512 (automobile Rental Agency—not elsewhere classified).

## SETTLEMENT

The final step in processing a Transaction is Settlement, which occurs when the Merchant sends all of its Card Transactions to Servicer to receive payment. During Settlement, the Merchant is paid and Cardholders are billed for previously-approved Transactions.

**NOTE:** This process can take two or more business days (excluding holidays) unless you are set up for delayed funding.

The following diagram describes the Settlement process:



**Figure 2-2. Settlement Process**

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## PAYING THE MERCHANT FOR TRANSACTIONS

1. **Merchant:** Sends all approved, un-settled Transactions (known as the open Batch) in the POS Device to the Servicer Host to close or settle the Batch.
2. **Servicer Host:** Sends Visa and MasterCard Card Transactions (and, if applicable, Discover Network Transactions) to Interchange and other Card Transactions to the appropriate Issuer (e.g., American Express Transactions to American Express). If the Transactions are not sent to Interchange, go to step 4.
3. **Interchange:** Sends Transaction data to the appropriate Issuer.
4. **Issuer:** Posts the Transaction to the Cardholder's account. The Issuer either sends to Interchange the difference between the Transaction amount and the Interchange fee charged to the Servicer, or sends the funds to the Merchant's DDA (see step 7).
5. **Interchange:** Sends the difference between the Transaction amount and the Interchange Fees to the Servicer Host.
6. **Servicer Host:** Sends a message to the Automated Clearing House (ACH) to pay the Merchant for the Transactions.
7. **Automated Clearing House (ACH):** Sends the funds from Servicer to the Merchant's DDA via electronic transfer. Fees are debited from the Merchant's DDA on a monthly or daily basis.

## TRANSACTION PROCESSING PROCEDURES

Follow these guidelines when you process Transactions:

- Keep the Card in your hand until you complete the Transaction; the Card is required in several Transaction processing steps.
- If your POS Device displays "Referral" or "Call Auth" during a Transaction, call your toll-free Voice Authorization telephone number (located on a sticker on your POS Device) and follow the operator's instructions.
- If you receive an Approval Code, but are still suspicious about the Cardholder, Card, or circumstances of the Transaction, call for a Code 10 Authorization and follow the operator's instructions. Refer to Chapter 5, *Code 10 Procedures*, for additional information.
- Use a ballpoint pen for steps that require handwritten information. Never use a marker or a pencil to write on a Transaction Receipt.
- Do not write additional information (e.g., Cardholder's telephone number, address, driver's license number, Social Security number) on any Transaction Receipt.

To process a Transaction, follow these steps:

1. **Follow all Prompts and Enter all Data Elements.** You must include required elements to receive approval for Transactions and you can include optional data elements to qualify for better Interchange rates.

For example: Under the current data requirements, Visa Business, Visa Corporate, and Visa Purchasing Card Transactions must include sales tax information to qualify for the Level II Interchange Rate, where applicable. Purchasing Cards only qualify if the customer code is also included in the Transaction.

2. **Make Sure the Card is Valid.** Check the Card's expiration date and other features to ensure that the Card is valid. Refer to Chapter 4, *Identifying Valid Cards* for validation information. Refer to Chapter 4, *Preventing Card Fraud* for additional loss-prevention information.
3. **Swipe the Card Through the POS Device.** If the Card is successfully swiped, the POS Device may prompt you to enter the last four digits of the Card number. This process compares the account number in the Magnetic Stripe with the account number embossed on the Card.

If the POS Device cannot read the Magnetic Stripe, press the appropriate key to initiate a manual Transaction. When you are prompted by the POS Device, enter the Card number and expiration date embossed on the front of the Card. Make an Imprint of the Card on a paper Transaction Receipt to prove that the Card was present during the Transaction. Keep the Imprinted Transaction Receipt with the electronically printed Transaction Receipt from the POS Device.

Ensure that the paper Transaction Receipt contains all of the information related to the Transaction, such as the Transaction amount, Transaction Date, Merchant information, Authorization Code, and Cardholder's signature.

- 4. Enter the Amount of the Transaction.** When prompted by the POS Device, enter the amount of the Transaction using the numeric key pad. You do not need to include a decimal point.

For Example: Enter \$125.00 by pressing the **1-2-5-0-0** keys consecutively, and then pressing the **ENTER** key. The POS Device displays a message that indicates when the Transaction is being processed for Authorization.

- 5. Obtain the Authorization Code.** If the Transaction is approved, the Approval Code prints on the Transaction Receipt. If a printer is not present, the POS Device displays the Approval Code. If you have to Imprint the Card, remember to record the Approval Code on the Transaction Receipt.

If the Transaction is declined, the POS Device displays "Declined" or "Declined-Pick-Up". In these cases, you should ask for another form of payment.

If the POS Device displays a "Referral" or "Call Auth" message, call the toll-free Voice Authorization telephone number (located on a sticker on your POS Device) and follow the operator's instructions. If you receive an Approval Code, you must enter it into your POS Device to complete the Transaction. If Authorization is declined, the Voice Authorization Center may ask you to retain the Card. If this occurs, follow the operator's instructions. A reward may be paid for the return of a Card at the Voice Authorization Center's request.

- 6. Have the Cardholder Sign the Transaction Receipt, and then Compare Signatures.** In Card Present Transactions, Transaction Receipts must be signed by the Cardholder unless otherwise specified under separate criteria for a Credit Card Association program (e.g., No Signature Required Programs). Compare the signature on the Transaction Receipt with the signature on the back of the Card. If you cannot tell whether the signatures are similar, ask to see another form of identification and compare the second signature with the others. You may also compare the appearance of the Cardholder with the picture on his or her identification cards. Merchant must not honor any Card if: (i) the Card has expired; (ii) the signature on the Transaction Receipt does not correspond with the signature on the Card or if the signature panel on the Card is blank, or uses language to the effect of "see id"; or (iii) the account number embossed on the Card does not match the account number on the Card's magnetic stripe. If you are still suspicious of the Transaction or the Cardholder, you may perform a Code 10 Authorization. Refer to Chapter 4, *Identifying Valid Cards* for more information.
- 7. Return the Card and the Customer Copy of the Transaction Receipt to the Cardholder.** When the Transaction is complete, return the Card to the Cardholder, along with the Customer copy of the Transaction Receipt. Keep the Merchant copy of the Transaction Receipt for your records.

## TRANSACTION PROCESSING RESTRICTIONS

**Surcharges.** Discover Network, Visa and MasterCard permit merchants to add a surcharge to a Credit Card Transaction amount, subject to their respective Credit Card Rules. As a result, if permitted, Merchant may add an amount to the posted price of goods or services Merchant offers as a condition of paying with a Discover Network, Visa and MasterCard Credit Card. If Merchant is permitted to and elects to apply a surcharge to its Discover Network, Visa and MasterCard Credit Card Transactions, Merchant must abide by all Payment Network Regulations applicable to surcharging, including, but not limited to, any advance notice requirements. In addition, Merchant may be required to register with Discover Network, Visa and/or MasterCard prior to surcharging any Credit Card Transactions. Registration requirements are set forth in the applicable Credit Card Rules and may be available through the applicable Payment Network websites. This paragraph does not

prohibit Merchant from offering a discount or in-kind incentive to induce a person to pay by cash, Credit Card, Debit Card or any other method of payment.

**Return Policy.** Merchant must properly disclose to the Cardholder, at the time of the Transaction and in accordance with the Card Rules, any limitation Merchant has on accepting returned merchandise.

**No Claim Against Cardholder.** Unless Servicer or Member refuses to accept a Transaction Receipt or revokes their prior acceptance of a Transaction Receipt (after receipt of a Chargeback or otherwise): (i) Merchant will not have any claim against, or right to receive payment from, a Cardholder in any Transaction; and (ii) Merchant will not accept any payments from a Cardholder relating to previous charges for merchandise or services included in a Transaction Receipt, and if Merchant receives such payments, Merchant will promptly remit them to Servicer.

## TRANSACTION RECEIPTS

A Transaction Receipt is a paper or electronic record of the purchase of goods or services from a Merchant by a Cardholder using a Card. You must provide the Cardholder with a Transaction Receipt for his or her personal records.

Transaction Receipts are required for all Transaction types and must be retained for a minimum of two (2) years (or such longer period as the Card Rules or the Laws may require). Transaction Receipts should be stored in a safe, secure area and organized in chronological order by Transaction Date.

## ELECTRONIC TRANSACTION COMPONENTS

An Electronic Transaction Receipt must contain the following information:

- Transaction Date
- Total Transaction amount, including applicable taxes
- Card account number (must be truncated on the Cardholder copy) including the specific payment brand (e.g., Visa, MasterCard or Discover)
- Space for Cardholder signature for Card Present Transactions
- Authorization Code
- Merchant name and location
- Location code (i.e., POS Device or MID issued by Servicer)
- Special return or refund terms printed in close proximity to the Cardholder signature line on the Transaction Receipt, if restricted
- Indication of who shall receive each copy of the Transaction Receipt (e.g., Merchant Copy, Bank Copy, and Cardholder Copy).

## REPRODUCTION OF INFORMATION

For Card Present Transactions, if the following information embossed or printed on the Card is not legibly imprinted on the Transaction Receipt, Merchant will legibly reproduce on the Transaction Receipt the: (i) Cardholder's name; (ii) Card account number; (iii) Card expiration date; and (iv) Merchant's name and place of business.

## TRUNCATION

- **Cardholder's Copy of the Transaction Receipt.** The Card account number and expiration date must be truncated on all Cardholder copies of Transaction Receipts and other paperwork provided to the Cardholder. Truncated digits should be replaced with a fill character such as "x," "\*", or "#," and not with blank spaces or numeric characters. All POS Devices must suppress all but the last four (4) digits of the Card account number and the entire expiration date on the Cardholder's copy of the Transaction Receipt



generated from electronic (including Cardholder-activated) POS Devices. These truncation rules do not apply to Transactions in which the only way to record a Card account number and expiration date is in handwriting or by making an Imprint or copy of the Card.

- **Merchant's Copy of the Transaction Receipt.** The Merchant's copy of the Transaction Receipt must suppress the entire expiration date. The Merchant may also have an obligation to suppress or truncate other information on the Merchant's copy of the Transaction Receipt under state or federal laws.

#### UNREADABLE MAGNETIC STRIPES

For Card Present Transactions, if Merchant authorizes and presents Transactions electronically and Merchant's POS Device is unable to read the Magnetic Stripe on the Card, Merchant must generate a manual Transaction Receipt containing the information set forth below under "Manual Transaction Components," in addition to key-entering the Transaction into the POS Device for processing.

#### MANUAL TRANSACTION COMPONENTS

A manual Transaction Receipt must contain the following information:

- Physical Imprint of the Card (not a photocopy)
- Identification of the Transaction type (sale, credit/refund, etc.)
- Transaction Date
- Total Transaction amount
- Cardholder signature
- Authorization Code
- Merchant name and location
- POS Device or MID
- Description of the merchandise or service purchased
- Special return or refund terms printed in close proximity to the Cardholder signature line on the Transaction Receipt
- Salesperson's initials or department number

**NOTE:** *If the Cardholder presents an unembossed Card and the POS Device cannot read the Magnetic Stripe then the Merchant must request another form of payment. Manual Transaction Receipts are prohibited on Transactions involving an unembossed Card.*

#### DELIVERY OF TRANSACTION RECEIPTS

The Merchant must provide a complete and legible copy of the Transaction Receipt to the Cardholder in the following manner:

- **Card Present Transactions:** Provide the Transaction Receipt to the Cardholder at the time of the Transaction.
- **Card Not Present Transactions:** Provide the Transaction Receipt to the Cardholder in either electronic (e.g., e-mail, fax) or paper (e.g., handwritten, POS Device-generated) format. Electronic Commerce Transaction Receipts must not include the Card's account number.

#### ELECTRONIC TRANSMISSION OF TRANSACTION RECEIPTS TO SERVICER

If Merchant utilizes electronic Authorization and/or data capture services, Merchant will enter the data related to Transactions into a POS Device and settle the Transactions and transmit the data to Servicer or its designated agent in the form specified by Servicer no later than the close of business on the date the Transactions are

completed. If Member or Servicer requests a copy of a Transaction Receipt, Credit Transaction Receipt, or other Transaction evidence, Merchant must provide it within the time frame specified in the request.

#### **MULTIPLE TRANSACTION RECEIPTS**

Merchant will include a description and total amount of goods and services purchased in a single Transaction on a single Transaction Receipt unless: (i) partial payment is entered on the Transaction Receipt and the balance of the Transaction amount is paid in cash or by check at the time of the Transaction; or (ii) a Transaction Receipt represents an advance deposit in a Transaction completed in accordance with the Agreement and the Card Rules.

#### **DEPOSITS**

Merchant must execute one Transaction Receipt when processing the deposit Transaction and a second Transaction Receipt upon processing the balance of the Transaction. Merchant will note the words “deposit” or “balance” on the applicable Transaction Receipt, as appropriate. Merchant will not deposit the Transaction Receipt labeled “balance” until the goods have been delivered to the Cardholder or until Merchant has fully performed the services.

#### **FUTURE DELIVERY**

Merchant represents and warrants to Member and Servicer that Merchant will not rely on any proceeds or credit resulting from future delivery Transactions to purchase or furnish goods or services. Merchant will maintain sufficient working capital to provide for the delivery of goods or services at the agreed upon future date, independent of any credit or proceeds resulting from Transaction Receipts or other Credit Transaction Receipts in connection with future delivery Transactions.

### **PROCESSING CARD NOT PRESENT TRANSACTIONS**

Card Not Present Transactions include Mail Order (MO), Telephone Order (TO), and Electronic Commerce (EC) Transactions. These Transactions occur when the Card is not physically presented to the Merchant at the time of a sale. You must be authorized by us to process Card Not Present Transactions.

If more than twenty percent (20%) of your Transactions are MO/TO, you must apply for a separate MID for those Transactions. If more than one percent (1%) of your Transactions are Electronic Commerce orders, you must also apply for a separate MID for those Transactions.

#### **MAIL ORDER/TELEPHONE ORDER (MO/TO)**

Merchant understands that Transactions processed via MO/TO are high risk and subject to a higher incidence of Chargebacks. Merchant is liable for all Chargebacks and losses related to MO/TO Transactions. Merchant may be required to use an address verification service (“AVS”) on MO/TO Transactions. AVS is not a guarantee of payment and the use of AVS will not waive any provision of the Agreement or validate a fraudulent Transaction. Merchant will obtain the expiration date of the Card for a MO/TO Transaction and submit the expiration date when requesting Authorization of the Transaction. For MO/TO Transactions, Merchant will type or print legibly on the signature line of the Transaction Receipt the following applicable words or letters: telephone order or “TO,” or mail order or “MO,” as appropriate. Servicer recommends that Merchant obtain a signed Transaction Receipt or other proof of delivery signed by Cardholder for MO/TO Transactions.

#### **ELECTRONIC COMMERCE (EC)**

Merchant may process Electronic Commerce Transactions only if the Transactions have been encrypted by Servicer or a third party vendor acceptable to Servicer and Member. Merchant understands that Transactions processed via the Internet are high risk and subject to a higher incidence of Chargebacks. Merchant is liable for all Chargebacks and losses related to Electronic Commerce Transactions, whether or not such Transactions have been encrypted. Encryption is not a guarantee of payment and does not waive any provision of the

Agreement or otherwise validate a fraudulent Transaction. Servicer recommends that Merchant obtain a signed Transaction Receipt or other proof of delivery signed by the Cardholder for all Electronic Commerce Transactions. All communication costs and compliance with Laws related to Electronic Commerce Transactions will be Merchant's responsibility. Merchant understands that Servicer will not manage the telecommunications link for Electronic Commerce Transactions and that it is Merchant's responsibility to manage that link. Merchant authorizes Servicer and Member to perform an annual audit and examination of Merchant's website and such other due diligence review as required by the Payment Network Regulations for Electronic Commerce Merchants.

**Requirements.** Merchant's website must contain all of the following information: (a) prominently display the name of the Merchant; (b) prominently identify the name of the Merchant as displayed on the website as both the Merchant and as the name that will appear on the Cardholder statement; (c) display Merchant name information as prominently as any other information depicted on the website, other than images of the products or services being offered for sale; (d) complete description of the goods or services offered; (e) returned merchandise and refund policy; (f) customer service contacts, including electronic mail address and/or telephone number; (g) complete address (street address, city, state, zip code, and country) of the permanent establishment of the Merchant's business; (h) complete address of the permanent establishment of the Merchant's business on either the checkout screen (which displays the total purchase amount) or within the sequence of website pages presented to the Cardholder during the checkout process; (i) Transaction currency (such as U.S. or Canadian dollars); (j) export or legal restrictions, if known; (k) delivery policy; (l) Customer data privacy policy; and (m) Merchant's method of Transaction security such as Secure Sockets layer (SSL) or 3-D Secure. If Merchant stores Card account numbers, expiration dates, or other personal Cardholder data in a database, Merchant must follow the applicable Payment Network Regulations on securing such data. Merchant may not retain or store CVV2/CVC2/CID data after authorization for record keeping or additional authorization processing. A Merchant must not refuse to complete an Electronic Commerce Transaction solely because the Cardholder does not have a digital certificate or other secured protocol.

**Shipped Goods.** For goods to be shipped on Electronic Commerce Transactions, Merchant may obtain authorization up to seven (7) days prior to the shipment date. Merchant need not obtain a second authorization if the Transaction Receipt amount is within fifteen percent (15%) of the authorized amount, provided the additional amount represents shipping costs.

Card Not Present Transactions pose a higher risk of fraud and Chargebacks, so it is important that you take precaution in processing these Transactions. Follow these guidelines **prior** to processing a Card Not Present Transaction, as applicable:

- Use a ballpoint pen when handwritten information is required. Never use a marker or pencil when writing on a Transaction Receipt.
- Obtain the following information from the Cardholder, if needed:
  - Cardholder's billing address
  - Shipping address, if different from billing address
  - Cardholder's telephone number
  - Cardholder's account number
  - Card expiration date
  - CVV2/CVC2/CID number
  - Purchaser's name (in lieu of Cardholder signature)

**NOTE:** *You must not retain or record the CVV2/CVC2/CID data element beyond the original Authorization request. Further, the CVV2/CVC2/CID data element must not be printed on the Transaction Receipt or on any document given to the Cardholder.*

In addition to the Transaction Receipt requirements set out in Chapter 2, *Processing Transactions*, a Card Not Present Transaction Receipt must also contain:

- Merchant online address
- Customer service contact, including telephone number

Do not settle a Transaction before shipping the goods. This increases the risk of a Chargeback to the Merchant and is prohibited by the Agreement.

Do not retain magnetic stripe data except for first time use.

### MANUAL TRANSACTION RECEIPTS FOR CARD NOT PRESENT TRANSACTIONS

Follow these steps for manual Transaction Receipts:

1. **Write the Cardholder's Name and Card Number on the Transaction Receipt.** Refer to Chapter 2, *Processing Transactions – Electronic Transaction Components* for information on Transaction Receipt requirements. In addition to the electronic Transaction components requirements, a manual Transaction Receipt for a Card Not Present Transaction may include the full Card account number and expiration date and must include the Cardholder's billing address (and shipping address, if different) and telephone number. Do not record CVV2/CVC2/CID data elements on the Transaction Receipt.
2. **Record the Order Type on the Transaction Receipt.** Write one of the following on the signature line of the Transaction Receipt:
  - “Mail Order”
  - “Telephone Order”
  - “Internet”

### POS DEVICE GENERATED RECEIPTS

If you are using a POS Device to generate a Transaction Receipt for a Card Not Present Transaction, enter the Transaction into the device by following these steps:

1. Press the appropriate key on your POS Device to initiate the Transaction.
2. When prompted, enter the Card number.
3. When prompted again, enter the Card expiration date.
4. Finally, when prompted, enter the Transaction amount.
5. Record the Authorization Code on the Transaction Receipt. Refer to Chapter 2, *Processing Transactions – Transaction Receipts* for more information.

### CARD IDENTIFICATION NUMBER AND ADDRESS VERIFICATION SERVICE

The use of CVV2/CVC2/CID and AVS can lessen your risk of Chargebacks by providing you with additional information to assist with your decision on whether or not to process a Card Not Present Transaction.

**NOTE:** *The use of CVV2/CVC2/CID and AVS will not relieve you of liability for Chargebacks. Remember, you bear the risk of loss associated with any Chargeback.*

If you are using these services, follow the next two steps **prior** to processing a Transaction.

1. **Verify the Card Identification Number (CVV2/CVC2/CID) Printed on the Front or Back of the Card (at the end of the Card Account Number in the Signature Panel), as Applicable to the Specific Card Type.** If your POS Device is set up for CVV2/CVC2/CID and if the CVV2/CVC2/CID number is provided at the time of Authorization, the Issuer returns either a “match” or a “no match” response. “Match” means it is more likely that the Card is present and in the hands of the Cardholder at the time of the Transaction. “No match” means you should consider whether or not to process the Transaction. Even though you receive an Approval Code with a “no match” response, the Approval Code is not a guarantee

of payment. The decision to process a Transaction, regardless of the response received, is up to you, because you are responsible for any risk associated with processing a Transaction.

**NOTE:** *You must not retain or record the CVV2/CVC2/CID data element beyond the original Authorization request. Further, the CVV2/CVC2/CID data element must not be printed on the Transaction Receipt or on any document given to the Cardholder.*

Most Customers do not know where the CVV2/CVC2/CID code is located on the Card. To assist a Customer, have him or her locate the last three (or four) alphanumeric characters in the signature panel on the back of his or her Card for Discover Network, Visa or MasterCard Card types or on the front of his or her Card for American Express Card types.

Refer to Chapter 4, *Unique Card Characteristics*, for more details concerning the Card Identification Number. The following table sets forth CVV2/CVC2 response codes.

Code	Definition
Space	CVV2 processing not requested
M	CVV2/CVC2 Match
N	CVV2/CVC2 not matched
P	Not processed
S	CVV2 should be printed on the card, but it was indicated that the value was not present
U	Issuer does not support CVV2
X	Service provider did not respond

2. **Verify the Cardholder's Address by Using the Address Verification Service (AVS).** If your POS Device is set up for AVS, it prompts you to enter the numeric portion of the Cardholder's billing address and the five digit zip code to verify that the individual providing the Card account number is the Cardholder. The AVS result code indicates whether the address given by the Cardholder matches (exactly, partially, or not at all) the address that the Issuer has on file for the Card. "Exactly" means it is more likely that the Card is being used by the authorized Cardholder. "Partially" or "not at all" means you should consider whether or not to process the Transaction. The decision to process a Transaction, regardless of the response received, is up to you, as you are responsible for any risk associated with processing a Transaction. Even though you will receive an Approval Code following a "no match" response, the Approval Code is not a guarantee of payment. The following table sets forth AVS response codes.

Code	Definition
A	Address (street) matches - ZIP Code does not
B	Street address match, postal code in wrong format (international issuer)
C	Street address and postal code in wrong formats
D	Street address and postal code match (international issuer)
E	Error response for Merchant Category Code (SIC)
G	Card issued by a non-U.S. issuer that does not participate in the AVS system
I	Address information not verified by international issuer
M	Street address and postal code match (international issuer)
N	No match on address (street) or ZIP Code
O	No response sent
P	Postal codes match, Street address not verified due to incompatible formats
R	Retry, system is unavailable or timed out
S	Service not supported by issuer

U	Address information is unavailable (domestic issuer)
W	Nine-digit ZIP Code matches - Address (street) does not match
X	Exact AVS Match
Y	Address (Street) and five digit Zip match
Z	Five-digit zip matches - address (street) does not match

**NOTE:** For more information about CVV2/CVC2/CID and AVS, contact Merchant Services.

For more information about processing Card Not Present Transactions, call the following numbers:

- MC (MasterCard) Assist: (800) 622-7747
- Visa’s Merchant Assistance Service: (800) 847-2750
- American Express: (800) 528-2121
- Discover Network: (800) 347-1111

The information provided by calling these numbers may allow you to verify a Cardholder’s address and obtain the Issuer’s telephone number.

## PAPER DRAFTS

We supply you with the materials and forms that you need to process Discover Network, Visa or MasterCard Transactions using paper drafts. You must maintain a supply of these materials. Refer to Chapter 22, *Supplies* for more information.

Before you process a paper draft, please follow the guidelines under *Transaction Processing Procedures* earlier in this Chapter.

To correctly process a paper Transaction Receipt, follow these steps:

1. **Make Sure the Card is Valid.** Check the Card’s expiration date and other features to ensure that the card is valid. Refer to Chapter 4, *Identifying Valid Cards* for validation information. Refer to Chapter 4, *Preventing Card Fraud* for additional loss-prevention information.
2. **Imprint the Transaction Receipt.** Make a legible Imprint of the Card on all copies of the Transaction Receipt.
3. **Call for Authorization.** Call the Voice Authorization number provided on the sticker on your POS Device and have the following information available:
  - Card account number
  - MID
  - Amount of sale (dollars and cents)
  - Card expiration date
4. **Write the Approval Code in the Space Provided on the Transaction Receipt.** The Approval Code is required.
5. **Have the Cardholder Sign the Transaction Receipt, and then Compare Signatures.** Compare the signature on the Transaction Receipt with the signature on the back of the Card. If you cannot tell whether the signatures are similar, ask to see another form of identification and compare the second signature with the others. You may also compare the appearance of the Cardholder with the picture on his or her identification cards. If you are still suspicious of the Transaction or the Cardholder, you may perform a Code 10 Authorization. Refer to Chapter 4, *Identifying Valid Cards* for more information.
6. **Return the Card and the Cardholder Copy of the Transaction Receipt to the Cardholder.** When the Transaction is complete, return the Card to the Cardholder, along with the Cardholder copy of the

Transaction Receipt. Make sure to keep the Merchant copy of the Transaction Receipt for your records.

- 7. Storage of Paper Drafts.** It is important to keep copies of your Transaction Receipts in a safe place, filed by Transaction Date. This is especially important for quickly locating a receipt if questions arise. The PCI Data Security Standard sets out the requirements on how to handle the storage of paper drafts that contain Cardholder information.

Visit [http://www.pcisecuritystandards.org/security\\_standards/pci\\_dss.shtml](http://www.pcisecuritystandards.org/security_standards/pci_dss.shtml) or contact Customer Service at 1-800-725-1243 for more information.

## PROCESSING CREDIT TRANSACTIONS

**Credit Transaction Receipt.** Merchant must issue a Credit Transaction Receipt, instead of issuing cash or a check, as a refund for any previous Transaction. Member or Servicer will debit the DDA for the total face amount of each Credit Transaction Receipt submitted to Servicer. Merchant must not submit a Credit Transaction Receipt relating to any Transaction Receipt not originally submitted to Servicer, and Merchant must not submit a Credit Transaction Receipt that exceeds the amount of the original Transaction Receipt. Merchant must, within the time period specified by applicable Laws or the Card Rules, whichever time period is shorter, provide Servicer with a Credit Transaction Receipt for every return of goods or forgiveness of debt for services that was the subject of a previous Transaction in accordance with the Card Rules.

**Revocation of Credit.** Member or Servicer may, in their reasonable discretion, refuse to accept any Credit Transaction Receipt for processing.

**Reprocessing.** Merchant must not resubmit or reprocess any Transaction that has been charged back.

## RETURNS AND EXCHANGES

Refunds for a Transaction must be processed by issuing a credit to the Card on which the original purchase was made. You must also prepare a Credit Transaction Receipt for the amount of credit issued. Do not refund a Card purchase with cash or check. Do not refund cash or check purchases to a Card.

If you have a special policy regarding returns or refunds, make sure that the policy is:

- Clearly posted at the point-of-sale
- Printed on the Transaction Receipt using letters approximately ¼ inch high and in close proximity to the signature line

If you are processing an even exchange, no action is necessary. However, if an exchange involves merchandise of greater or lesser value, you must issue a Transaction Receipt or a Credit Transaction Receipt for the difference. If you prefer, you may instead give a full refund to the Cardholder for the original Transaction amount and process the exchange as a new Transaction.

## ADDITIONAL REQUIREMENTS APPLICABLE TO DEBIT CARD, PIN-AUTHORIZED DEBIT CARD AND PREPAID CARD TRANSACTIONS

With respect to Debit Card, PIN-authorized Debit Card, and Prepaid Card Transactions, Merchants operating in the Merchant Category Codes in the table below must:

1. For all Card Present Transactions occurring at an attended POS Device or at a Cardholder-activated POS Device identified with MCC 5542 (Automated Fuel Dispensers), support partial approvals;
2. For all Transactions, support full and partial reversals; and
3. For all Card Present Transactions occurring at an attended POS Device and conducted with a Prepaid Card, support account balance responses;

each as further described below.

<b>MCC</b>
4111 Transportation—Suburban and Local Commuter Passenger, including Ferries
4812 Telecommunication Equipment including Telephone Sales
4814 Telecommunication Services
4816 Computer Network/Information Services
4899 Cable, Satellite, and Other Pay Television and Radio Services
5111 Stationery, Office Supplies
5200 Home Supply Warehouse Stores
5300 Wholesale Clubs
5310 Discount Stores
5311 Department Stores
5331 Variety Stores
5399 Miscellaneous General Merchandise Stores
5411 Grocery Stores, Supermarkets
5499 Miscellaneous Food Stores — Convenience Stores, Markets, Specialty Stores and Vending Machines
5541 Service Stations (with or without Ancillary Services)
5542 Fuel Dispenser, Automated
5732 Electronic Sales
5734 Computer Software Stores
5735 Record Shops
5812 Eating Places, Restaurants
5814 Fast Food Restaurants
5912 Drug Stores, Pharmacies
5921 Package Stores, Beer, Wine, and Liquor
5941 Sporting Goods Stores
5942 Book Stores
5943 Office, School Supply and Stationery Stores
5964 Direct Marketing—Catalog Merchants
5965 Direct Marketing—Combination Catalog—Retail Merchants
5966 Direct Marketing—Outbound Telemarketing Merchants
5967 Direct Marketing—Inbound Telemarketing Merchants
5969 Direct Marketing—Other Direct Marketers—not elsewhere classified
5999 Miscellaneous and Specialty Retail Stores
7829 Motion Picture-Video Tape Production-Distribution
7832 Motion Picture Theaters
7841 Video Entertainment Rental Stores
7996 Amusement Parks, Carnivals, Circuses, Fortune Tellers
7997 Clubs—Country Membership
7999 Recreation services—not elsewhere classified
8011 Doctors — not elsewhere classified
8021 Dentists, Orthodontists
8041 Chiropractors
8042 Optometrists, Ophthalmologists



8043 Opticians, Optical Goods, and Eyeglasses
8062 Hospitals
8099 Health Practitioners, Medical Services — not elsewhere classified
8999 Professional Services—not elsewhere classified
9399 Government Services —not elsewhere classified

**Partial Approvals.** When a Debit Card, PIN-authorized Debit Card, or Prepaid Card Authorization request is sent, the issuer can respond with an approval amount less than the requested amount. When the approved amount is less than the originally requested amount, Merchant should prompt the Customer to pay the difference with another form of payment. If the Customer does not wish to proceed with all or part of the Transaction (or if the Transaction “times out”), the Merchant must initiate an authorization reversal Transaction.

**Full and Partial Authorization Reversals.** An “authorization reversal” is a real-time Transaction initiated when the Customer decides that it does not want to proceed with the Transaction or if the Merchant cannot complete the Transaction for any reason (e.g., the item is out of stock, the Transaction “times out” while waiting for the Authorization response, etc.). To initiate an authorization reversal, the Transaction must have already been authorized but not submitted for Settlement. If the Transaction has already been submitted for clearing, then the Merchant should initiate a void, refund, or other similar Transaction so that the Customer’s open-to-buy is freed up and the available balance is restored. A partial authorization reversal should be initiated whenever the Merchant determines that the final Transaction amount will be less than the amount of the Authorization.

Authorization reversals must be processed by the Merchant within 24 hours of the original Authorization request for Card Present Transactions and within 72 hours of the original Authorization Request for Card Not Present Transactions; provided, however, that Merchants in hotel, lodging, cruise line and vehicle rentals are exempt from this requirement.

**Account Balance Response.** For some Prepaid Cards, the Issuer is required to include the remaining available balance on the Cardholder’s account in the Authorization response message. If the remaining available balance is included, the Merchant must print it on the Transaction Receipt or display it on a Customer facing POS Device.

## ADDITIONAL REQUIREMENTS APPLICABLE TO PIN-AUTHORIZED DEBIT CARD TRANSACTIONS

**Debit Card Rules.** Merchant shall comply with and be bound by the Debit Card Rules, which are incorporated by this reference as if fully set forth herein. Except as otherwise provided below, Merchant must comply with the general Card acceptance and Transaction processing provisions in this Chapter when accepting Debit Cards. The Debit Card Rules are confidential information of the Payment Networks, and Merchant shall not disclose the Debit Card Rules to any to any Person except as may be permitted under the Agreement or under requirements of Laws.

### Use and Availability of POS Devices and PIN Pads.

- A Cardholder’s Debit Card information and PIN are confidential. The Merchant may not request or require a Cardholder to disclose his or her PIN at any point during a Transaction.
- During the Transaction process, the Merchant must provide a reasonably secure area for Cardholders to enter their PIN into the PIN Pad. Merchant is responsible for installing the POS Device and PIN Pad in such a way that Cardholders may enter their PIN into the PIN Pad in a confidential manner.
- Merchant shall cause a POS Device and PIN Pad to be readily available for the use of all Cardholders at all of Merchant’s business locations where PIN-authorized Debit Cards are accepted. Merchant shall take all reasonable steps to ensure that all POS Devices and PIN Pads operated at Merchant’s business locations function with a minimum of error, in a reliable manner, and in accordance with the standards established from time to time by Servicer and the EFT Networks.

- Merchant shall use a POS Device to initiate every PIN-authorized Debit Card Transaction, and Merchant shall require that either the Cardholder or the Merchant insert and “swipe” the Debit Card through the POS Device to initiate every PIN-authorized Debit Card Transaction, except as set forth herein. No PIN-authorized Debit Card Transaction may be initiated unless the Debit Card is physically present.
- Merchant shall require that each Debit Cardholder enter his or her PIN utilizing a PIN Pad at the POS Device when initiating a PIN-authorized Debit Card Transaction. Merchant may not require a Debit Cardholder initiating a PIN-authorized Debit Card Transaction to sign a Transaction Receipt or other receipt, or require any other means of identification.

**No Minimum or Maximum.** Merchant shall not establish minimum or maximum Debit Card Transaction amounts except to establish a maximum cash back dollar amount not to exceed \$200.00 or such lower amount as may be required under applicable Payment Network Rules.

**Pre-Authorization Requests.** Merchant may initiate pre-authorization requests pursuant to the following procedures:

- The Cardholder must enter the PIN on the PIN Pad.
- The Debit Card must be inserted and “swiped” through the POS Device.
- The pre-authorization request must be for a specific dollar amount and only goods and services, including applicable taxes, may be purchased. The subsequent purchase pre-authorized hereunder must be completed within two (2) hours after the original pre-authorization request.
- Funds shall not be transferred with respect to a pre-authorization request.
- In order to complete the subsequent purchase pre-authorization, Merchant shall transmit a completion message indicating the actual dollar amount of the Debit Card Transaction, and shall comply with all requirements of a purchase Debit Card Transaction, at that time, except that entry of a PIN and “swiping” of a Debit Card is not required to complete the subsequent purchase if these steps were properly taken in order to pre-authorize such purchase. Such subsequent purchase shall not be authorized or completed unless the actual dollar amount of the purchase is less than or equal to the amount specified in the pre-authorization request.
- If Merchant initiates pre-authorization requests, it shall support the processing of partial pre-authorizations.

**Debit Card Transactions.** Merchants that accept PIN-authorized Debit Cards shall support the following Debit Card Transactions:

- Purchases, and
- Merchandise credits.

Merchant may also support the following Debit Card Transactions if supported by the applicable EFT Network:

- Purchase with cashback, and
- Balance inquiries.

**Prohibited Transactions.** Merchant shall initiate Transactions only for products or services approved by Servicer. In no event shall Merchant initiate, allow, or facilitate a gambling or gaming transaction, or fund a stored value account for such purposes.

**Transaction Receipt Requirements.** At the time of any Debit Card Transaction (other than a balance inquiry or pre-authorization request), Merchant shall make available to each Cardholder a Transaction Receipt that complies fully with all Laws and containing, at a minimum, the following information:

- Amount of the Debit Card Transaction;

- Date and local time of the Debit Card Transaction;
- Type of Transaction;
- If during the Debit Card Transaction the Cardholder is prompted to select the type of account used, then the type of account accessed must be displayed on the Transaction Receipt;
- Truncated Debit Card number (showing the final four (4) digits);
- Merchant's name and location at which the Debit Card Transaction was initiated;
- Trace or retrieval reference number;
- Authorization Code;
- Unique number or code assigned to the POS Device at which the Debit Card Transaction was made; and
- Status and disposition of transaction (approved or declined).

**Merchandise Returns.** Merchant may electronically perform a merchandise return (if permitted by the applicable EFT Network) for a Debit Card Transaction only at the same Merchant named on the Transaction Receipt where the original Debit Card Transaction was initiated. If permitted, a merchandise return requires the following procedures:

- The Cardholder must re-enter the PIN on the PIN Pad;
- The Debit Card must be inserted and “swiped” through the POS Device; and
- Merchant must transmit the reference number or Authorization Code and the exact dollar amount of the Debit Card Transaction to be returned.

For all merchandise returns or any other debit return initiated through Merchant's POS Device or account, Merchant bears all responsibility for such Transaction even if fraudulent.

**Balance Inquiries.** Merchant may accommodate balance inquiries if the applicable EFT Network and the Issuer support the balance inquiry function, provided that the Merchant requires that the Cardholder enter their PIN on the PIN Pad and insert and “swipe” the Debit Card through the POS Device.

**Purchase with Cash Back.** Merchant may offer purchase with cash back Transactions pursuant to the following procedures:

- For each purchase with cash back, Merchant shall transmit in its Transaction message the amount of cash given to the Cardholder (if permitted by Servicer's Debit System).
- If a request for Authorization of a purchase with cash back is denied solely because the cash requested exceeds the Debit Card Issuer's limit on cash withdrawals, Merchant shall inform the Cardholder of the reason for the denial and that a new purchase Transaction in the amount of the purchase alone might be approved.
- The amount of cash back may be limited by the EFT Networks or Issuer.

**Technical Problems.** Merchant shall ask a Cardholder to use an alternative means of payment if the Servicer Debit System, the POS Device, or the PIN Pad is inoperative, the electronic interface with any EFT Network is inoperative, or the magnetic stripe on a Debit Card is unreadable, and Merchant elects not to or is unable to store Debit Card Transactions.

**Adjustment.** A Debit Card Transaction may be adjusted if an error is discovered during Merchant's end-of-day balancing only by means of a written request from Merchant to Servicer. The request for adjustment must reference a settled Debit Card Transaction that is partially or completely erroneous or a denied pre-authorize Transaction for which the pre-authorization request was approved. An adjustment must be completed within forty-five (45) days after the date of the original Debit Card Transaction.

**Termination/Suspension.** When requested by any EFT Network, in its sole discretion, Merchant will immediately take action to: (i) eliminate any fraudulent or improper Transactions; (ii) suspend the processing of Debit Card Transactions; or (iii) entirely discontinue acceptance of Debit Card Transactions.

## OTHER TRANSACTION TYPES

Merchant may solicit the following other Transaction types provided that (a) Merchant discloses such method of processing to Servicer in the Merchant Application or otherwise in writing, (b) Merchant has been approved by Servicer to submit such Transactions, and (c) Merchant meets the additional requirements for the applicable type of Transaction set out below. If Merchant completes any of these Transaction types without having received Servicer's approval, then Merchant will be in breach of the Agreement and Servicer may terminate the Agreement in addition to any other remedies available under the Agreement, Laws, or Payment Network Regulations, and Merchant may pay a surcharge on each such Transaction.

## RECURRING PAYMENTS AND PRE-AUTHORIZED ORDERS

Recurring Payments are Transactions for which a Cardholder provides written permission or electronic authorization to a Merchant to periodically charge his or her Card for recurring goods or services (e.g., monthly membership fees, utility bills, insurance premiums, or subscriptions). When processing Recurring Payments, you must obtain a separate Authorization Code for each Transaction.

Pre-authorized Orders are Transactions in which the Cardholder provides written or electronic authorization to charge his or her Card, one or more times, at a future date. You must be authorized by us to process Pre-authorized Orders.

You must obtain a signed order form or other written agreement from the Cardholder for all Recurring Payments and Pre-authorized Orders. The order form or agreement must contain the following information:

- Card number
- Card expiration date
- Cardholder's name
- Cardholder's signature
- Transaction amount (charged to the Cardholder's Card)
- Charge frequency (weekly, monthly, etc.)
- Length of time over which the recurring charges will occur
- The words "Recurring Payment" or "Pre-authorized Order" written on the signature line of the Transaction Receipt

You must keep a copy of the order form or written agreement for the duration of the recurring service. You must also provide a copy of the order form or agreement for Recurring Payments or Pre-authorized Orders to us upon request. A new order form or written agreement with the Cardholder is needed when a Recurring Payment is renewed.

**Recurring Transaction Requirements.** Merchant will not complete any recurring Transaction after receiving: (i) a cancellation notice from the Cardholder; (ii) a notice from Servicer or Member that authority to accept recurring Transactions has been revoked; or (iii) a response that the Payment Device is not to be honored. Merchant is responsible for ensuring its compliance with Laws with respect to recurring Transactions.

**Limitations on the Resubmission of Recurring Transactions.** In some limited instances, Merchant may resubmit a declined preauthorized recurring Transaction up to four (4) times within sixteen (16) calendar days of the original Authorization request, provided that the decline response is one of the following: (i)

authorization denied; (ii) insufficient funds; (iii) exceeds approval amount limit; or (iv) exceeds withdrawal frequency.

**Recurring Transaction Receipts.** Merchant must print legibly on the Transaction Receipt the words “Recurring Transaction.” Merchant must obtain the Cardholder’s signature, which may be an electronic signature or other similar authentication that is effective under applicable Laws, on the Transaction Receipt. Merchant must also include the frequency and duration of the Recurring Transaction authorization, as agreed to by the Cardholder, on the Transaction Receipt.

**Electronic Commerce Recurring Transactions.** In addition to the above, for an Electronic Commerce Transaction, Merchant must also provide a simple and easily accessible online cancellation procedure that complies with Laws, if the Cardholder’s request for goods or services was initially accepted online.

**Recurring Transactions with Varying Amounts.** For Recurring Transactions of varying amounts, all of the following apply: (i) the order form must allow the Cardholder to specify a minimum and maximum Transaction amount to be charged, unless the Cardholder will be notified of the amount and date of each charge, as specified in the remainder of this section; (ii) Merchant must inform the Cardholder of their right to receive, at least ten (10) calendar days prior to each scheduled Transaction Date, written notification of the amount and date of the next charge; and (iii) the Cardholder may choose to receive the notification in any of the following ways: (a) for every charge; (b) when the Transaction amount does not fall within the range of amounts specified on the order form; or (c) when the Transaction amount will differ from the most recent charge by more than an agreed upon amount. Merchant is responsible for ensuring that all communications with, and disclosures to, Cardholders comply with Laws.

To perform a Pre-authorized Order, follow these specific guidelines:

- Separately authorize each Transaction for the exact amount of that Transaction, instead of authorizing the entire amount of all the Transactions or no amount at all.
- If applicable to the Transaction, write the words “Delayed Delivery,” and “Deposit” or “Balance” on the Transaction Receipt. The Authorization date and Authorization Code must also be printed on the Transaction Receipt.

While you may process the Transaction for the “Deposit” before delivery of the goods and/or services, you may not process the “Balance” of the Transaction until the goods and/or services are delivered.

## QUASI-CASH TRANSACTIONS

Quasi-Cash Transactions represent the sale of items that are directly convertible to cash. Examples of Quasi-Cash Transactions include:

- Casino gaming chips
- Money orders
- Deposits
- Wire transfer money orders
- Travelers cheques
- Travel money cards
- Foreign currency

You must be authorized by us to process Quasi-Cash Transactions. No Merchant may process a Quasi-Cash Transaction as a cash disbursement.

## ACCEPTANCE AND ADDITIONAL REQUIREMENTS

In addition to the general requirements described in Chapter 2, *Transaction Receipts*, Merchants processing Quasi-Cash Transactions must:

- Review identification (such as a valid passport or driver's license) to validate the Cardholder's identity.
- Record the type of identification presented by the Cardholder on the Transaction Receipt, along with the serial number, expiration date, and Cardholder name (if different than the embossed name on the Card) and address.
- For Visa and MasterCard: Record the printed four digits from the face of the Card (found above or below the embossed account number) on the Transaction Receipt. Refer to Chapter 4, *Unique Card Characteristics* for more information.
- For Discover Network: Record the printed three digits on the signature panel on the back of the Card on the Transaction Receipt. Refer to Chapter 4, *Unique Card Characteristics* for more information.
- Compare the first four digits of the Card account number on the printed Transaction Receipt with the first four digits of the embossed Card account number. If they do not match, decline the Transaction and attempt to recover the Card (reasonably, lawfully, and peacefully), while also noting a description of the Cardholder.

## CONTACTLESS TRANSACTIONS

The Contactless Transaction requirements are as follows:

**Participation.** Merchant is responsible for:

1. Ensuring that all POS Devices that accept Contactless Cards for Transactions meet the applicable Credit Card Association specifications, are approved by Servicer and/or the applicable Credit Card Associations for use with Contactless Cards, and are configured to transmit the data elements required for Contactless Transactions.
2. Complying with all Payment Network Regulations applicable to Transactions conducted with Contactless Cards, including all operating requirements, technical guides and other requirements specified by the applicable Credit Card Associations in connection with the acceptance of Contactless Cards.

**Registration.** It is Merchant's responsibility to ensure that it is eligible and has been approved by Servicer to accept Contactless Cards, and that Merchant has been registered with the applicable Credit Card Associations to participate in their respective Contactless Card payment program(s).

**Processing.** Merchant is responsible for:

1. Providing any data in the Authorization request as required by the applicable Credit Card Associations.
2. Transmitting the full and unaltered contents of Track 1 or Track 2 data of the Card's Magnetic Stripe or Contactless payment chip in the Authorization request.
3. Ensuring that Transactions are not processed as Contactless Transactions if currency conversion is performed.
4. Submitting only a single Authorization per clearing Transaction.

Merchants that are eligible for both a Credit Card Association's No Signature Requirement Program and to accept Contactless Cards may combine these programs to further enhance the benefits of accepting Contactless Cards and participating in a No Signature Required Program.

## Chapter

## 3

## Settling Daily Transactions

This Chapter describes how to settle your daily Transactions. The guidelines for Settlement within this Chapter can help you:

- Eliminate balancing errors
- Promptly record deposits to your DDA
- Prevent duplicate billing to customers
- Minimize Chargebacks

### SETTLING THE DAILY BATCH

To settle the daily Batch, perform the following steps:

1. **Total the day's Transaction Receipts and Credit Transaction Receipts.**
2. **Verify that the Transaction Receipts equal the POS Device totals.** You may print a report from your POS Device to assist you with balancing. For more information about balancing, refer to the instructions that came with your POS Device.

If the totals do not balance, then do the following:

- Compare the Transaction Receipts to the individual entries in the POS Device.
  - Make any necessary adjustments before transmitting or closing the Batch. To make adjustments, refer to the instructions for your POS Device.
3. **Close the Batch according to the instructions for your POS Device.**

**NOTE:** *Submit your Transactions for processing daily to obtain the most favorable pricing.*

### PAPER DEPOSITS

If you are not using a POS Device, you must deposit Discover Network, Visa and MasterCard Transaction Receipts or Credit Transaction Receipts within three (3) business days, except:

1. The Transaction Receipts or Credit Transaction Receipts must not be presented until after the products are shipped or the services are performed unless, at the time of the Transaction, the Cardholder agrees to a properly disclosed delayed delivery of the products or services.
2. When the Merchant receives Cardholder authorization for a delayed presentment (in which case the words "Delayed Delivery" must be noted on the Transaction Receipt or Credit Transaction Receipt).

3. When the Merchant is obligated by law to retain the Transaction Receipt or Credit Transaction Receipt or return it to a Customer upon timely cancellation, in which case the Merchant should present the record within ten (10) business days after the Transaction date.
4. When the Merchant has multiple locations and uses a central facility to accumulate and present records to Servicer, in which event the Merchant must present the record in accordance with applicable law and, in any event, within thirty (30) calendar days of the Transaction date.

Please include a Batch Header with your Transaction Receipts.

### **PREPARING PAPER DEPOSITS**

To prepare a paper deposit, follow these steps:

1. Place your Merchant Identification Card and the Batch Header in the Imprinter.
2. Imprint the information onto the Batch Header.
3. Enter the total number and dollar amount of Transaction Receipts. It is not necessary to separate the Discover Network, Visa and MasterCard Transaction Receipts.
4. Enter the total number and dollar amount of Credit Transaction Receipts.
5. Review the Transaction Receipts and Credit Transaction Receipts to make sure they bear legible Discover Network, Visa or MasterCard numbers and amounts. Visa uses 16-digit account numbers beginning with a "4" and MasterCard uses 16-digit account numbers beginning with a "5." Discover Network uses 16-digit account numbers beginning with a "6."
6. Enter the net amount of the Transaction Receipts and the Credit Transaction Receipts.
7. Fill in the date and your DDA (Demand Deposit Account) number.
8. Place the bank copy of all Transaction Receipts and Credit Transaction Receipts behind the Batch Header and insert them into the Merchant deposit envelope, which is addressed to the paper processing center. If you need additional Merchant deposit envelopes, please contact Merchant Services.
9. Retain a copy of the Batch Header, along with your copies of the Transaction Receipts and Credit Transaction Receipts for your records.
10. Make sure the paper processing center address is on the front of the envelope.
11. Mail the Merchant deposit envelope.
12. Store paper drafts appropriately. For storage requirements for paper drafts in compliance with the PCI Data Security Standard, visit: [http://www.pcisecuritystandards.org/security\\_standards/pci\\_dss.shtml](http://www.pcisecuritystandards.org/security_standards/pci_dss.shtml).

### **ADJUSTMENTS**

If we detect an imbalance between your Batch Header and the attached Transaction Receipts, we make an adjustment to your DDA and send you an adjustment notice. Remember, adjustments differ from Chargebacks. If you have any questions concerning an adjustment, contact Merchant Services.

The most common reasons for adjustments include:

- The Transaction Receipts received do not match the amount shown on the Batch Header.
- A Card number is invalid or illegible. To receive credit, you must correct the number and resubmit the Transaction Receipt with a new Batch Header.
- Your DDA was credited in error or has been debited to reflect a Negative Deposit.

Remember to reconcile your monthly Merchant Statements with your DDA statement, along with any adjustment notices you may have received.



## Chapter

## 4

## Preventing Card Fraud

It is important to take steps to educate yourself and your staff to reduce your risk of accepting a counterfeit or fraudulent Card Transaction. Remember that you are responsible for all Chargebacks, including those for fraudulent Transactions. Fraudulent Card sales involve an invalid Card account number or, more commonly, a valid Card number presented by an unauthorized user. Fraud normally occurs within hours of the loss, theft, or compromise of a Card number or Card, and before most victims report the Card missing or discover the compromise.

If a Transaction is declined, do not request a Code 10 Authorization and do not complete the Transaction. However, if you receive an Approval Code but suspect a Card has been altered or is counterfeit, call the Voice Authorization Center and request a Code 10 Authorization (see Chapter 5, *Code 10 Procedures*).

The following sections provide tips to assist you in protecting yourself against fraud losses.

### IDENTIFYING SUSPICIOUS CUSTOMER ACTIONS

Common sense is the best guide for spotting suspicious behavior. Be sure you combine watchfulness with proper Card identification and validation techniques.

Be aware of customers who:

- Make indiscriminate large dollar purchases without regard to size, color, style, or price
- Question the sales clerk about credit limits or the Authorization process
- Attempt to distract the sales clerk (e.g., continually delay selections, talk continuously)
- Hurry a clerk at quitting time
- Purchase a high-ticket item, such as a wide-screen HDTV monitor or other large item, and insist on taking it immediately, rather than having it delivered—even when delivery is included in the price
- Buy a high-ticket item and request that it be sent next day air or request for someone else to pick up the purchase at a later time
- Pull a Card from a pocket rather than a wallet
- Sign the Transaction Receipt in a deliberate or unnatural manner
- Appear too young to make purchases with a Card

- Buy clothing without trying it on for size or decline alterations that are included in the price
- Charge expensive items on a newly valid Card
- Do not have a driver's license, tell you that his or her driver's license is in the car, or provide only a temporary license without a photo
- Do not ask questions on major purchases
- Make purchases, leave the store, and return to make more purchases
- Make purchases just after the store opens or just before it closes
- Use a Card belonging to a friend or relative
- Ship purchases to an address outside of the U.S.
- Recite the Card number from memory rather than presenting the Card itself
- Ask to see the Card again before signing the Transaction Receipt

## IDENTIFYING SUSPICIOUS CARD NOT PRESENT TRANSACTIONS

The increased use of Electronic Commerce, mail, and telephone orders has resulted in an increasing amount of fraud. If you accept Card Not Present Transactions, take caution if a customer attempts to:

- Request delivery to a freight forwarder
- Order goods and/or services via a free e-mail service
- Request that an order be rushed and wants a tracking number as soon as possible
- Purchase items that the merchant does not sell (the most common items are laptop computers and cellular phones)
- Use more than one Card for any given purchase (also known as a "Split Ticket")
- Use Cards that have sequential numbers or patterns
- Place an unusually large or uncommon order compared to your typical Transactions
- Use a Card issued by a foreign bank along with one of the other actions within this list
- Request delivery to a post office box
- Request delivery to a foreign country
- Utilize phone relay service where the Cardholder does not speak directly to the Merchant
- E-mail purchase orders that involve multiple Card accounts in which each order includes the same product and dollar amount. This is sometimes common for Transactions resulting in foreign Card fraud
- Place an order and then call back to place subsequent orders using the same or different Cards

You should be particularly careful if you sell products that are easily resold. For example, computers and computer equipment, printer cartridges, and jewelry are more susceptible to fraud than perishable items such as food—although criminals can victimize virtually any type of business.

**NOTE:** *If you receive an order for a large purchase for delivery to a foreign country or to a freight forwarder, we recommend that you contact your Voice Authorization Center to request a Code 10 specifically identifying the Transaction as a large foreign shipment Transaction.*

## IDENTIFYING VALID CARDS

Cards share similar qualities to help identify their validity, and there are anti-fraud safeguards unique to each Card brand.

### CARDS AND SIGNATURES

You should not accept a Card that is not signed. Many Card users write “Use other ID” (or something similar) in the signature panel because they believe it provides a higher level of security. This is not actually true, it simply allows a thief to sign his or her own name or use a fake ID with any signature.

If an unsigned Card is presented to you:

1. Inform the customer that the Card must be signed.
2. Have the customer sign the Card in your presence and provide a current, valid government ID that has been signed (such as a passport or driver’s license). Do not accept a temporary form of ID, such as a temporary driver’s license that does not have a photo.
3. Compare the signature on the ID to that on the Card.
4. If the customer refuses to sign the Card, do not complete the Transaction. Remember, you are liable for any Transaction processed with a fraudulent Card.

### CARD PROCESSING TIPS

After you swipe a Card, the POS Device prompts you for specific information. The POS Device may also prompt you to enter the last four digits of the account number to verify that the embossed account number matches the number on the Magnetic Stripe (on the back of the Card). If the numbers do not match, the POS Device indicates a mismatch of the digits or an invalid Card. Do not accept the Card. Once you receive an Approval Code, verify that the Card number on the Transaction Receipt matches the number embossed on the Card. If it does not match, do not accept the Card.

### CHARACTERISTICS OF MOST CARDS

These characteristics typically apply to most Card brands.

- **Overall Card Quality:** A Card may be any color (but is never faded or washed out) or feature a background pattern or photograph. The Card’s edge should be smooth and clean, never rough. The print should be crisp and clear.
- **Matching Account and BIN Numbers:** An identical series of numbers (known as the Bank Identification Number [BIN]) is printed directly above or below the first four embossed numbers on the Card and in the signature panel.
- **Embossing Quality:** A hot iron is sometimes used to smooth embossed numbers and then emboss new numbers. When this is done, the numbers can appear irregular in spacing or in vertical alignment, or there can be a slight “halo” around the numbers. This technique is also used to modify the expiration date, so check both the month and the year for alterations. Refer to Chapter 4, *Examples of Tampering* for details.
- **Hologram Quality:** An authentic Hologram should reflect light and change in appearance as you move the Card. It should barely catch your fingernail, but should not be such that you can peel it off. A fake Hologram is often a sliver of tin foil that lacks the features of an authentic Hologram.
- **Card Account Number and Card Identification Number:** The signature panel on the back of the Card should include either the entire Card account number or its last four digits, followed by the Card Identification Number. These numbers should be printed in reverse italics and should match the embossed numbers.

- **Signature Panel Quality:** The signature panel should not be defaced (e.g., peeled-off white plastic, smudged imprinting, or “void” appearing in the signature panel). Refer to Chapter 4, *Examples of Tampering* for details.
- **Signature Panel Print Design:** With the exception of some ATM Cards and various store-branded Cards, signature panels are rarely plain white. They usually contain an overprint or watermark.

## UNIQUE CARD CHARACTERISTICS

For the unique Card design elements specific to the Cards, please visit the following Card websites.

- MasterCard: <http://www.mastercard.com/us/personal/en/aboutourcards/credit/index.html>
- Visa: <http://usa.visa.com/personal/cards/credit/index.html>
- American Express: <http://www201.americanexpress.com/getthecard/home>
- Discover Network: <http://www.discovercard.com>

## EXAMPLES OF TAMPERING

The following section identifies common Card tampering techniques. Although an American Express Card is used in the examples, these tampering methods are widespread among all Card types.

### FRAUDULENT EMBOSSED

Characteristics of fraudulent Embossing include:



Figure 4-5. Example of Fraudulent Embossing

- The black ink on the Card number (1) or Cardholder name (2) is smudged or messy.
- The Embossed numbers are crooked, out of line, or unevenly spaced (2).
- The typeface of the Card account number does not match the rest of the Card typeface (2).
- The Card number embossed on the front does not match the number printed on the back (1).

### ALTERED MAGNETIC STRIPE

Characteristics of altered Magnetic Stripes include:

- The Card number on the printed Transaction Receipt does not match the number embossed on the front of the Card or imprinted on the back.

- The name printed on the Transaction Receipt does not match the name embossed on the Card.
- The Magnetic Stripe is deliberately scratched or altered making it necessary to manually key the Card account number.
- The signature panel has been whited out, taped over or erased.

## IDENTIFYING SUSPICIOUS EMPLOYEE ACTIONS

Be aware - not all Card fraud is committed by Customers. Sometimes employees engage in fraud using the following activities:

- **Record Card Numbers:** Employees may pocket receipts left behind by Cardholders or may write Card numbers on another piece of paper.
- **Use Card Skimmers:** Employees may use a Card skimmer (i.e., a battery-operated, hand-held electronic device) that reads a Card's Magnetic Stripe and records it to memory. Card numbers are then downloaded from the skimmer and used to make counterfeit Cards or make unauthorized purchases. Some Card companies offer a reward for information leading to the arrest and conviction of anyone involved in the manufacture or use of counterfeit Cards.
- **Process Credit Transactions to Personal Card Accounts:** Employees may issue credits to their own Card or to an accomplice's Card using the Merchant's POS Device. Often these credits do not have an offsetting prior sale.

**NOTE:** *Most POS Device products allow a Merchant to require a password in order to process a Credit Transaction.*

To help prevent employee-related fraud, do the following:

- Reconcile your work daily rather than monthly.
- Password protect your POS Device, if this feature is available.
- Disable the credit function on your POS Device.
- Secure your POS Device during non-business hours.

## FACTORING

Factoring (also known as Laundering) occurs when you process another person's transactions through your Merchant account. Processing transactions which belong to another person or business is in violation of the Agreement and is prohibited by law in many states. Factoring may result in the termination of your Card acceptance privileges.

Be wary of the "fellow business person" who offers to pay you to process card transactions in return for a fee. These transactions are often questionable or fraudulent. These schemes typically result in a flood of Chargebacks which are debited from your DDA. By the time you realize this has occurred, the other business will most likely have relocated under a different name.

To protect you from these schemes and the devastating losses that ensue, educate yourself and your staff about this serious problem and immediately report Factoring propositions to us or to the U.S. Secret Service. Remember, you are responsible for all transactions processed using your MID, so make sure that all transactions processed through your account represent transactions between you and the Cardholder.

**Merchant will not present for processing or credit, directly or indirectly, any Transaction not originated as a result of a transaction directly between Merchant and a Cardholder or any Transaction Merchant knows or should know to be fraudulent or not authorized by the Cardholder. Perpetrators of fraudulent Transactions will be referred to law enforcement officials. Merchant will not deposit any Transaction Receipt representing the refinancing of an existing obligation of a Cardholder.**

## Chapter

## 5

## Code 10 Procedures

Code 10 is a term used by the Credit Card Associations to refer to suspicious or questionable Transactions, Cards, or Cardholders.

If you are suspicious of a Card Transaction, contact your Voice Authorization Center and request a Code 10 Authorization. Using the term “Code 10” allows you to call the Voice Authorization Center to question the Transaction without alerting the Cardholder. Follow the instructions given to you on how to proceed to minimize any discomfort between you and the Cardholder.

**NOTE:** *Be alert to individuals who contact your business via phone or the Internet attempting to make large purchases for overseas shipment, direct or through a freight forwarder. These individuals may utilize one or more Cards in their “urgent” request. If you receive such a request, we encourage you to contact your Voice Authorization Center to request a Code 10, specifically identifying the Transaction as a large foreign shipment Transaction.*

**NOTE:** *Fraudulent transactions, even when authorized, are subject to Chargebacks, and final payment is not guaranteed.*

### CODE 10 AUTHORIZATION NUMBERS

To request a Code 10 Authorization for a Discover Network, Visa or MasterCard Transaction, call the telephone number on your Voice Authorization sticker (located on the POS Device). To request a Code 10 Authorization for American Express, call one of the following numbers:

- (800) 528-2121 (provides Approval Codes and verifies names and addresses)
- (800) 876-9786 (validates consumer information)

### WHAT TO DO WITH AN UNAUTHORIZED CARD

If you are informed that a Card has been reported lost or stolen, or is otherwise invalid, do not complete the Transaction.

**Card Recovery.** If Merchant chooses to recover any Card, Merchant will use reasonable, peaceful means to recover any Card: (i) on Visa Cards, if the printed four digits below the embossed account number do not match the first four digits of the embossed account number; (ii) if Merchant is advised by Member (or its designee), the Issuer, or the designated voice authorization center to retain it; (iii) if Merchant has reasonable grounds to believe the Card is lost, stolen, counterfeit, fraudulent, or otherwise invalid, or its use is not authorized by the Cardholder; or (iv) for MasterCard Cards, if the printed four digits below the embossed account number do not match the first four digits of the embossed account number, or the Card does not have the “Twin Globes” hologram on the lower right corner of the Card face.

If you are instructed to retain the Card, follow these procedures:

- Maintain a record of the Card number in your files.
- Cut the Card through the account number lengthwise without damaging the Magnetic Stripe.
- Gather the following information:
  - Merchant's name, MID, telephone number, and address
  - Employee's name, telephone number, and address
  - Card account number
  - Reason for recovery
- Mail the information to:

Exception Processing  
ATTN: Card Pick Up  
Elavon, Inc.  
7300 Chapman Highway  
Knoxville, TN 37920

**NOTE:** *Do not challenge the Card user. Avoid any physical confrontation with anyone who may be using a lost, stolen, or otherwise invalid Card. Do not jeopardize your safety or that of your employees or Customers.*

Once the person leaves your location, note in writing his or her physical characteristics and any other relevant identification information. Keep in mind that a reward may be offered by the Issuer for the recovery and return of a lost, stolen, or otherwise invalid Card.

## Chapter

## 6

## Retrieval Requests and Chargebacks

A Cardholder or Issuer may dispute a Transaction for any number of reasons, including a billing error, a quality dispute, or non-receipt of goods and/or services. This Chapter describes the process for handling disputed Transactions by explaining Retrieval Requests and Chargebacks.

**Disputes With Cardholders.** All disputes by any Cardholder relating to any Transaction will be settled between Merchant and the Cardholder. Neither Servicer nor Member bears any responsibility for such Transactions or disputes, other than with respect to processing Chargebacks under the Payment Network Regulations.

### NOTIFICATION OF RETRIEVAL REQUESTS AND CHARGEBACKS

Merchant is fully responsible for all Retrieval Requests and Chargebacks under the Payment Network Regulations. Upon receipt of a Retrieval Request or Chargeback from a Payment Network, Servicer and Member will forward such request or documentation to Merchant. Merchant is responsible for responding, as appropriate, to each Retrieval Request or Chargeback, including providing a copy of the relevant Transaction Receipt to Servicer. In addition, Merchant will cooperate with Servicer and Member in complying with the Credit Card Rules and Debit Card Rules regarding Retrieval Requests and Chargebacks. The following is a non-exhaustive list of reasons for which Merchant may incur a Chargeback. It is not a complete list of Chargeback reasons and is intended only to provide the most commonly encountered situations where a Chargeback may occur:

- Failure to respond to a Retrieval Request or failure to provide a legible, complete, or proper copy of a Transaction Receipt in response to a Retrieval Request
- Unauthorized use of a Card as alleged by the Cardholder
- Dispute by the Cardholder over the quality of goods or services
- Failure by Merchant to provide goods or services
- The Transaction Receipt does not bear the Cardholder's signature
- The Transaction Receipt represents a Transaction for which Authorization was initially declined and was subsequently obtained by means of multiple Authorization attempts or other means not permitted hereunder
- The Transaction Receipt fails to comply with the terms and conditions of the Agreement or fails to comply with the Card Rules
- The Transaction evidenced by a Transaction Receipt or any other credit extended in respect thereof includes a cash disbursement made by the Merchant



- The Transaction evidenced by a Transaction Receipt or any other credit extended in respect thereof is for any reason illegal, null or void
- The Transaction Receipt refers to a Card which has expired or which Servicer or Member has notified Merchant not to honor
- Copies of the Transaction Receipt have been deposited by Merchant more than once or Member or Servicer has credited the account more than once with the same Transaction Receipt
- The Merchant has processed a Transaction for goods sold or services performed (or alleged to have been sold or performed) by parties other than Merchant
- An Electronic Commerce Transaction is or is claimed by the Cardholder to be unauthorized except where the Merchant provides Servicer with the appropriate Cardholder authentication verification value which matches that passed to Merchant by the Issuer for such Electronic Commerce Transaction
- You may elect to receive Retrieval Requests and Chargeback notices by U.S. mail, Autofax or online. To update or change the way you receive a Retrieval Request or Chargeback notification, contact Merchant Services or the Chargeback department at the toll-free telephone number listed on your notice

## RETRIEVAL REQUESTS

A Retrieval Request is made by the Issuer on behalf of the Cardholder for a copy of the Transaction Receipt. A Retrieval Request (also known as a Copy Request) most often occurs when a Cardholder:

- Loses his or her copy of the Transaction Receipt;
- Does not remember the Transaction; or
- Questions the Transaction for any reason.

The Retrieval Request notice you receive will include the following information to help you identify the Transaction:

- **Card number.** Retrieval Request notices do NOT include the Cardholder's name, because this information is not provided by the Issuer.
- **Dollar amount.** For Transactions charged on foreign Cards, the dollar amount may vary because of currency exchange rates.
- **Transaction Date.** The Transaction Date listed on the Retrieval Request may differ a few days from the date of the actual Transaction. If you cannot locate a specific Transaction Receipt in your records for the date specified on the Retrieval Request notice, search your records for three days before and three days after the Transaction Date listed.

When you receive a Retrieval Request notice, you are required to provide us with a copy of the applicable Transaction Receipt so we can send it to the Issuer on your behalf. The Transaction Receipt copy must be clear and legible, signed by the Cardholder, and provided within the time frame specified in the notice.

We suggest you maintain Transaction Receipts in chronological order so that you can retrieve them quickly and easily when needed. Records may be stored off site, provided they are secure and readily accessible to the appropriate personnel. Remember, all records must be retained for a minimum of two (2) years.

Your response to a Retrieval Request may be sent by U.S. mail, Autofax or online, as outlined in the Retrieval Request notice. Due to possible delays using U.S. mail, we recommend that you submit your response via Autofax, online or send it via overnight mail. If you elect to send your response via U.S. mail, make sure you allow sufficient time to meet the deadline.

If we do not receive your response to the Retrieval Request by the deadline given, a Chargeback will be issued and your DDA will be debited for the amount of the Transaction. This type of Chargeback cannot be reversed. To avoid such Chargebacks, you should make it a priority to respond to Retrieval Request notices as soon as you receive them.

## CHARGEBACKS

A Chargeback is a Transaction disputed by the Cardholder or an Issuer. If you receive a Chargeback, we debit your DDA for the amount of the Transaction, including any applicable currency fluctuations, and send you a Chargeback notice. This notice includes the details of the Transaction as well as specific instructions on how to respond.

There are several situations in which Chargebacks may occur. The most common Cardholder-initiated disputes include:

- Dissatisfaction with the quality of merchandise or services received
- Failure to receive merchandise or services
- A questionable Transaction
- A processing error by Merchant staff
- Unauthorized use of a Card

While it may not be possible to eliminate Chargebacks entirely, you can reduce their occurrence by resolving issues and disputes directly with the Cardholder and by following the proper Authorization and processing procedures. Because Chargebacks can be costly to the Merchant, you should make every effort to prevent them. Generally, you should remember to:

- Avoid duplicate processing of a Transaction.
- Work with the Cardholder to resolve disputes regarding the quality of merchandise or services rendered.
- Refuse to process a Transaction when you receive a Declined Code during Authorization.
- Call for Voice Authorization, if needed.
- Call for a Code 10 Authorization if you are still suspicious of the Cardholder, Card, or Transaction after receiving an Approval Code.
- Follow the procedures for processing Transactions as outlined in Chapter 3, *Settling Daily Transactions*.
- Include a description of the goods or services on the Transaction Receipt.
- Deliver merchandise or services before charging the Card.
- Obtain an Authorization Code.
- Include the CVV2/CVC2/CID and AVS codes for Card Not Present Transactions, if applicable.
- Submit Transaction Receipts on the same day Transactions are authorized.
- Make sure an Imprint appears on a manual Transaction Receipt or that the relevant Transaction information appears on the POS Device-generated Transaction Receipt (see Chapter 2, *Transaction Receipts* for more details).
- Never accept expired Cards or Cards having effective dates prior to the date of the Transaction.
- Make sure the signature on the Transaction Receipt matches the signature on the back of the Card.
- Obtain a signature from the Cardholder when merchandise is delivered.
- Be cautious of shipments to an address other than the Cardholder's billing address.

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## HOW TO RESPOND TO A CHARGEBACK

A Merchant's written reply to a Chargeback is known as a Chargeback rebuttal.

You must submit your rebuttal to us in a timely manner so we can present it to the Issuer. If you submit a valid rebuttal, we issue a provisional credit in the amount of the Transaction to your DDA. The Issuer will then review your rebuttal to determine if the Chargeback is remedied. If the Issuer determines that the Chargeback is not remedied, they will initiate a second Chargeback and we debit your DDA a second time.

You must submit a legible and valid rebuttal within the time frame specified in the Chargeback notice. Failure to do so will delay credit to your DDA and may result in a waiver of your right to rebut the Chargeback.

For more information on rebuttal procedures, contact the Chargeback department using the toll free number provided in the Chargeback Notice.

## CHARGEBACKS THAT CANNOT BE REVERSED

There are specific instances when a Chargeback cannot be reversed. In these cases, you are responsible to us for the Transaction amount regardless of the Authorization Code you received. These situations include:

- When the Card is present but it is not swiped or manually Imprinted;
- When the Card is present but you did not have the Cardholder sign the Transaction Receipt; and/or
- When the signature on the Transaction Receipt does not match the signature of the Cardholder on the back of the Card.

## EXCESSIVE ACTIVITY

Merchant's presentation to Servicer of Excessive Activity will be a breach of the Agreement and cause for termination of the Agreement if the Excessive Activity thresholds outlined in this section are met for Merchant's accounts as a whole. Alternatively, in Servicer's sole reasonable discretion, if Excessive Activity occurs for any one or more POS Device identification number(s) or MID(s), only the account(s) that meet the Excessive Activity threshold may be terminated. "Excessive Activity" means, during any monthly period, Chargebacks and/or Retrieval Requests in excess of one percent (1%) of the gross dollar amount of Merchant's Transactions or returns in excess of two and one-half percent (2.5%) of the gross dollar amount of Transactions. Merchant authorizes, upon the occurrence of Excessive Activity, Member and Servicer to take additional actions as either of them may deem necessary including, without limitation, suspension of processing privileges or creation or maintenance of a Reserve Account in accordance with the Agreement.

## Chapter

## 7

# International Transactions

## DYNAMIC CURRENCY CONVERSION TRANSACTIONS

Dynamic Currency Conversion (DCC) is a service that allows a Merchant to offer international Cardholders the option to pay in their home currency rather than U.S. Dollars at the point-of-sale. The following describes how to process Dynamic Currency Conversion Transactions for the designated Cards. These guidelines can help you:

- Understand your responsibilities for DCC Transactions
- Handle mail order and telephone order DCC Transactions
- Process Electronic Commerce DCC Transactions
- Accept Priority Check-Out and Express Return Transactions (in limited Travel and Entertainment (T&E) situations) as DCC Transactions

## YOUR RESPONSIBILITIES AND RESTRICTIONS

**You must register with the Payment Networks through us prior to offering DCC service to Cardholders.** You have sole responsibility to comply with Laws and Payment Network Regulations governing DCC Transactions, including all of the following:

- You must inform the Cardholder that the DCC Transaction is optional and that the Cardholder must actively choose to have the Transaction processed in his or her home currency. The Cardholder must expressly agree to the DCC Transaction and check the “accept” box on the Transaction Receipt.
- If the Cardholder does not actively choose to have the Transaction processed in his or her home currency, you must not complete the DCC Transaction, but may complete the Transaction in your local currency. Depending on your POS Device, you may be required to reverse or void the DCC Transaction when the Cardholder does not actively choose to have the Transaction processed in his or her home currency. Please refer to your Quick Guide Reference or Point-of-Sale Operating Guide for complete instructions. If a void or reversal is necessary, you can complete the Transaction in Merchant’s local currency.
- You are prohibited from converting a Transaction in your local currency into an amount in a Cardholder’s home currency after the Transaction has been completed with the Cardholder but not yet entered into Interchange.
- Failure to follow the Payment Network Regulations may result in a Chargeback of the Transaction. If the Transaction is processed in a currency different from the currency listed on the Transaction Receipt, a Chargeback may be issued for the full amount of the Transaction. There is no right of representation or rebuttal of the Chargeback.

- If a Cardholder states in writing that he or she was not offered a choice during the DCC Transaction process or did not know that a DCC Transaction would occur, a Chargeback may be issued for the full amount of the Transaction. Re-presentments may be requested using your local currency but may not include DCC Transaction commissions, fees, or mark-ups.
- Credit Card Associations have the right to terminate their provision of the DCC services to Merchant. Failure to comply with the DCC requirements may result in fines, penalties, and/or termination of the DCC services.
- The Agreement may be terminated for your failure to comply with the DCC requirements.

### **DCC WRITTEN DISCLOSURE REQUIREMENTS**

You must comply with the following DCC Cardholder written disclosure requirements in all acceptance environments, with the exception of telephone order (TO) Transactions.

- Currency symbol of the Merchant's local currency.
- Transaction amount of the goods or services purchased in the Merchant's local currency.
- Exchange rate used to determine the Transaction amount in the Cardholder's home currency.
- Any currency conversion commission, fees, or mark-up on the exchange rate over a wholesale rate or government mandated rate.
- Currency symbol of the proposed Transaction currency.
- Total Transaction amount charged by the Merchant in the proposed Transaction currency.

For TO Transactions, you must verbally notify the Cardholder of all the disclosure requirements listed above before initiating a DCC Transaction.

### **DCC TRANSACTION RECEIPT REQUIREMENTS**

In addition to the appropriate electronic or manual Transaction Receipt requirements, DCC Transaction Receipts must also include:

- The price of the goods or services in the Merchant's local currency, accompanied by the Merchant's local currency symbol next to the amount.
- The total price in the Transaction currency, the Transaction currency symbol, and the words "Transaction Currency."
- The exchange rate used to convert the total price from the Merchant's local currency to the Transaction currency.
- The currency conversion commission, fees, or mark-up on the exchange rate over a wholesale rate or government mandated rate.
- A statement in an area easily seen by the Cardholder stating that the Cardholder was offered the option to pay in the Merchant's local currency.
- Cardholder expressly agrees to the Transaction Receipt information by marking an "accept" box on the Transaction Receipt.
- An indication that DCC is conducted by the Merchant.

### **MAIL ORDER (MO) TRANSACTIONS**

Prior to initiating an MO DCC Transaction, you must ensure that the following information is included on the MO form:

- Specific Transaction currency agreed to by the Cardholder and Merchant.
- A statement that the exchange rate that will be used to convert the Transaction amount from the Merchant's local currency to the Cardholder's home currency will be determined at a later time without additional consultation with the Cardholder.
- Currency conversion commission, fees, or mark-up on the exchange rate over a wholesale rate or government mandated rate.
- That the Cardholder has a choice of payment currencies, including the Merchant's local currency.
- An "accept" box that Cardholder may mark to indicate acceptance of the DCC Transaction.

### **ELECTRONIC COMMERCE TRANSACTIONS**

Prior to initiating an Electronic-Commerce (EC) DCC Transaction, you must inform the Cardholder of all of the DCC Written Disclosure Requirements listed above. You must provide this information with an "accept" or other affirmative button that requires Cardholder agreement to proceed.

### **PRIORITY CHECK-OUT AND EXPRESS RETURN TRANSACTIONS (LIMITED T&E SITUATIONS)**

Prior to initiating a T&E DCC Transaction, you must inform the Cardholder of all of the following information:

- The specific currency in which the DCC Transaction will take place.
- That the Cardholder has a choice of payment currencies, including the Merchant's local currency.
- The Cardholder understands that a DCC Transaction will take place.
- That the exchange rate is determined at a later time without further Cardholder consultation.
- Currency conversion commissions, fees, or mark-up on the exchange rate over a wholesale rate or government mandated rate.

This information must be documented in a written agreement that is signed by the Cardholder before checkout or rental return that authorizes Merchant to deposit a Transaction Receipt without the Cardholder's signature for the total amount of their obligation. Further, the Cardholder must expressly agree to DCC by marking the "accept" box on the written agreement.

The Merchant must send the Cardholder a copy of the Transaction Receipt through the postal service (or by email if selected by the Cardholder) within three (3) business days of completing the Transaction.

## MULTI-CURRENCY PRICING

Multi-Currency Pricing (MCP) is a service that allows a Merchant to display the price of goods or services in a currency other than, or in addition to, your local currency. You have sole responsibility to comply with Laws and Payment Network Regulations governing MCP, including all of the following:

- The displayed price and currency selected by the Cardholder must be the same price and currency charged to the Cardholder, printed on the Transaction Receipt and entered into Interchange by Servicer.
- At least one of the currencies of the prices displayed cannot be Merchant's local currency.
- The Cardholder makes a purchase decision based on the price and currency displayed by Merchant.
- The Transaction must be completed with the price and currency selected by the Cardholder, with no currency conversion performed by Merchant.

In addition to the appropriate electronic or manual Transaction Receipt requirements, it is important that the Transaction Receipt clearly shows the Transaction currency and the corresponding currency symbol or code. The currency code is the three digit ISO alpha country code. For Transaction Receipts without a currency symbol or code, the receipt will be assumed to be in Merchant's local currency, which may give rise to rights of Chargeback.

## Chapter

## 8

# Vehicle Rental or Leasing Authorization Procedures

In addition to the Authorization procedures set out in this document, Merchants that provide vehicle rental shall follow the procedures set out in this Chapter.

## PREPARATION OF TRANSACTION RECEIPTS

### EXECUTION

You must prepare Transaction Receipts for all Transactions as described in Chapter 2, *Transaction Receipts*. The Cardholder must sign the Transaction Receipt. However, the Cardholder must not be required to sign until the total Transaction amount is known and indicated on the Transaction Receipt.

### MULTIPLE CARD TRANSACTION SALES

The Merchant will include all items of goods and services purchased or leased in a single Transaction in the total amount of a single Transaction Receipt except:

- When the balance of the amount due is paid by the Cardholder at the time of sale in cash or by check or both
- When the Merchant is providing vehicle rental or leasing and the Transaction involves an additional ancillary charge or a calculation error for which a separate Transaction Receipt is completed and deposited

If Merchant is engaged in vehicle rental or leasing, Merchant may obtain Authorization for such Transactions based upon estimates of the Transactions according to the following procedures:

1. The Merchant estimates the amount of the Transaction based on the Cardholder's intended rental period at the time of rental, the rental rate, tax and mileage rates and ancillary charges. The estimate may not include an extra amount for possible car damage, or for the insurance deductible amount if the Cardholder has waived insurance coverage at the time of rental.



2. If the Merchant later estimates that the Transaction amount will exceed the initial estimated Transaction amount, the Merchant may obtain additional authorizations for additional amounts (not cumulative of previous amounts) at any time before the rental return date. The Merchant must disclose to the Cardholder the authorized amount for the estimated car rental or leasing Transaction on the rental date. A final or additional authorization is not necessary if the actual Transaction amount does not exceed 115% of the sum of the authorized amounts.
3. If the Merchant alters a Transaction Receipt or prepares an additional Transaction Receipt to add delayed or add-on charges previously specifically consented to by the Cardholder, the Merchant must deliver an explanation of the change to the Cardholder (i.e., mail a copy of the amended or additional Transaction Receipt to the Cardholder), and the Merchant must fully comply with the requirements in Chapter 8, *Vehicle Rental Or Leasing Ancillary Charges*.
4. Regardless of the terms and conditions of any written pre-Authorization form, the Transaction Receipt amount for a vehicle rental or lease Transaction cannot include any consequential charges. The Merchant may pursue consequential charges set forth in its terms and conditions by means other than Card Transaction.

## VEHICLE RENTAL OR LEASING ANCILLARY CHARGES

If the Merchant discovers additional ancillary charges or an error in calculation after the rental car is returned, the Merchant may bill the Cardholder provided that the signed rental contract allows for additional charges and final audit.

The Merchant may not recover charges related to car damage, theft or loss. Valid charges may include:

- Taxes
- Mileage charges
- Fuel
- Insurance
- Rental fees
- Parking tickets and other traffic violations

For parking tickets and traffic violations:

- The incident must have occurred while the Cardholder was in possession of the vehicle,
- The Merchant must support the charge with documentation from the appropriate civil authority, including the license number of the rental vehicle, date, time and location of the violation, statute violated, and amount of the penalty.

These charges must be processed on a delayed or amended Transaction Receipt within 90 calendar days of the rental return or base end date. A copy of this Transaction Receipt must be mailed to the Cardholder's address as indicated in the rental contract or folio. This Transaction Receipt does not require the Cardholder's signature if the Merchant:

- Has the signature on file, and
- Includes "Signature on File" on the signature line.

## Chapter

## 9

# Lodging Accommodations Authorization Procedures

In addition to the Authorization procedures set out in this document, Merchants that provide lodging accommodations in the hotel and hospitality industry shall follow the procedures set out in this Chapter.

## PREPARATION OF TRANSACTION RECEIPTS

### EXECUTION

You must prepare Transaction Receipts for all transactions as described in Chapter 2, *Transaction Receipts*. The Cardholder must sign the Transaction Receipt. However, the Cardholder must not be required to sign until the total Transaction amount is known and indicated on the Transaction Receipt.

### MULTIPLE CARD TRANSACTION SALES

The Merchant must include all goods and services purchased or leased in a single Transaction in the total amount of a single Card Transaction except:

- When the balance of the amount due is paid by the Cardholder at the time of sale in cash, check or both,
- When the Merchant is providing lodging accommodations and the Transaction involves (1) Advance Deposit Services or (2) an additional ancillary charge for which a separate Transaction Receipt is completed and deposited.

The Merchant may obtain authorizations for Card Transactions involving the provision of lodging accommodations based upon estimates of the transactions according to the following procedures:

1. The Merchant must estimate the amount of the Transaction based on the Cardholder's intended length of stay at check-in time, the room rate, applicable tax and/or service charge and any Merchant-specific methods for estimating additional ancillary charges. Merchant must request Authorization for the estimated amount of the Transaction.

Merchants approved for participation in the Visa/MasterCard Prestigious Hotel Authorization Service are exempt from this requirement if estimates to do not exceed the service's established floor limits. In this event, the Merchant must obtain a Status Check Authorization of \$1.00 (one dollar).

2. If the Merchant later estimates that the Transaction amount will exceed the floor limit (in cases where no Authorization was required) or will exceed the amount previously authorized (in all other cases), based on the Cardholder's actual charges, the Merchant must request Authorization for the increase in the estimated Transaction amount. If necessary, the Merchant may obtain and record additional Authorizations for additional amounts (not cumulative of previous amounts) at any time before the check-out date.

A final or additional Authorization is not necessary if the actual Transaction amount does not exceed:

- The applicable floor limit or
  - 115% of the sum of the authorized amounts.
3. The Merchant must record on the Transaction Receipt the Authorization amount(s), Authorization date(s), and Authorization code(s) for all authorizations obtained. If Authorization is declined, the Merchant must follow its normal procedures for a declined Authorization.
  4. If the Merchant alters a Transaction Receipt or prepares an additional Transaction Receipt to add delayed or add-on charges previously specifically consented to by the Cardholder, the Merchant must deliver an explanation of the change to the Cardholder (i.e., mail a copy of the amended or additional Transaction Receipt to the Cardholder), and the Merchant must fully comply with the requirements in Chapter 9, *Lodging Accommodations Ancillary Charges*.
  5. The Merchant understands that its right to use special Authorization procedures under this section may be terminated at any time if Servicer, Discover Network, Visa, or MasterCard determines in its sole discretion that Merchant has been abusing its privileges under or not complying with prescribed procedures.

## **LODGING ACCOMMODATIONS ANCILLARY CHARGES**

If the Merchant discovers additional ancillary charges after the Cardholder has checked out, the Merchant may bill the Cardholder provided that the Cardholder agreed to be liable for such charges.

Valid charges may include room, food, beverage and tax charges. The Merchant may not recover charges related to theft, damage, or loss except as set out below for MasterCard Transactions.

All delayed or amended charges must be processed on a separate or amended Transaction Receipt within 90 calendar days of the check-out date. A copy of this Transaction Receipt must be mailed to the Cardholder's address as indicated on the itemized hotel bill. This Transaction Receipt does not require the Cardholder's signature if the Merchant:

- Has the signature on file,
- Includes "Signature on File" on the signature line.

## **MASTERCARD TRANSACTIONS FOR ANCILLARY CHARGES**

For MasterCard Transactions, charges for loss, theft, or damages must be processed as a separate transaction from the underlying rental, lodging, or similar transaction. The Cardholder must authorize the charge after being informed of the loss, theft, or damage. To obtain the Cardholder Authorization for damages, the Merchant must prepare a Transaction Receipt with proof of Card presence, provide the estimated amount for repairs (indicating that the amount will be adjusted accordingly pursuant to completion of the repairs and submission of the invoice for said repairs), and obtain the Cardholder's signature. The final transaction amount may not exceed the Merchant's estimated amount by more than one hundred fifteen percent (115%) (or less, as directed by local ordinances). The Merchant must submit a credit if the final cost of repairs is less than the estimated amount on the Transaction Receipt. The Merchant has thirty (30) days from the date of the subsequent transaction related to damages to submit the item into clearing.

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## LODGING RESERVATION SERVICE

In order to be eligible to accept Discover Network, Visa and/or MasterCard Cards to guarantee reservations for lodging accommodations, the Merchant shall satisfy the following requirements and procedures:

### 1. Reservation Procedures

- a. The Merchant shall accept all Discover Network, MasterCard or Visa Cards without discrimination for all Cardholders requesting reservations under the applicable Card Rules.
- b. The Merchant must obtain the Cardholder's name, account number, and expiration date embossed or printed on the Card, and shall also inform the Cardholder that a Card Authorization check is made at the time of the Cardholder's arrival.
- c. The Merchant shall inform the Cardholder that the accommodations are held until check-out time on the day following the scheduled arrival date unless canceled by 6:00 p.m. establishment time (defined as the time zone in which the physical premises of the Merchant are located) on the scheduled arrival date. The Merchant must not require more than 72 hours cancellation notification prior to the scheduled arrival date or as otherwise permitted under the applicable Card Rules.
- d. The Merchant shall advise the Cardholder that if he or she has not checked in (registered) by check-out time the following day after his or her scheduled arrival date and the reservation was not properly canceled, the Cardholder is billed for one night's lodging plus applicable tax.
- e. The Merchant shall quote the rate of the reserved accommodations, the exact physical address of the reserved accommodations, including name, address, city, state and country and provide the Cardholder a reservation confirmation code, advising that it be retained.
- f. The Merchant shall verbally confirm and, if requested, provide a written confirmation to the Cardholder of the reservation including the Cardholder name provided by the Cardholder, account number and Card expiration date embossed or printed on the Card, the reservation confirmation code, name and exact physical address of the reserved accommodations, the provisions of the applicable Card Rules relating to the Cardholder's obligation, including cancellation procedures and any other details related to the accommodations reserved, and the rate of the accommodations.

### 2. Cancellation Procedures

- a. The Merchant shall accept all cancellation requests from Cardholders, provided the cancellation request is made prior to the specified cancellation time.
- b. The Merchant shall provide the Cardholder with a cancellation code and advise the Cardholder that it must be retained to preserve his or her rights in case of dispute. If requested, the Merchant shall provide (by mail) the Cardholder written confirmation of the cancellation including the Cardholder account number, expiration date and name embossed on the Card, the cancellation code, and the details related to the accommodations canceled, including the name of the Merchant's employee that processed the cancellation.

### 3. Scheduled Arrival Date Procedures (Unclaimed Accommodations)

- a. If accommodations reserved under the applicable Card Rules, have not been claimed or canceled prior to the specified cancellation time (a "No Show"), the Merchant must hold the room(s) available according to the reservation until check-out time the following day.
- b. If the Cardholder does not cancel the reservation or does not check-in within the prescribed time, the Merchant shall deposit a Transaction Receipt for one (1) night's lodging plus applicable tax indicating the amount of one (1) night's lodging plus applicable tax, the Cardholder account

number, expiration date and name embossed or printed on the Card, and the words “No Show” on the Cardholder signature line.

- c. The Merchant shall obtain an Authorization Code for the No Show Transaction.

#### **4. Alternate Accommodations**

If accommodations which were guaranteed pursuant to the Card Rules, are unavailable, the Merchant shall provide the Cardholder with the following services at no charge:

- a. The Merchant shall provide the Cardholder with comparable accommodations for one (1) night at another establishment.
- b. The Merchant shall provide transportation for the Cardholder to the location of the alternative establishment.
- c. If requested, the Merchant shall provide the Cardholder with a three (3) minute telephone call.
- d. If requested, the Merchant shall forward all messages and calls for the Cardholder to the location of the alternative establishment.

### **ADVANCE LODGING DEPOSIT SERVICE**

In order to participate in the Advance Lodging Deposit service under which a Cardholder uses his or her Card for payment of an advance deposit required by the Merchant to reserve lodging accommodations (“Advance Lodging Deposit”), the Merchant shall adhere to the following procedures and requirements set forth below:

#### **1. Reservation Procedures**

- a. The Merchant shall accept all Cards for an advance deposit when the Advance Lodging Deposit service is agreed to by the Cardholder.
- b. The Merchant must hold a valid Advance Lodging Deposit service contract with us, either as part of the Agreement or as a separate contract.
- c. The Merchant shall determine the amount of an Advance Lodging Deposit Transaction by the intended length of stay, which amount must not exceed the cost of seven (7) nights of lodging. The amount of the Advance Lodging Deposit Transaction must be applied to the total obligation.
- d. The Merchant shall inform the Cardholder in writing (i) of the Merchant’s advance deposit requirements, (ii) of the reserved accommodation and the Transaction amount, (iii) of the exact Merchant name and location, (iv) of the Merchant’s cancellation policy requirements, and (v) that the accommodations are held for the number of nights used to determine the amount of the Advance Lodging Deposit Transaction.
- e. The Merchant shall obtain the Card account number, Card expiration date, the name embossed or printed on the Card, telephone number, mailing address, scheduled date of arrival, and intended length of stay.
- f. The Merchant shall inform the Cardholder (i) that the Merchant will hold the accommodations according to the reservation, and (ii) that if changes in reservation are requested, written confirmation of such changes is provided at the Cardholder’s request.
- g. The Merchant shall advise the Cardholder that if (i) he or she has not checked in by check-out time the day following the last night of lodging used to determine the amount of the Advance Lodging Deposit Transaction, or (ii) the reservation was not canceled by the time and date specified by the Merchant, the Cardholder will forfeit the entire amount of the Advance Lodging Deposit Transaction or a portion of that amount. The Merchant shall not, under any circumstances, present any additional No Show Transaction in connection with a Transaction made under the Advance Lodging Deposit service.

- h. The Merchant shall quote the rate of the reserved accommodation, the amount of the Advance Lodging Deposit Transaction and the exact location of the reserved accommodations. The Merchant shall provide the Cardholder with a confirmation code (advising that it must be retained) and with the actual date and time the cancellation privileges expire.
- i. The Merchant shall complete a Transaction Receipt for the amount of the advance deposit, indicating the Cardholder account number, Card expiration date, the name embossed on the Card, telephone number, mailing address, and the words "Advance Deposit" on the signature line. The Cardholder's confirmation code, scheduled arrival date, and the last day and time the cancellation privileges expire without forfeiture of the deposit if the accommodations are not used must also be indicated on the Transaction Receipt.
- j. The Merchant shall follow normal Authorization procedures for lodging Transactions. If the Authorization request results in a decline, the Merchant shall so advise the Cardholder and shall not deposit the Transaction Receipt.
- k. The Merchant shall mail the Cardholder's copy of the Transaction Receipt and the Merchant's written cancellation policy to the address indicated by the Cardholder within three (3) business days from the date of the Transaction Receipt.
- l. The Merchant shall deposit the Transaction Receipt in accordance with usual procedures as specified in this guide and the requirements for normal deposit for lodging Merchants as specified in the Card Rules.

## 2. Cancellation Procedures

The Merchant shall adhere to the following procedures when the Cardholder cancels the reservation on a timely basis:

- a. The Merchant shall accept all cancellation requests from Cardholders, provided the cancellation request is made prior to the specified cancellation date and time.
- b. The Merchant shall provide a cancellation code and advise the Cardholder that it must be retained to preserve his or her rights in the case of dispute.
- c. The Merchant shall complete a Credit Transaction Receipt including the entire amount of the Advance Lodging Deposit Transaction, the Cardholder account number, Card expiration date, the name embossed or printed on the Card, mailing address, the cancellation code, and the words "Advance Deposit Cancellation" on the signature line.
- d. The Merchant shall (1) deposit the Credit Transaction Receipt within three (3) calendar days of the Transaction Date, and (2) mail the Cardholder's copy of the credit voucher to the address indicated by the Cardholder within three (3) business days from the date of the issuance of the Transaction Receipt.

## 3. Alternate Accommodations

- a. If accommodations which were reserved under the Advance Lodging Deposit Service are unavailable, the Merchant shall complete and deliver to the Cardholder a Credit Transaction Receipt to refund the entire amount of the Advance Lodging Deposit Transaction.
- b. The Merchant shall provide the following services at no charge to the Cardholder:
  - i. At least comparable accommodations at an alternative establishment (a) for the number of nights used to determine the amount of the Advance Lodging Deposit Transaction, not to exceed seven (7) nights, or (b) until the reserved accommodations are made available at the original establishment, whichever occurs first.
  - ii. Transportation to the location of the alternative establishment and return transportation to the original establishment. If requested, transportation to and from the alternate establishment must be provided on a daily basis.
  - iii. If requested, provide the Cardholder two three (3) minute telephone calls.

- iv If requested, forward all messages and calls for the Cardholder to the location of the alternate establishment.

#### 4. Central Reservation Services

In the event that Merchant is a “Central Reservation Service” (defined as an entity holding operating agreements with various geographically contiguous lodging establishments to act as a reservations resource for such establishments), Merchant further agrees and warrants as follows:

- a. Merchant shall have a written contract with each such lodging establishment, which shall be duly executed by an officer or manager of the lodging establishment, setting out the respective rights and duties of Merchant and such lodging establishment; and
- b. Merchant shall be registered with the Credit Card Associations as a Central Reservation Service; shall not use an agent to perform such services; shall follow the procedures for reservations, cancellations, alternate accommodations and Chargebacks herein set out; and shall accept full responsibility for resolving any Cardholder problems related to the Advance Lodging Deposit Service.

### PRIORITY/EXPRESS CHECK-OUT SERVICES

In order to participate in a service under which a Cardholder authorizes the use of his or her Card for payment of his or her total obligation to the Merchant, with or without prior knowledge of the total amount (“Priority/Express Check-out”), the Merchant shall follow the following procedures and requirements (also see Chapter 7, *Priority Check-Out and Express Return Transactions (Limited T&E Situations)*):

#### CHECK OUT PROCEDURES

1. Merchant shall accept all Discover Network, Visa and MasterCard Cards when a Cardholder requests Priority Check-out service.
2. Merchant must hold a valid Priority/Express Check-out service contract with Servicer.
3. Merchant must provide the Cardholder with a Priority/Express Check-out agreement which must contain, at a minimum, the following information:
  - a. Cardholder account number
  - b. Cardholder’s name and address
  - c. Expiration date of the Card
  - d. Merchant’s name, address and telephone number
  - e. Check-in date and departure date of the Cardholder
  - f. Roommate and room number of the Cardholder
  - g. A statement authorizing the Merchant to charge the designated Cardholder Account number for the amount of the bill and to present the Transaction Receipt without the Cardholder’s signature
  - h. Space for Cardholder’s signature
  - i. Transaction date
  - j. Identification of the Transaction currency
  - k. Transaction amount indicated in the Transaction currency
  - l. A legend identifying the Cardholder’s request for specific billing receipts, including the name and address to whom the receipts are to be mailed
4. The Merchant shall inform the Cardholder that the Priority/Express Check-out agreement must be completed, signed and returned, and that the Cardholder’s mailing address must be included to receive a copy of the hotel bill supporting the final Transaction amount.

5. The Merchant shall obtain the completed Priority/Express Check-out agreement and ensure that the Cardholder account number identified in such agreement is identical to the account number imprinted on the Transaction Receipt.
6. The Merchant shall follow the Authorization procedures for lodging transactions as set forth in this guide.
7. When the Cardholder has checked out, Merchant shall complete the Transaction Receipt, indicating the total amount of the Cardholder's obligation and the words "Signature on File - Priority/Express Check-out" on the signature line.
8. Upon the Cardholder's departure, the Merchant shall mail the Cardholder's copy of the Transaction Receipt, the itemized hotel bill, and, if requested, the signed Priority/Express Check-out agreement to the address provided by the Cardholder on the Priority/Express Check-out Agreement within three (3) business days of the Cardholder's departure.
9. Merchant must retain the itemized bill and signed Priority/Express Check-out agreement for a minimum of six (6) months after the Transaction Date.



# Convenience Fee Requirements

This Chapter describes the requirements applicable to the assessment of Convenience Fees by registered Merchants.

## ASSESSMENT OF CONVENIENCE FEES

Merchant must not assess Convenience Fees unless Merchant has disclosed such fees to Servicer previously in writing and Merchant has been approved by Servicer to assess such fees. If Merchant completes a Transaction and assesses a Convenience Fee without having disclosed such fee previously in writing and obtained Servicer's consent, Merchant will be in breach of the Agreement and Servicer may terminate the Agreement in addition to any other remedies available under the Agreement, Laws, and Payment Network Regulations. To the extent Merchant's state or other governing body has passed legislation that requires government agencies to assess Convenience Fees as a component of card acceptance, such laws may conflict with the Payment Network Regulations. Merchant is responsible for, and agrees to hold Servicer and Member harmless from, all liability associated with legal compliance of Convenience Fees assessed by Merchant, including all fees, fines and penalties levied by the Payment Networks. Convenience Fees may be prohibited by Laws in some States. Merchant may not charge Convenience Fees where prohibited by Laws.

## CONVENIENCE FEE REQUIREMENTS

Merchants who accept both Visa and MasterCard Credit Cards and/or Debit Cards that desire to assess a Convenience Fee must comply with each of the following requirements:

- A Convenience Fee cannot be assessed for recurring payments. The Convenience Fee is designed for one-time payments and not for payments in which a Customer authorizes recurring charges or debits for recurring goods or services. Examples of recurring charges include, but are not limited to, insurance premiums, subscriptions, internet service provider monthly fees, membership fees, or utility charges.
- Merchant must provide a true "convenience" in the form of an alternative payment channel outside Merchant's customary face-to-face payment channels, and the Convenience Fee must be disclosed to the Customer as a charge for the alternative payment channel convenience that is provided. (Merchants that do not accept face-to-face payments are not eligible to assess Convenience Fees.)
- The Convenience Fee must be disclosed prior to the completion of the Transaction, and the Customer must be given the option to cancel the Transaction if they do not want to pay the fee.
- The Convenience Fee must be (i) included in the total amount of the Transaction (it cannot be "split" out from the Transaction amount), and (ii) assessed by the same Merchant actually providing the goods and services and not by a different merchant or any third party; provided, that Merchants operating in MCCs 8220 (Colleges/Universities), 9211 (Courts), 9222 (Fines) or 9399 (Miscellaneous Government Services) who utilize a third party agent to collect a Convenience Fee must process the Convenience

Fee as a separate Transaction and such third party agent's name must appear in the clearing record for the separate Convenience Fee Transaction.

- If a Convenience Fee is assessed, it must be for all payment types (Visa, MasterCard, Discover, American Express and ACH) within a particular payment channel (mail order, telephone order, and internet).
- The Convenience Fee must be flat regardless of the value of the payment due (not tiered or percentage based), except that an ad valorem amount is allowed where the Merchant's pricing is subject to regulatory controls that make a flat fee infeasible.
- A customer service number must be transmitted to Elavon for both the payment and the Convenience Fee collected.

If Visa is not among the types of Credit Cards and/or Debit Cards accepted by Merchant, then the Convenience Fee may be:

- Charged in face-to-face Transactions;
- Tiered, percentage based, or flat;
- Authorized and settled separately from the primary transaction; and
- Assessed by Merchant's third-party agents.

As between Merchant, Member and Servicer, should the Payment Networks impose fees or fines as a result of Merchant's non-compliance with Laws relating to Convenience Fees, all such fees, fines, penalties or damages will be Merchant's responsibility.

## Chapter

**11**

## **Electronic Benefits Transfer (EBT) Transactions**

If Merchant accepts EBT Transactions, Merchant agrees to the following provisions:

Merchant agrees to issue benefits to recipients in accordance with the procedures specified in Servicer's applicable EBT Quick Reference Guide (QRG) provided to Merchant by Servicer, as amended from time to time and in accordance with all Laws and Payment Network Regulations pertaining to EBT Transactions, including without limitation, laws pertaining to delivery of services to recipients and recipient confidentiality, including, without limitation, the Federal Civil Rights Act of 1964, Rehabilitation Act of 1973, Americans with Disabilities Act of 1990, Clean Air Act, Clean Water Act, Energy Policy and Conservation Act, Immigration Reform and Control Act of 1986, and regulations issued by the Department of Agriculture pertaining to the Food Stamp Program. The QRG, as amended from time to time, shall be deemed to be incorporated by reference into the MOG and constitutes a part of the Agreement.

## Chapter

## 12

## PIN-less Bill Payment Transactions

This Chapter describes how to process PIN-less Bill Payment Transactions utilizing PIN-authorized Debit Cards. A PIN-less Bill Payment Transaction is a PIN-less Debit Card payment Transaction resulting in funds transfer from Cardholders to Merchants in connection with payments for recurring services (excluding casual or occasional purchases) for which a corresponding invoice is periodically presented to the Cardholder by the Merchant, and which Transaction is initiated via a telephone (Voice Recognition Unit, Interactive Voice Recognition) or Internet device.

### ACCEPTANCE OF PIN-LESS BILL PAYMENT DEBIT CARDS

**Authentication.** Prior to entering into a PIN-less Bill Payment Transaction, Merchant must authenticate the Cardholder using information that is not commonly known, but is only known by the Cardholder and Merchant, such as the Cardholder's account number with Merchant or information present on the Cardholder's hard copy bill from Merchant. Merchant must submit its authentication procedures to Servicer for approval by the appropriate EFT Networks, and Merchant warrants that it will follow such authentication procedures for each PIN-less Bill Payment Transaction. The use of an authentication procedure, or the approval of such procedure by an EFT Network, is not a guarantee of payment, and Merchant remains liable for any Chargebacks resulting from any PIN-less Bill Payment Transactions.

**No Minimum or Maximum.** Merchant shall not establish minimum or maximum PIN-less Bill Payment Transaction amounts. Merchant must accept PIN-less Bill Payment Transactions on terms no less favorable than the terms under which Merchant accepts other Payment Devices.

**Convenience Fees.** Merchant may not add any amount to the posted price of goods or services Merchant offers as a condition of paying with a Debit Card unless permitted by the applicable Debit Card Rules.

**Purchases Only.** Merchant shall support PIN-less Bill Payment Transactions involving purchases only. Merchant may not initiate a Debit Card Transaction or a Credit Card Transaction for returns or refunds, and must utilize other payment avenues (such as cash, check, or invoice adjustment) to return funds to a Cardholder.

**Prohibited Transactions.** Merchant shall initiate Transactions only for services approved by Servicer. In no event shall Merchant initiate, allow, or facilitate a gambling or gaming transaction, or fund a stored value account for such purposes.

### INTERNET TRANSACTION RECEIPT REQUIREMENTS

At the time of any Internet PIN-less Bill Payment Transaction, Merchant shall make available to each Cardholder a Transaction Receipt (printable from a screen or via e-mail) that complies fully with all Laws and containing, at a minimum, the following information:

- Amount of the PIN-less Bill Payment Transaction, or if a Convenience Fee applies, the amount debited from the Cardholder's account (exclusive of the Convenience Fee, shipping, handling and other fees), and the amount debited from the Cardholder's account (inclusive of the fees);
- Date and local time of the PIN-less Bill Payment Transaction;
- Type of Transaction;
- Type of account accessed;
- Truncated Debit Card number (showing the final four (4) digits);
- Trace or retrieval number;
- Merchant name;
- MID;
- Merchant's web site home page URL;
- Promised shipment time period (for Internet Transactions which involve shipment of goods);
- Cardholder's name;
- Authorization Code;
- Description of the bill payment;
- Customer service contact information; and
- Fees imposed by the Merchant on the Cardholder, including shipping and handling fees, taxes, and Convenience Fees, as applicable.

#### **ADDITIONAL INTERNET REQUIREMENTS**

- **Internet Payment Screen and Sales Policy.** Merchant must prominently display on the Internet Payment Screen the Merchant's name, telephone number, city and state. Merchant must also obtain explicit confirmation that the Cardholder understands and agrees that the funds will be immediately debited from their account upon approval of the Transaction, before submission of the PIN-less Bill Payment Transaction. Merchant must display a clearly visible and conspicuous notice on the Internet Payment Screen of the imposition of any Convenience Fee or the payment of a rebate for a PIN-less Bill Payment Transaction prior to submitting the payment request from the Cardholder. Such notice must include: (i) a heading of "Fee Notice" in at least 14-point type; (ii) text in at least 10-point type; and (iii) the amount of the Convenience Fee or rebate and the name of the party imposing the Convenience Fee or the Merchant that receives the Convenience Fee.
- **Communication and Encryption.** Merchant must participate in an approved authentication program as designated by the EFT Networks. All authentication information must be encrypted upon entry into the Internet device and must never leave the Internet device in cleartext form. The Internet device used by Merchant must meet or exceed the minimum communication and encryption protocol set forth by the EFT Networks.

#### **TELEPHONE TRANSACTION REQUIREMENTS**

At the time of a telephone PIN-less Bill Payment Transaction, Merchant shall provide each Cardholder with Transaction information that complies fully with all Laws and containing, at a minimum, the following information:

- Approval or denial of the PIN-less Bill Payment Transaction,

- Amount of the PIN-less Bill Payment Transaction, or if a Convenience Fee applies, the amount debited from the Cardholder's account (exclusive of the Convenience Fee, shipping, handling and other fees), and the amount debited from the Cardholder's account (inclusive of the fees);
- Trace number;
- Authorization Code or confirmation number;
- Customer service contact information; and
- Fees imposed by the Merchant on the Cardholder, including shipping and handling fees, taxes, and Convenience Fees, as applicable.

**Technical Problems.** Merchant shall ask a Cardholder to use an alternative means of payment if the Servicer Debit System or the electronic interface with any EFT Network is inoperative.

**Adjustment.** A PIN-less Bill Payment Transaction may be adjusted if an error is discovered during Merchant's end-of-day balancing only by means of a written request from Merchant to Servicer. The request for adjustment must reference a settled PIN-less Bill Payment Transaction that is partially or completely erroneous or a denied pre-authorized Transaction for which the pre-authorization request was approved. An adjustment must be completed within forty-five (45) days after the date of the original PIN-less Bill Payment Transaction.

**Merchant Warranty.** In order to accept PIN-less Bill Payment Transactions, Merchant warrants that it is: (i) a municipal, state or other public utility system operated for the manufacture, production, or sale of electricity, natural or artificial gas, water or waste collection; (ii) an insurance service provider that is licensed by a state to sell property, casualty, life and health insurance policies and that the Transaction involves the payment of premiums on such policies; (iii) a public or private provider of telecommunications services, including telephone, cellular, digital and cable services, which is licensed and governed by any federal, state or municipal authority; (iv) a public or private provider of cable or satellite media services, which is regulated by the Federal Communications Commission or any other federal, state or municipal authority, or (v) any other acceptable Merchant type, or covered under a pilot program approved by, the EFT Networks.

**Termination/Suspension of Bill Payment.** When requested by any EFT Network in its sole discretion, Merchant will immediately take action to: (i) eliminate any fraudulent or improper Transactions; (ii) suspend the processing of PIN-less Bill Payment Transactions; or (iii) entirely discontinue acceptance of PIN-less Bill Payment Transactions.

## Chapter

## 13

## No Signature Required Transactions

This Chapter describes how to process No Signature Required Transactions. The No Signature Required Program is limited to qualified Merchants and offers only limited protection from Chargebacks.

### GENERAL REQUIREMENTS

The No Signature Required Program offerings are as follows:

**Participation.** Merchant is responsible for validating that its Merchant Category Code (MCC) is eligible for participation in a No Signature Required Program and that it has been approved by Servicer to participate in the program.

**No Signature Required Program.** Certain Credit Card Associations have waived signature requirements that allow qualifying Merchants to process under-floor-limit transactions without having to obtain a Cardholder signature or provide a Transaction Receipt unless a Cardholder requests a Transaction Receipt. This No Signature Required Program is available to those Merchants in a qualifying MCC segment if the following Transaction criteria are met:

1. Transaction amount is less than \$25.00.
2. Transaction occurs in a qualifying MCC. Please contact Servicer to determine if your MCC is eligible.
3. The Cardholder is present and the Transaction occurs in a face-to-face environment.
4. The full and unaltered content of Track 1 or Track 2 data of the Card's Magnetic Stripe is read and transmitted as part of the Authorization, or the Transaction is processed via Contactless processing or unaltered chip data is sent for Authorization.
5. Specific MCC's may require at least one (1) Contactless installation within the Merchant location.
6. One Authorization is transmitted per clearing Transaction.
7. Applies to domestic (U.S.) Transactions only.
8. Currency conversion is not performed.

Eligible Merchants that submit Transactions meeting these requirements will receive Chargeback protection against the signature requirement for Transactions that qualify under the specific Credit Card Associations' No Signature Required Program.

**Limitations.** You understand that participation in a No Signature Required Program provides only limited protection against specific Chargebacks as designated by the sponsoring Credit Card Association.

**POS Device.** It is your responsibility to determine if your POS Device is configured to prompt for and transmit the data elements required for No Signature Required Transactions.



## Chapter

## 14

## Wireless Service Transactions

This Chapter describes how to process wireless Transactions.

**Limitations of Wireless Technology.** Merchant acknowledges and agrees that because of the emerging nature of wireless technology, certain limitations exist that may affect the performance, Coverage Area, and reliability of wireless technology and wireless processing. Without limiting the generality of the foregoing, wireless processing and the use of a Wireless POS Device are limited to the Coverage Area and may further be limited by a variety of other factors, circumstances, and considerations including, but not limited to, the following: (i) use of a Wireless POS Device outside the Coverage Area will not be possible; (ii) within the Coverage Area, there may exist certain weak coverage areas or other fringe areas where wireless Transaction processing may be intermittent or otherwise interrupted; (iii) within the Coverage Area, certain geographic areas may exist in which wireless Transaction processing may be intermittent or not possible; and (iv) at any time and without notice, any wireless network may become inoperative due to technical difficulties or for maintenance purposes thereby affecting the Merchant's use of wireless Transaction processing. In the event Merchant's ability to process wireless Transactions is limited or prevented for any reason, Merchant agrees that it shall not process any such Transaction through the use of wireless technology, and shall in all events obtain an Authorization Code for any such Transaction through means other than wireless processing, as described in the Agreement.

**Completing Unauthorized Transactions.** If you choose to complete a Transaction without an Authorization Code because wireless coverage is not available (i.e., you store Transaction data in a Wireless POS Device, provide the Cardholder goods or services and subsequently request Authorization of the Transaction), you do so at your own risk. You understand the risk associated with not obtaining an Authorization Code prior to completing the Transaction (i.e., you subsequently may receive a "decline" or "error" message in response to the later Authorization request). You are fully liable for all Transactions whether or not an Authorization Code is received.

## Chapter

## 15

## Store and Forward Application Transactions

This Chapter describes how to process Store and Forward Transactions using specific product applications. Specifically, Servicer has developed certain product applications which allow Merchants to store transaction data in a POS Device at the time of the sale if a communication channel for transmittal of authorization is not available, and forward such transaction data to Servicer at a later time when a communication channel is available (“Store and Forward Application”).

### GENERAL REQUIREMENTS

The Store and Forward Application Transactions general requirements are as follows:

**Participation.** Once Merchant has been approved by Servicer to accept Transactions using the Store and Forward Application and its POS Device has been programmed with the Store and Forward Application, Merchant may utilize the Store and Forward Application only when a communication channel for transmittal of Authorization information cannot be obtained.

**Limitations.** Merchant will not utilize the Store and Forward Application to process any type of PIN-based Debit Card Transactions, Electronic Gift Card Transactions or ECS Transactions.

**Forwarding Transaction Data.** Merchant will forward Transaction Data to Servicer via a POS Device within twenty-four (24) hours of the Transaction.

**Risk.** Merchant understands that there is significant risk associated with utilizing the Store and Forward Application and not obtaining an Authorization at the time of the sale (i.e., Merchant may receive a “decline” or “error” message in response to the subsequent Authorization request). Merchant acknowledges and agrees it is fully liable for all Transactions whether or not an Authorization Approval Code is received.

**Changes to Store and Forward Application; Termination.** Merchant acknowledges and agrees that Servicer, in its sole discretion, may make changes to or terminate the Store and Forward Application at any time. Merchant will indemnify and hold Servicer harmless for any action it may take pursuant to this Chapter.

**Warranties and Limitation of Liability.**

- a. Neither Servicer nor Member is responsible for Store and Forward Transactions.
- b. Neither Servicer nor Member makes any warranty, express or implied, with respect to the services provided hereunder including, without limitation, any express or implied warranty regarding the services' compliance with any Laws or Payment Network Regulations governing the acceptance of Store and Forward Transactions.
- c. Merchant understands that Transactions processed via the Store and Forward Application are high risk and may be subject to, without limitation, a higher incidence of declined Authorization requests and Chargebacks. Merchant is liable for all Chargebacks, losses, fees, fines, and penalties related to Transactions processed via the Store and Forward Application including, but not limited to, those resulting from or related to declined Authorization requests and fraudulent Transactions. Further, neither Servicer nor Member is liable to Merchant in the event the Transaction Data is not stored within the POS Device for any reason. Notwithstanding the provisions of the Agreement or this Chapter, the liability, if any, of Servicer or Member under this Chapter for any claims, costs, damages, losses and expenses for which they are or may be legally liable, whether arising in negligence or other tort, contract, or otherwise, will not exceed in the aggregate One Thousand Dollars and No Cents (\$1,000.00).

## Chapter

## 16

## Electronic Gift Card (EGC) Services

This Chapter describes certain services that are available to Merchants that have been approved by Servicer for Electronic Gift Card Services. In addition to the requirements set forth in the Agreement and the other applicable procedures set forth in the MOG, Merchants that process Electronic Gift Card Transactions shall adhere to the requirements set forth in this Chapter.

### PROCESSING ELECTRONIC GIFT CARD TRANSACTIONS

In connection with processing Electronic Gift Card Transactions, Merchant must comply with the following requirements:

- Supply Servicer with all information and data required by Servicer to perform services related to Merchant's acceptance of Electronic Gift Cards, including the location of POS Devices and Cardholder Data.
- Maintain all Transaction Receipts and any other receipts as required by Laws.
- When Merchant sells an Electronic Gift Card from its physical location or locations, including sales completed via electronic commerce, Merchant is responsible for the collection and settlement of all funds relating to the sale of the Electronic Gift Card, including processing costs associated with such purchase (such as any Credit Card transaction fees or bank service fees, where applicable).

### ELECTRONIC GIFT CARD PROCESSING SERVICES

**Electronic processing of Transactions and purchases made by Customers using Electronic Gift Cards.** Servicer will confirm electronically that the Cardholder presenting the Electronic Gift Card for the purchase of goods or services through Merchant has an active account on Servicer's Electronic Gift Card processing system and that there is sufficient value associated with the Electronic Gift Card to allow the Customer to complete the purchase. Servicer will adjust the Cardholder's account through either a debit or credit, as applicable, in the amount of any approved Transaction.

**Transaction Record Maintenance.** Servicer will maintain an accessible electronic record of the Transactions conducted using an Electronic Gift Card for the lifetime of the card balance and after the balance on the card has been depleted for a period not less than sixty (60) days.

### DOWNTIME

Merchant will not process Electronic Gift Card Transactions if the Electronic Gift Card processing system is down and not able to verify the validity and available balance on an Electronic Gift Card. Merchant will be solely liable for any losses or damages incurred if Merchant processes an Electronic Gift Card Transaction without receipt of such verification.

## ELECTRONIC GIFT CARD ARTWORK

**Electronic Artwork.** If applicable, Merchant is responsible for submitting electronic artwork to Servicer for approval, as described in the Graphic Specifications and Procedures manual provided separately by Servicer (the “Graphic Specifications and Procedures”). Merchant understands that the card proof cannot be created without the submission of artwork, if requested or required. Failure to submit artwork or comply with the Graphic Specifications and Procedures may result in additional fees charged to Merchant for design work performed to correct the artwork and will result in the delay of the card production process. Servicer and card manufacturer cannot be held responsible for the quality of cards produced using artwork that does not meet the Graphic Specifications and Procedures. Digital artwork should be submitted to:

[EGCartwork@elavon.com](mailto:EGCartwork@elavon.com)

OR

Elavon, Inc.  
Attn: Boarding - EGC  
7300 Chapman Highway  
Knoxville, TN 37920

When sending in artwork, please include:

1. Merchant name and MID
2. Indicate standard or custom card order
3. Name and telephone number of graphic contact should there be any questions or issues with the artwork submitted

For complete detailed specifications, please send a request for Graphic Specifications and Procedures to [EGCartwork@elavon.com](mailto:EGCartwork@elavon.com). In your request please indicate that you want standard card or custom card specifications.

**Proofing and Production Procedure.** Proofs for custom card orders are provided electronically and sent to the email provided. Please print the proof, sign and fax back pursuant to the instructions on the proof. One proof is included in the card production costs. Each additional proof will be billed at thirty-five dollars (\$35) each. All proofs for standard card orders are provided electronically as an Adobe pdf document. The proof will be sent to the email address then currently on file with Servicer. If the proof is acceptable, simply reply to the email and indicate approval. Provide detailed information if changes are required. In some instances you may also receive a printer’s proof and you will be required to follow the instructions included with the proof. **IMPORTANT: Incorrect graphics WILL delay your order. After you approve the proof, normal production timeframe for card delivery is 2-3 weeks for standard cards and 6-8 weeks for custom cards.**

## Chapter

## 17

## Petroleum Services

This Chapter describes certain services that are available to Merchants operating in the petroleum industry that have been approved by Servicer to receive Petroleum Services. In addition to the requirements set forth in the Agreement and the procedures set forth elsewhere in the MOG, Merchants that use the Petroleum Services shall adhere to the requirements set forth in this Chapter.

### PROVISIONS APPLICABLE TO ALL PETROLEUM SERVICES

- **Access.** Merchant hereby grants Servicer and Servicer's authorized representatives access, during normal business hours and occasionally after normal business hours, subject to Merchant's reasonable security restrictions, to the Equipment and Software and Merchant's facilities and premises, including office accommodations, facilities, equipment, personnel and other resources of Merchant, and will arrange permitted access to areas of third-party facilities and premises as required, to enable Servicer to perform the site survey, Equipment and Software installation, inspection, maintenance and other Petroleum Services. Servicer will comply with Merchant's reasonable rules and regulations regarding such access so long as Merchant advises Servicer in writing of such rules and regulations. Merchant will at all times allow Servicer electronic access to the Equipment and Software. Servicer reserves the right not to provide Petroleum Services with respect to any Equipment at a Merchant location where physical access to such Equipment or other conditions at the locations are determined by Servicer in its reasonable discretion to be unsafe. In such event, Servicer shall notify Merchant and Merchant is responsible for promptly correcting the safety issue. Merchant is responsible for ensuring that Servicer's representatives are provided with access to electrical power at Merchant's location as required for Servicer to efficiently perform the Petroleum Services.
- **Unpermitted Access.** Merchant shall not obtain or attempt to obtain Petroleum Services by rearranging, tampering or making unpermitted connection with Servicer's system or that of its vendors or subcontractors. Merchant shall not, and shall not assist anyone else to, modify, tamper, reverse engineer or emulate the Equipment or Software. Merchant shall not sell, rent, lend or allow physical or electronic access to any Equipment, Software or Petroleum Services unless expressly permitted in writing by Servicer.
- **Cooperation.** Merchant is responsible for ensuring that its personnel cooperate with and assist Servicer, as required, to install and integrate the Equipment and Software, to troubleshoot and isolate faults in the Equipment or Software, or to otherwise perform Petroleum Services. Merchant is also responsible for ensuring that its locations are adequately staffed during installation and maintenance to assist Servicer to commission, troubleshoot, and isolate faults in any locations.
- **Fraud Prevention.** Merchant will take reasonable steps to reduce, detect and manage any fraud-related issues. Merchant will appoint a representative available to Servicer or its vendors or subcontractors to promptly respond to any fraud-related matters.

## MERCHANT'S OBLIGATIONS FOR SATELLITE SERVICES

- **Approvals.** Merchant will obtain all approvals required for the Satellite Services, including landlord approvals, construction permits or zoning variances if required. If additional or special documentation (such as stamped engineering drawings, location specific drawings or soil test reports) are required, or if Servicer or its representatives are required to attend meetings before local planning or zoning boards or other governmental bodies, additional fees will apply and Merchant agrees to pay such fees.
- **Site Survey.** All Merchant locations will require a site survey to identify technically suitable locations for installing the indoor and outdoor Equipment and cables. Merchant will pay Servicer a site survey fee for each such visit to a Merchant location.
- **Non-Standard Installation.** Should the installation location involve non-standard installation procedures, such as requiring union subcontracting or the use of local facilities personnel, the need to structurally reinforce walls or roofs, landscaping, tree removal, excavation into pavement, blacktop or concrete for cable conduit, roof penetrations, restricted roof access requiring cranes or helicopters, ground mount poles exceeding six (6) feet, trenching more than twenty (20) feet of soil, alternate mounting techniques for wall, roof or complex ground mounts, ground cable in excess of fifteen (15) feet in length or interconnecting cables in excess of twenty-five (25) feet in length, delays due to Merchant's failure to respond or to provide access, or other additional services or materials, Merchant agrees to pay for the same.
- **Cancellation or Expedited Installation.** In the event Merchant elects not to proceed with or cancels the installation of a location, Merchant will pay the cancellation fees set forth in the Agreement. Further, should Merchant request expedited installation, that is, installation in less than forty-five (45) days, Merchant will pay the expedited installation fee set forth in the Agreement. Payment of the expedited installation fee does not guarantee any specific installation date.
- **Specifications.** Merchant must conform all POS Devices to Servicer's POS Device specifications. Any Merchant POS Devices that are not Triple DES Derived Unique Key Per Transaction (DUKPT) compliant may be restricted from processing on-line (PIN) debit transactions through some or all of the EFT Networks unless a waiver is obtained by Merchant from the EFT Networks. Merchant is responsible for any fines or penalties assessed to Servicer by the Payment Networks due to Merchant's non-compliance. Merchant must ensure that the indoor environment conditions comply with the following requirements: operating temperature 10°C to 40°C (50°F to 104°F); and humidity 10% to 90%.
- **Telecommunications.** Merchant is responsible for the arrangement of the installation of business telephone lines in its locations. Merchant is responsible for managing and repairing problems associated with its own telecommunications and processing systems (both hardware and Software).
- **Included Maintenance.** In consideration for Merchant's payment of the monthly access and maintenance fees set forth in the Agreement, Servicer will provide corrective maintenance for Satellite Services, comprised of: diagnostic testing; removal and replacement of any malfunctioning field replaceable unit; reorientation of the antenna subsystem in the event of a misalignment; repair or replacement of VSAT interconnecting cables; reloading initial instructions and recommissioning; and verification of proper operation.
- **Excluded Maintenance.** Maintenance does not include the following services, unless specifically requested by and paid for by Merchant at Servicer's then-current rates: maintenance, repair, or replacement of parts damaged or lost through catastrophe, accident, lightning, theft, misuse, fault or negligence of Merchant, or causes external to the Equipment, including but not limited to, failure of, or faulty, electrical power or air conditioning, operator error, failure, or malfunction of data communication Equipment not provided to Merchant by Servicer, or from any cause other than intended and ordinary use; changes, modifications or alterations in or to the Equipment other than Servicer-approved upgrades and configuration; changes, modifications or alterations in or to the Equipment by anyone other than Servicer; and deinstallation, relocation or removal of the Equipment or any accessories, attachments, or other devices.

- **Modifications.** Merchant is responsible for any alterations or modifications to the Equipment that may, at any time during the term of the Agreement, be required to comply with any applicable Law.

## MERCHANT'S OBLIGATIONS FOR SMARTLINK SERVICES

- **Internet Access.** Prior to using SmartLink Services, Merchant must supply a high speed Internet connection (e.g., business class DSL or cable Internet or the equivalent) and will be responsible for all costs relating thereto. Merchant must, at all times, make such high speed Internet connections available for SmartLink Services. Servicer shall have no liability to Merchant for such Internet services, and Merchant will assume responsibility for managing and repairing problems associated with Merchant's own telecommunications and processing systems (both hardware and Software).
- **Integration.** Merchant and its personnel will cooperate with Servicer to facilitate integration of SmartLink Services at Merchant's locations and other SmartLink Services, as applicable, including reasonable assistance in ensuring the proper interfacing of the SmartLink Services with Servicer's vendors and subcontractors. Merchant is responsible for properly installing the Equipment and Software and is responsible for providing suitable secure space, power, network connectivity and other services for the proper operation of the Equipment and Software, and Merchant is responsible for all costs relating thereto.
- **Included Maintenance.** In consideration for Merchant's payment of the monthly access and maintenance fees set forth in the Agreement, Servicer will provide corrective maintenance for SmartLink Services.
- **Excluded Maintenance.** Maintenance does not include the following services, unless specifically requested by and paid for by Merchant at Servicer's then-current rates: maintenance, repair, or replacement of parts damaged or lost through catastrophe, accident, lightning, theft, misuse, fault or negligence of Merchant, or causes external to the Equipment or Software, including but not limited to, failure of, or faulty, electrical power or air conditioning, operator error, failure, or malfunction of data communication Equipment or Software not provided to Merchant by Servicer, or from any cause other than intended and ordinary use; changes, modifications or alterations in or to the Equipment or Software other than Servicer-approved upgrades and configuration; changes, modifications or alterations in or to the Equipment or Software by anyone other than Servicer; and deinstallation, relocation or removal of the Equipment or Software or any accessories, attachments, or other devices.
- **Modifications.** Any alterations or modifications to the Equipment that may, at any time during the term of the Agreement be required to comply with any applicable Law, shall be made at the expense of Merchant.

## MERCHANT'S OBLIGATIONS FOR VOYAGER CARD ACCEPTANCE

**Conditions of Voyager Card Acceptance.** Merchant agrees to abide by all terms and conditions that apply to accepting Voyager Cards and receiving payment including the following:

- Merchant shall honor all valid Voyager<sup>®</sup> Cards for purchases under the terms and conditions of the MOG and the Agreement.
- Merchant is responsible for checking the expiration date and any printed restrictions for both electronic and manual Transactions. Merchant will electronically authorize all Transactions. In the event that the POS Device authorization system malfunctions, Merchant will obtain an Authorization by calling the designated Voyager<sup>®</sup> phone number. If a sale is declined, the Voyager<sup>®</sup> Card shall not be used to complete the sale.
- At Customer-activated POS Devices, the sales draft shall include truncated account number, sub number, truncated expiration date of the Voyager<sup>®</sup> Card, the Transaction date and time, type of fuel sold, the total sale price, Authorization number, as required, and odometer reading.
- All cashier-assisted electronic sales drafts and credit vouchers shall be completed to include POS Device print showing the Card account name encoded in the Magnetic Stripe (if point-of-sale function



- is applicable), truncated account number, sub number, truncated expiration date of the Card, the signature of the authorized user, the Transaction date and time, type of fuel sold, a description of the service rendered (if requested), odometer reading (as permitted by the electronic POS Device), total sale price, and the Authorization number.
- Merchant is responsible for providing a copy of the sales draft or receipt and credit vouchers to the Voyager<sup>®</sup> Card Cardholder at the time of sale or return. Merchant must retain a copy of the sales draft for a period of six (6) months from the date of purchase.
  - Chargeback of the sale shall be made for sales that are disputed for any reason, including (a) required Authorization was not obtained, (b) were for unauthorized merchandise, (c) were fraudulently made by an employee of Merchant, (d) the procedures for completing and handling sales drafts or receipts or credit vouchers were not followed, or (e) were in violation of printed instructions. Servicer will promptly notify Merchant of any Chargeback.
  - Merchant is responsible for establishing a fair policy for the exchange and return of merchandise. Merchant shall promptly submit credits for any returns that are to be credited to the Voyager<sup>®</sup> Card Cardholder's account.
  - Fees for processing Voyager<sup>®</sup> Card will accrue daily and be collected by electronically debiting Merchant's DDA at the same time that processing fees for other Payment Devices are debited. Should Merchant's bank reject or return Servicer's debit, Merchant remains liable for payment of Voyager<sup>®</sup> processing fees, Equipment and Software, along with any collection fees as specified in the Agreement. The fees for processing Voyager<sup>®</sup> Card Transactions are set forth in the Agreement.

## **MERCHANT'S OBLIGATIONS FOR WRIGHT EXPRESS CARD ACCEPTANCE**

If Merchant has been approved to accept commercial fleet Payment Devices associated with Wright Express, Merchant agrees to enter into and accept such Payment Devices pursuant to a Wright Express Charge Card Acceptance Agreement.

## Chapter

**18**

## Virtual Merchant Services

This Chapter describes certain services that are available to Merchants that have been approved by Servicer for Virtual Merchant Services. In addition to the requirements set forth in the Agreement and the other applicable procedures set forth in the MOG, Merchants that use Virtual Merchant Services shall adhere to the requirements set forth in this Chapter.

### USE OF VIRTUAL MERCHANT SERVICES

In connection with the Virtual Merchant Services, Merchant is responsible for:

- Compliance with the Developer Guide to the Virtual Merchant Services, which is available at [www.myvirtualmerchant.com](http://www.myvirtualmerchant.com), as the same may be updated by Services from time to time.
- All content, design and development of any Customer-facing payments website or interface, except to the extent such content, design and development is exclusively controlled by Elavon as set forth in the Developer Guide to the Virtual Merchant Services.
- Configuring the Virtual Merchant interface in accordance with the Developer Guide to the Virtual Merchant Services.

For more information about Virtual Merchant Services, please visit [www.myvirtualmerchant.com](http://www.myvirtualmerchant.com).

## Chapter

**19**

## Payment Service Providers

This Chapter describes certain services that are available to Merchants that have been approved by Servicer to receive Payment Device Processing Services as a Payment Service Provider on behalf of Sponsored Merchants. In addition to the other requirements set forth in the Agreement and the procedures set forth elsewhere in the Merchant Operating Guide, Merchants that receive Payment Device Processing Services as a Payment Service Provider on behalf of Sponsored Merchants shall adhere to the requirements set forth in this Chapter. Payment Service Providers must comply with the Payment Network Regulations, as modified from time to time, and in the event of any conflict between the Payment Network Regulations and this Chapter or any other provisions of the Merchant Operating Guide, the Payment Network Regulations shall control.

### **DUE DILIGENCE OF SPONSORED MERCHANTS**

The Payment Service Provider shall perform due diligence on each of its Sponsored Merchants in accordance with this Chapter, the Agreement and the Payment Network Regulations.

#### **INITIAL DUE DILIGENCE**

Prior to receiving Payment Device Processing Services on behalf of a Sponsored Merchant, the Payment Service Provider shall, in relation to each proposed Sponsored Merchant:

- Verify that each Sponsored Merchant is a bona fide business operation, including:
  - undertaking credit checks, background investigations and reference checks of the Sponsored Merchant. In the event that such diligence raises questions or fails to provide sufficient information, the Payment Service Provider shall also conduct a credit check of:
    - The owner of the Sponsored Merchant, if the entity is a sole proprietorship;
    - The partners of the Sponsored Merchant, if the entity is a partnership; or
    - The principal shareholders of the Sponsored Merchant, if the entity is a corporation.
  - inspecting the Sponsored Merchant's premises and/or website(s) and records to ensure that the Sponsored Merchant has the proper facilities, equipment, inventory, agreements and personnel needed, and if necessary, any license or permit and other capabilities required to conduct its business. If the Sponsored Merchant has more than one set of premises or more than one website, the Payment Service Provider must inspect at least one of them.

### ONGOING DUE DILIGENCE

In addition to its initial diligence obligations, the Payment Service provider must conduct ongoing due diligence of its Sponsored Merchants, including:

- retaining records covering the investigation of any of its Sponsored Merchants and providing such records to Servicer immediately upon Servicer's request. The Payment Service Provider must retain all records concerning the investigation of any Sponsored Merchant for a minimum of two (2) years after the date the Sponsored Merchant Agreement is terminated or expires;
- monitoring each Sponsored Merchant's activity on an ongoing basis to detect and deter fraud or other wrongful activity; and
- maintaining, on an ongoing basis, the names, addresses and URLs, if applicable, of each of its Sponsored Merchants. The Payment Service Provider must promptly supply Servicer and/or the Payment Networks with any such information at Servicer's request.

### VERIFYING TERMINATED MERCHANT FILES

The Payment Service Provider must verify that the Sponsored Merchant is not and does not become listed on any Payment Network's terminated merchant file.

- Before entering into, extending or renewing a Sponsored Merchant Agreement, the Payment Service Provider must request that Servicer make an inquiry to confirm that the Sponsored Merchant does not appear on any Payment Network's terminated merchant file. Servicer may choose not to accept a Sponsored Merchant that is listed in a terminated merchant file for any reason, and Servicer shall not accept a Sponsored Merchant that is listed on a Payment Network's terminated merchant file as having been terminated for the following reasons:
  - as a result of an account data compromise;
  - the Sponsored Merchant unknowingly or unintentionally facilitated by any means, the unauthorized disclosure or use of account information (common point of purchase);
  - money laundering occurs;
  - as a result of excessive Chargebacks;
  - as a result of excessive fraud;
  - there has been a fraud conviction;
  - where a Sponsored Merchant is bankrupt or in the process of liquidation or a Bankruptcy Proceeding occurs or has occurred in relation to the Sponsored Merchant;
  - due to a violation of the Payment Network Regulations;
  - where the Sponsored Merchant has participated in fraudulent collusive activity;
  - as a result of non-compliance with the Payment Card Industry (PCI) Data Security Standards;
  - illegal transactions;

- where there has been identity theft;
  - as a result of breach of a Sponsored Merchant Agreement or any agreement that the Sponsored Merchant has entered into for the purposes of receiving processing services from Servicer; and
  - where the Sponsored Merchant has exceeded the Payment Networks' thresholds for counterfeit or other fraud or Chargeback activity or the like established periodically by the Payment Networks.
- The Payment Service Provider must inform Servicer, in relation to each Sponsored Merchant, if a Sponsored Merchant is terminated for any of the reasons listed in the preceding paragraph, and Servicer will add each Sponsored Merchant terminated for any such reason to the Payment Networks' terminated merchant files in accordance with the Payment Network Regulations.

## PERIODIC REPORTING OBLIGATIONS

The Payment Service Provider shall prepare and submit to Servicer as required by the Payment Networks, but not less than quarterly, an activity report for each Sponsored Merchant containing the following information.

- Each Sponsored Merchant's name and location as it appears in the card acceptor name/location field of clearing records;
- Each Sponsored Merchant's "doing business as" name or URL;
- Each Sponsored Merchant's MCC(s);
- Transaction sales count and amount for each Sponsored Merchant's MCC(s) by calendar month;
- Transaction Chargeback count and amount for each Sponsored Merchant's MCC(s) by calendar month; and
- Transaction credit count and amount for each Sponsored Merchant's MCC(s) by calendar month.

More frequent reporting obligations apply with respect to High-Risk Payment Service Providers, as set forth below.

## SPONSORED MERCHANT AGREEMENT; SPONSORED MERCHANT OVERSIGHT

The Payment Service Provider must enter into a Sponsored Merchant Agreement with each Sponsored Merchant. The Sponsored Merchant Agreement must, in substance, include all of the following provisions, that:

- on an ongoing basis, the Sponsored Merchant must promptly provide the Payment Service Provider with the current address of each of its offices, all 'doing business as' (DBA) names used by the Sponsored Merchant, and a complete description of goods sold and services provided;
- in the event of any inconsistency between any provision of the Sponsored Merchant Agreement and the Payment Network Regulations, the Payment Network Regulations will prevail;
- the Payment Service Provider acknowledges and agrees that the Payment Service Provider is

responsible for the Payment Device acceptance policies and procedures of all Sponsored Merchants and the Payment Service Provider has the right to and shall require that Sponsored Merchants make changes to their websites or otherwise that the Payment Service Provider deems necessary or appropriate to ensure that the Sponsored Merchant remains in compliance with the Payment Network Regulations;

- the Payment Service Provider shall automatically and immediately terminate the Sponsored Merchant Agreement if the Payment Networks de-register the Payment Service Provider, if Servicer ceases to be a member of the Payment Networks for any reason, if Servicer no longer has a license to use the Payment Network marks, or if Servicer otherwise requires Payment Service Provider to terminate the Sponsored Merchant Agreement;
- the Payment Service Provider reserves the right to immediately terminate the Sponsored Merchant Agreement for activity which the Payment Service Provider, Servicer or the Payment Networks deem to be fraudulent or otherwise wrongful;
- the Payment Service Provider shall ensure that all Sponsored Merchants acknowledge and agree:
  - to comply with applicable Payment Network Regulations, as amended from time to time;
  - that the Payment Networks are the sole and exclusive owners of the Payment Network marks;
  - that the Sponsored Merchant will not contest the ownership of the Payment Network marks for any reason; and
  - that the Payment Networks may at any time, immediately and without advance notice, prohibit the Sponsored Merchant from using any of the Payment Network marks for any reason.

## **PROHIBITED SPONSORED MERCHANTS**

The Payment Service Provider may not sponsor as a Sponsored Merchant any entity conducting business that may be described under the following merchant types, which may be classified with MCCs 4814, 5912, 5962, 5966, 5968 and 5969, and which are ineligible to be Sponsored Merchants:

- Buyers clubs/membership clubs
- Credit counseling or credit repair services
- Credit protection/identity theft protection
- Direct marketing – subscription merchants
- Infomercial merchants
- Internet pharmacies
- Internet pharmacy referral sites
- Multi-level marketing businesses
- Outbound telemarketers
- Rebate-based businesses

- Up-Selling merchants

## HIGH-RISK PAYMENT SERVICE PROVIDERS

- A Payment Service Provider that proposes to sponsor as a Sponsored Merchant any entity conducting business that may be described under any one of the following MCCs or any entity that as a merchant was reported under the Payment Networks' excessive Chargeback programs is deemed a High-Risk Payment Service Provider:
  - Telecom merchants – MCCs 4813, 4816 and 5967 (other than those telecom merchants classified under MCC 4814, which are prohibited);
  - Electronic commerce (e-commerce) adult content (videotext) merchants – MCCs 5967, 7273, 7841;
  - Non-face-to-face gambling merchants – MCC 7995;
  - Non-face-to-face prescription drug merchants – MCC 5122 (other than those merchants classified under MCC 5912, which are prohibited); and
  - Non-face-to-face tobacco product merchants – MCC 5993.

The Payment Service Provider must notify Servicer prior to signing a Sponsored Merchant Agreement with any such Sponsored Merchant (or prior to accepting any Transactions from such a Sponsored Merchant if an existing Sponsored Merchant) to enable Servicer to register each such entity in the Payment Networks' registration systems before accepting Transactions from any such Sponsored Merchant. Servicer reserves the right to decline to register and to require Payment Service Provider not to enter into a Sponsored Merchant Agreement, or to terminate an existing Sponsored Merchant Agreement, with any Sponsored Merchant that causes or would cause Payment Service Provider to be a High-Risk Payment Service Provider.

- If the Payment Service Provider is a High-Risk Payment Service Provider, the Payment Service Provider will ensure that each Sponsored Merchant implements real-time and batch procedures to monitor continually the following:
  - simultaneous multiple Transactions using the same Payment Device; and
  - consecutive or excessive attempts using same Payment Device.
- When attempted fraud is evident, the Payment Service Provider shall ensure that the Sponsored Merchant implements temporary bank identification number locking as a fraud deterrent.
- The Payment Service Provider shall ensure that each Sponsored Merchant complies with the fraud control standards prescribed by the Payment Networks and maintains a Chargeback to Interchange sales volume ratio below the Payment Networks' requirements regarding excessive Chargebacks.
- On a monthly basis, the High-Risk Payment Service Provider shall provide to Servicer an activity report for each Sponsored Merchant the sponsorship of which causes Payment Service Provider to be a High-Risk Payment Service Provider. Monthly reports shall include the following:
  - Each Sponsored Merchant's name and location as it appears in the card acceptor name/location field of clearing records;

- Each Sponsored Merchant’s “doing business as” name or URL;
- Each Sponsored Merchant’s MCC(s);
- Transaction sales count and amount for each Sponsored Merchant’s MCC(s) by calendar month;
- Transaction Chargeback count and amount for each Sponsored Merchant’s MCC(s) by calendar month; and
- Transaction credit count and amount for each Sponsored Merchant’s MCC(s) by calendar month.



## Chapter

## 20

## Processing Services in Canada

This Chapter describes certain requirements with which Merchants operating in Canada (“Canadian Merchants”) must comply. Canadian Merchants must execute a separate agreement or otherwise be approved to receive Processing Services from Servicer and Member for Transactions accepted at Merchant locations in Canada. Canadian Merchants must comply with the requirements set forth in the Agreement and in the MOG, as such requirements are supplemented and/or modified by the following requirements contained in this Chapter.

For purposes of Transactions in Canada, please note the following:

- All references to “U.S. Mail” also include the Canadian Postal Service.
- All U.S. dollar amounts contained within the MOG should be deemed to be Canadian dollars by Canadian Merchants.
- All references to U.S. law enforcement agencies in the MOG are replaced with references to the Royal Canadian Mounted Police or the local police of the jurisdiction, as applicable.

### CHAPTER 1

The following provisions are hereby added to or amended in Chapter 1 of the MOG, *About Your Card Program*:

- In the “Types of Cards” section of Chapter 1 of the MOG, *About Your Card Program*, the following provision is hereby added:
  - “Automated Teller Machine (ATM) Card” includes an Automated Banking Machine (ABM) Card. An ABM Card is issued by a financial institution and allows a Customer to withdraw funds, make deposits or perform other banking functions through an ABM.
- In the “General Operating Guidelines” section of Chapter 1 of the MOG, *About Your Card Program*, in the “Do Not Set Restrictions on Card Transactions” section, the following is hereby added after the second sentence: “Further, Merchant may provide differential discounts among different Payment Networks. All discounts must be clearly marked at the point-of-sale.”
- In the “General Operating Guidelines” section of Chapter 1 of the MOG, *About Your Card Program*, the “Do Not Discriminate” section is deleted and replaced with the following: “**No Obligation to Accept All Cards of a Payment Network:** If you accept Credit Card payments from a particular Payment Network you are not obligated to accept Debit Card payments from that same Payment Network, and vice versa. You can choose to accept only Credit Card or Debit Card payments from a Payment Network without having to accept both.”

- In the “General Operating Guidelines” section of Chapter 1 of the MOG, *About Your Card Program*, in the “Security Program Compliance” section, the reference to “Visa’s Cardholder Information Security Program (CISP)” is hereby replaced with “Visa’s Account Information Security (AIS) program,” with which Canadian Merchants and any third party vendors utilized by Canadian Merchants must comply.

## CHAPTER 2

The following provisions are hereby added to or amended in Chapter 2 of the MOG, *Processing Transactions*:

- In “The Electronic Authorization Process” section of Chapter 2 of the MOG, *Processing Transactions*, Canadian Merchants must send “Declined Pick-Up” Cards to the following Canadian address:

Exception Processing  
ATTN: Card Pick Up  
Elavon Canada Company  
P.O. Box 4373 STN A  
Toronto, Ontario M5W3P6

- In the “Transaction Processing Restrictions” section, “Surcharges” paragraph, of Chapter 2 of the MOG, *Processing Transactions*, the following is hereby added after the second sentence: “Further, Merchant may provide differential discounts among different Payment Networks. All discounts must be clearly marked at the point-of-sale.”
- In the “Processing Card Not Present Transactions – Card Identification Number and Address Verification Service” section of Chapter 2 of the MOG, *Processing Transactions*, Canadian Merchants needing more information about processing Card Not Present Transactions should call the following numbers for assistance from American Express and Discover Network:
  - American Express: (800) 268-9824
  - Discover Network: (800) 263-0104
- In the “Additional Requirements Applicable to PIN-Authorized Debit Card Transactions” section of Chapter 2 of the MOG, *Processing Transactions*, the following provisions are hereby added with respect to PIN-authorized Debit Card Transactions in Canada:

**Surcharges.** Merchant may add an amount to the price of goods or services Merchant offers as a condition of paying with a Debit Card provided that the Cardholder is notified through the POS Device of such amount and the Cardholder has the option to cancel the Debit Card Transaction, without cost, prior to the Debit Card Transaction being sent to the Issuer for Authorization and provided that the addition of a surcharge or user fee is permitted by the Debit Card Rules.

**Non-Disclosure of Debit Card Rules.** Merchant shall not disclose the Debit Card Rules to any Person except as may be permitted under the Agreement or required by applicable Law. For purposes of Transactions in Canada, the Debit Card Rules include all applicable rules and operating regulations of the EFT Networks, and all rules, directions, operating regulations, and guidelines for Debit Card Transactions issued by Servicer from time to time, including, without limitation, all amendments, changes, and revisions made thereto from time to time. Merchant agrees to take care to protect the Debit Card Rules using a degree of care at least equal to that used protect Merchant’s own confidential information, and Merchant will not use the Debit Card Rules for its own benefit or the benefit of any third person without the consent of the EFT Networks.

**Employee Logs; Due Diligence.** Merchant will maintain accurate logs of employee shifts, and will provide these logs to Servicer or Member within 24 hours of a request to do so as part of an investigation of a Debit Card fraud or other incident. Merchant acknowledges and agrees that the EFT Network requires Servicer or its designated agents to perform a due diligence review to determine that Merchant is able to comply with all applicable requirements for the Debit Card Transaction services, including but not limited to security and technical standards specified by Servicer and the EFT Networks. Merchant acknowledges that additional due diligence may be conducted by Servicer or its designated agents in the event of a change in control of Merchant's business. Servicer shall not be required to provide the Debit Card Transaction services to Merchant if Servicer determines that to do so would pose a material risk to the security or integrity of the Debit Card Transaction services.

- In the “Additional Requirements Applicable to PIN-Authorized Debit Card Transactions” section of Chapter 2 of the MOG, *Processing Transactions*, the following provisions are added to the “Use and Availability of POS Devices and PIN Pads” heading with respect to PIN-authorized Debit Card Transactions in Canada:
  - Merchant is responsible for installing the POS Device and PIN Pad in such a way that Cardholders may enter their PIN into the PIN Pad in a confidential manner. Merchant must not install the PIN Pad in a location that will allow easy visibility by third parties when the PIN Pad is in use by a Cardholder. For attended operations, Merchant must equip the PIN Pad with a privacy shield or design it to be hand-held so that the Cardholder can shield it with his or her body.
  - Merchant must take all reasonable precautions to ensure that all POS Devices are closed and unavailable for use after business hours. Merchant also must advise Servicer immediately if Merchant suspects that any POS Device has been tampered with or if any PIN Pad has been lost or stolen.
  - Merchant must not manually key direct Debit Card information into a POS Device in order to complete a Transaction. Merchant must give the Cardholder a Transaction Receipt regardless of whether a Debit Card Transaction is Approved, Declined or not completed.
  - If Merchant's printer is not operational and Merchant's POS Device has processed the Debit Card Transaction, Merchant shall (i) provide an alternate Transaction Receipt, such as a completed and dated sales slip or manually created facsimile showing the account number on the Debit Card to indicate that payment was made with that Debit Card, or (ii) reverse the Debit Card Transaction on the day of the request or the next business day if the Cardholder requests that Merchant do so.
  - If a Debit Card is left at Merchant's premises, Merchant agrees to promptly return it to the Cardholder, subject to satisfactory identification of the Cardholder, or if Merchant is unable to return the Debit Card or if the Debit Card is not claimed within twenty four (24) hours, Merchant must deliver such card to us at Merchant's first available opportunity.
- In the “Additional Requirements Applicable to PIN-Authorized Debit Card Transactions” section of Chapter 2 of the MOG, *Processing Transactions*, in addition to the listed requirements under the “Transaction Receipt Requirements” heading, the following requirements apply with respect to PIN-authorized Debit Card Transactions in Canada:

**Transaction Receipt Requirements.** Merchant will retain a copy of each Debit Card Transaction Receipt for a period of three (3) years from the date of the applicable Transaction.

The following requirements are hereby added to the information which must be contained on a Debit Card Transaction Receipt:

- Unique number or code assigned to the POS Device at which the Debit Card Transaction was made;
- Issuer Authorization Number;

- Indicate the status and disposition of the Transaction, Approved or Declined; and
  - Amount of any user fee or surcharge amount, if imposed.
- In the “Additional Requirements Applicable to PIN-Authorized Debit Card Transactions” section of Chapter 2 of the MOG, *Processing Transactions*, in addition to the listed procedures under the “Merchandise Returns” heading, the following procedures apply with respect to PIN-authorized Debit Card Transactions in Canada:

**Merchandise Returns.**

- For all Merchandise returns, or any other debit return initiated through Merchant’s POS Device or account, Merchant bears all responsibility for such transactions even if fraudulent.
- In the “Other Transaction Types” section of Chapter 2 of the MOG, *Processing Transactions*, under the “Quasi Cash Transactions” heading, the following additional language is added to “Casino gaming chips”:
- Casino gaming chips—must be authorized using a POS Device that is capable of reading the Card Verification Value from the Magnetic Stripe. A key-entered Transaction is not permitted for the purpose of obtaining Casino gaming chips.

## CHAPTER 5

The following provision is applicable to Canadian Merchants and is hereby added to Chapter 5 of the MOG, *Code 10 Procedures*:

- Canadian Merchants that encounter unauthorized Cards should send the information set forth in Chapter 5 of the MOG to the following Canadian address:

Exception Processing  
ATTN: Card Pick Up  
Elavon Canada Company  
P.O. Box 4373 STN A  
Toronto, Ontario M5W3P6

## CHAPTER 7

The provisions set forth in Chapter 7, *International Transactions*, are inapplicable, as these services are not available to Canadian Merchants.

## CHAPTER 8

The provisions set forth in Chapter 8, *Vehicle Rental or Leasing Authorization Procedures*, are inapplicable, as these services are not available to Canadian Merchants.

## CHAPTER 9

The provisions set forth in Chapter 9, *Lodging Accommodations Authorization Procedures*, are inapplicable, as these services are not available to Canadian Merchants.

## CHAPTER 10

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The provisions set forth in Chapter 10, *Convenience Fee Requirements*, are inapplicable, as these services are not available to Canadian Merchants.

## CHAPTER 11

The provisions set forth in Chapter 11, *Electronic Benefits Transfer (EBT) Transactions*, are inapplicable, as these services are not available to Canadian Merchants.

## CHAPTER 12

The provisions set forth in Chapter 12, *PIN-less Bill Payment Transactions*, are inapplicable, as these services are not available to Canadian Merchants.

## CHAPTER 13

The provisions set forth in Chapter 13, *No Signature Required Transactions*, are inapplicable, as these services are not available to Canadian Merchants.

## CHAPTER 14

The provisions set forth in Chapter 14, *Wireless Service Transactions*, are inapplicable, as these services are not available to Canadian Merchants.

## CHAPTER 15

The provisions set forth in Chapter 15, *Store and Forward Application Transactions*, are inapplicable, as these services are not available to Canadian Merchants.

## CHAPTER 19

The provisions set forth in Chapter 19, *Payment Service Providers*, are inapplicable, as these services are not available to Canadian Merchants.

## CHAPTER 21

The provisions set forth in Chapter 21, *Processing Services in Puerto Rico*, are inapplicable, as these services are not available to Canadian Merchants.

## CHAPTER 23

The following provision is applicable to Canadian Merchants and is hereby added to Chapter 23 of the MOG, *Additional Resources*:

- o To obtain Payment Network-specific information, Canadian Merchants can access the following web sites:

American Express: <http://www.americanexpress.ca>

Discover Network: <http://www.novusnet.com>

MasterCard: <http://www.mastercard.com/canada/business/merchant>

Visa: <http://www.visa.ca>

## INTERAC ONLINE SERVICES

Interac Online is a service whereby an Interac Online Cardholder may choose to pay Merchant for goods and services purchased over the Internet from a Customer account at a financial institution. The following provisions are applicable to Canadian Merchants utilizing the Interac Online services.

**Interac Online Rules.** Merchant shall comply with and be bound by the Interac Online Rules, which are incorporated by this reference as if fully set forth herein. Servicer and/or the Acxsys Corporation may amend the Interac Online Rules and any of their requirements and/or regulations at any time and continued use of the Interac Online services shall evidence Merchant's agreement to be immediately bound by any new requirements and/or regulations. Merchant hereby grants to Servicer the right to verify that Merchant is in compliance with the Interac Online Rules. Merchant shall not disclose the Interac Online Rules to any Person except as may be permitted under the Agreement or as required by applicable Law.

**Due Diligence.** Merchant acknowledges and agrees that Servicer or its designated agent may perform a due diligence review to determine Merchant's ability to comply with all applicable requirements of the Interac Online Rules. Merchant acknowledges and agrees that additional due diligence may be conducted by Servicer or its designated agent in the event of a change in control of Merchant's business. Servicer shall not be required to provide the Interac Online services to Merchant if Servicer determines that to do so would pose a material risk to the security or integrity of the Interac Online system. Merchant provides informed consent that Servicer may use any information collected from its Merchants.

**Security.** Merchant agrees to provide to Servicer the information required to complete Servicer's security compliance certification program, as required by the Interac Online Rules.

**Minimum Transaction.** Merchant agrees to comply with any minimum transaction values which may be set by Servicer or the bank or other financial institution issuing the Interac Online Card.

**Types of Transactions.** Merchant may process purchases and refunds (credits) for Interact Online Cardholders. Merchant may not process Transactions for cash back or balance inquiries.

**Interac Online Transaction Fees.** Merchant may not add any amount to the posted price of goods or services as a condition of paying with an Interac Online Card, unless permitted by the applicable Interac Online Rules.

**Display of Interac Online Logo and/or Wordmark.** Unless otherwise informed by Servicer, Merchant shall prominently display the most current version of the Interac Online logo and/or wordmark on the checkout page of Merchant's website in accordance with the specifications and requirements set forth in the Interac Online Rules. Merchant's right to use or display such marks shall continue only as long as the Agreement remains in effect and such right shall automatically terminate upon termination of the Agreement.

**Website Requirements.** Merchant's website must comply with the Agreement and the Interac Online Rules, including, but not limited to, the following:

- *Confirmation Page:* Merchant must display both the bank or other financial institution's name and confirmation number as received in the form post message. The Customer must be given the opportunity to print the confirmation page as a record of the Transaction, which may be accomplished using the web browser's print function. Further, the confirmation page should state that the Transaction was successful.
- *Timeout message:* If Merchant allows less than 30 minutes for a Customer to complete a Transaction through an issuer's website, Merchant shall post notice on the Merchant website to inform the Customer the amount of time allotted to complete the Transaction and that the Transaction will "timeout" if the Customer does not complete the Transaction within the allotted time.
- *Currency:* Merchant website must disclose the amount that will be debited from the Customer's account in

Canadian funds, and indicate that the currency is Canadian dollars (e.g., by using the prefix “C\$” or “CAD”).

- *Learn More:* Merchant must provide a link to the “Learn More” site before the Customer initiates the Transaction and leaves Merchant’s website.

## CHIP AND PIN TRANSACTIONS

Credit Cards and Debit Cards are changing from signature-based and PIN-based Magnetic Stripes to PIN-based Chip Cards. This initiative, which is known as “Chip and PIN,” is in response to escalating levels of fraud, most notably, counterfeiting and the use of lost or stolen Cards. A Chip Card contains a microchip, which is embedded into the Card. It contains extremely secure memory and processing capabilities. The information it contains helps ensure that the Chip Card is authentic and makes it difficult and expensive for a criminal to counterfeit the Chip Card. A PIN is entered by the Cardholder to confirm that they are the actual owner of that Chip Card.

### Chip Card Acceptance.

- The Chip Card and Cardholder must be present for all Chip and PIN Transactions.
- To initiate a Chip and PIN Transaction, insert the Chip Card into the Chip-Reading Device.
- Merchant shall require that each Cardholder enter his or her PIN at the Chip-Reading Device. No data referencing the Cardholder’s PIN shall be printed on any Transaction Receipt.
- Merchant must submit Authorization and clearing messages for Chip and PIN Transactions using full data.
- Merchant must provide the Authorization Code in the clearing record for all Chip and PIN Transactions that are approved offline.
- If a Canada Issuer (or its agent) issues a Declined Code or a Declined Pick-Up Code, or a Compliant Chip Card declines a Chip and PIN Transaction, the Transaction must not be processed by any other means.
- If the Chip or Chip-Reading Device is inoperable, Merchant must obtain a Magnetic Swipe Authorization. If the Magnetic Stripe cannot be read, or if Magnetic Swipe Authorization is not available, existing Card acceptance and Transaction processing procedures apply. Note that where an Authorization request is made when the Chip or Chip-Reading Device is inoperable, Merchant must include the appropriate values in the Authorization request identifying the Transaction as a fallback Transaction to the Chip and PIN Transaction.
- Merchant must comply with all, and ensure that its Chip-Reading Devices comply with all, Payment Network Regulations applicable to Chip and PIN Transactions, including all operating requirements, technical guides and other requirements specified by the applicable Payment Networks in connection with the acceptance of Chip Cards.

*Note that Merchant shall have sole and exclusive liability for counterfeit and fraudulent Transactions that occur, but which could have been prevented had Merchant installed and properly used Chip and PIN Technology in accordance with all Payment Network Regulations.*

## Chapter

## 21

## Processing Services in Puerto Rico

### IVU Loto Program

Merchants operating in Puerto Rico must comply with the requirements of this chapter. All merchants that operate locations in Puerto Rico are obligated to register with the Department of Treasury and may be required to participate in the IVU Loto program. Merchants operating in Puerto Rico must complete the IVU Loto registration process to determine if your business qualifies.

### Merchant Obligations in the IVU Loto Program

All merchants are obligated to register for the IVU Loto program. If you have not registered, please follow the registration steps below:

- Visit the Department of Treasury's internet website at [www.ivuloto.pr.gov](http://www.ivuloto.pr.gov) and click on the *Portal de Registro*.
- During the registration process, please select **Elavon** as your processor.
- You will be notified whether your business qualifies for IVU Loto and you will receive a Merchant Registration Number.
- If you complete the registration process, but are advised that you are not eligible for the IVU Loto program, you have complied with the requirements of the IVU Loto program.
- Please note that any merchant that does not register could be subject to a penalty imposed by the Department of Treasury.

All eligible merchants must:

- Process or register through your POS Device all transactions for goods or services for which the purchaser is present at the point of sale.
- Provide the purchaser the official purchase receipt, with the IVU Loto code, printed by the POS Device.
- Transmit, on a daily basis, all IVU Loto codes to Elavon via your POS Device and Elavon will relay that information to the Department of Treasury.
- Exercise due care in using the POS Device.

### Guidelines for Merchants

Elavon offers several POS Devices that support the IVU Loto program as an integrated feature of our transaction-processing services.



## BOARDING

- Contact Elavon Customer Service to request support for the IVU Loto program on your POS Device.
- Complete and sign an Add Equipment form. Be sure to include your Merchant Registration Number received from the Department of Treasury.
- Submit the Add Equipment form to Elavon.
- The POS Device will be updated with the appropriate IVU Loto-supported application.

## TRANSACTION PROCESSING

For all on-line transactions, such as Credit Card or Debit Card transactions, you must enter the amount of the sale plus the State Sales Tax and the Municipal Sales Tax into the POS Device during the course of entering the transaction information.

For cash and cash equivalent transactions, such as cash, check or money order transactions, you must enter these transactions into the POS Device, including the State Sales Tax and Municipal Sales Tax.

During periods of time when the system and/or POS Device are not functioning properly, IVU Loto codes will not be generated for transactions until such time as the system is restored and/or the POS Device is repaired.

Please note that Elavon is not responsible for the validity of the information entered into the POS Device for each transaction.

## SAMPLE RECEIPT

Below is an example of the manner in which the sales tax information will appear on the purchaser receipt:

AMOUNT:	\$	2.00
State TAX:	\$	0.12
Mun. TAX:	\$	0.02
TOTAL :	\$	2.14

Below is an example of the manner in which the IVU Loto-related information will appear on the purchaser receipt:

IVULOTO: NNNNN-NNNN  
PP DRAW### MM/DD/YY

## More Information

You can find more information regarding the IVU Loto program, including contact information and technical support information, at [www.ivuloto.pr.gov](http://www.ivuloto.pr.gov).

## Chapter

**22**

## Supplies

We can provide supplies necessary to complete your Card Transactions. To replenish your stock, go online to <http://www.merchantconnect.com> or select the “Supplies” option from the merchant services telephone menu. These supplies include:

- Card Transaction Receipts and Credit Transaction Receipts
- Imprinter
- Batch Header receipts and envelopes
- Merchant plate
- Electronic printer paper
- Stickers containing Voice Authorization numbers
- Visa and MasterCard window decals and cash register signs
- Quick Reference Guide (QRG) supporting your POS Device

We suggest that you check your supplies frequently to ensure you have an adequate quantity on site. Requesting a “rush” shipment will cause you to incur additional charges.

## Chapter

**23**

## Additional Resources

Visit our web site at <http://www.merchantconnect.com> to obtain customer support, retrieve account information, order supplies, and more.

### PAYMENT NETWORK MERCHANT INFORMATION

For Payment Network-specific Merchant information, visit the following websites:

- American Express - [https://home.americanexpress.com/homepage/merchant\\_ne.shtml?source=prosp\\_h\\_inav-merchants](https://home.americanexpress.com/homepage/merchant_ne.shtml?source=prosp_h_inav-merchants)
- Discover Network - <http://www.discovernetwork.com/getstarted/merchant/merchant.html>
- MasterCard - <http://mastercard.com/us/merchant/index.html>
- Visa - [http://usa.visa.com/business/accepting\\_visa/index.html](http://usa.visa.com/business/accepting_visa/index.html)

For information regarding the operating rules and regulations of the various Payment Networks, visit the following websites:

- American Express - [https://www209.americanexpress.com/merchant/singlevoice/USEng/FrontServlet?request\\_type=navigate&page=merchantPolicy](https://www209.americanexpress.com/merchant/singlevoice/USEng/FrontServlet?request_type=navigate&page=merchantPolicy)
- Discover Network - <http://www.discovernetwork.com>
- MasterCard - [http://www.mastercard.com/us/merchant/pdf/BM-Entire\\_Manual\\_public.pdf](http://www.mastercard.com/us/merchant/pdf/BM-Entire_Manual_public.pdf)
- Visa - [http://usa.visa.com/merchants/operations/op\\_regulations.html](http://usa.visa.com/merchants/operations/op_regulations.html)

### PCI DATA SECURITY STANDARDS INFORMATION

For PCI Data Security Standards information and requirements, visit the following websites:

- PCI Security Standards Council – <https://www.pcisecuritystandards.org/#>
- American Express - [https://www209.americanexpress.com/merchant/singlevoice/dsw/FrontServlet?request\\_type=dsw&pg\\_nm=pci&ln=en&frm=US](https://www209.americanexpress.com/merchant/singlevoice/dsw/FrontServlet?request_type=dsw&pg_nm=pci&ln=en&frm=US)
- Discover Network - <http://www.discovernetwork.com/fraudsecurity/disc.html>
- MasterCard SDP - [http://www.mastercard.com/us/merchant/security/what\\_can\\_co/SDP/merchant/index.html](http://www.mastercard.com/us/merchant/security/what_can_co/SDP/merchant/index.html)
- Visa CISP - [http://usa.visa.com/merchants/risk\\_management/cisp.html](http://usa.visa.com/merchants/risk_management/cisp.html)

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## Appendix

# A

## Glossary

**ACH:** Automated Clearing House.

**ACH Network:** The funds transfer system governed by the ACH Rules. The ACH Network allows participating depository financial institutions to clear interbank entries electronically. A Merchant's DDA is debited and credited via ACH.

**ACH Rules:** The NACHA Operating Rules and Operating Guidelines, which govern the interregional exchange and settlement of ACH transactions.

**ACS:** See Automated Customer Service.

**Address Verification Service (AVS):** A fraud-reduction service that allows the Merchant to verify a Cardholder's billing address prior to completing a Card Not Present Transaction.

**Agreement:** The Payment Device Processing Agreement, Terms of Service (TOS), any addendum to the Payment Device Processing Agreement or the TOS, the Merchant Application, this Merchant Operating Guide, any Merchant Agreement or Merchant Processing Agreement, any other guides or manuals provided to Merchant from time to time, and all additions to, amendments and modifications of, and all replacements to any of them, provided in writing to Merchant from time to time as applicable.

**American Express:** American Express Travel Related Services Company, Inc.

**Approval Code:** An Authorization Code indicating that the Transaction is approved and the Card may be honored.

**Automated Customer Service (ACS):** A desktop application used as a reporting and accounting reconciliation tool for viewing detailed reports of Transaction activity, statement detail, Card type history, and qualification detail.

**Authorization:** A required procedure by which a Merchant requests approval of a Transaction from the Issuer. Authorization is initiated by accessing the authorization center by telephone or POS Device. See also *Magnetic Swipe Authorization*, *Manual Entry Authorization*, or *Voice Authorization*.

**Authorization Code:** The code sent by the Issuer in response to an Authorization request that indicates whether the Transaction is approved. Responses may include: "Approved," "Declined," "Declined Pick-Up," or "Referral" ("Call Auth").

**Autofax:** A program offered to Merchants for receiving Retrieval Request and Chargeback notices via a dedicated 24-hour fax line.

**AVS:** See Address Verification Service.

**Balance:** The amount of money owed by the Cardholder to the Issuer for charges on a Credit Card. On a Debit Card this is the amount of money available in the Cardholder's demand deposit or savings account

**Bank Identification Number (BIN):** The identification number assigned to a Member that is used for Card issuing, Authorization, clearing, and Settlement processing.

**Bankruptcy Proceeding:** With respect to a Person means (i) that the Person or any subsidiary of such Person shall: (a) commence a voluntary case under the Bankruptcy Code of 1978, as amended, or other federal bankruptcy laws (as now or hereafter in effect); (b) file a petition seeking to take advantage of any other applicable laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts or any other similar conservatorship or receivership proceeding instituted or administered by any regulatory agency or body; (c) consent to or fail to contest, in a timely and appropriate manner, any petition filed against it in an involuntary case under such bankruptcy laws or other applicable laws; (d) apply for or consent to, or fail to contest in a timely and appropriate manner, the appointment of, or the taking of possession by, a trustee, receiver, custodian, liquidator, or similar entity of such Person or of all or any substantial part of its assets, domestic or foreign; (e) admit in writing its inability to pay its debts as they become due; (f) make a general assignment for the benefit of creditors; (g) make a conveyance fraudulent as to creditors under any applicable law; or (h) take any action for the purpose of effecting any of the foregoing; or (ii) that a case or other proceeding shall be commenced against the Person or any subsidiary of such Person in any court of competent jurisdiction, or through any regulatory agency or body, seeking: (a) relief under the Bankruptcy Code of 1978, as amended, or other federal bankruptcy laws (as now or hereafter in effect) or under any other applicable laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or composition, or adjustment of debts; or (b) the appointment of a trustee, receiver, custodian, liquidator or the like of such Person or of all or any substantial part of the assets, domestic or foreign, of such Person or any other similar conservatorship or receivership proceeding instituted or administered by any regulatory agency or body.

**Batch:** The accumulated Card Transactions stored in the POS Device or Host computer.

**Batch Header:** A summary, similar to a deposit slip, of a group of Card Transactions accepted by a Merchant who does not process Transactions electronically. It is attached to the Transaction Receipts when they are sent to the paper processor.

**Bill Payment:** PIN-less Debit Card payment Transactions resulting in funds transfer from Cardholders to Merchants in connection with payments for recurring services (excluding casual or occasional purchases) for which a corresponding invoice is periodically presented to the Cardholder by the Merchant, and which Transaction is initiated via a telephone (Voice Recognition Unit, Interactive Voice Recognition) or Internet device.

**BIN:** See Bank Identification Number.

**Card:** A plastic card issued by a bank or other financial institution, or by a Card company (e.g., Discover Network, Visa and MasterCard Credit Cards and Debit Cards), that allows a Cardholder to pay for purchases by credit, charge, or debit.

**Card Present:** The processing environment where the Payment Device is physically presented to the Merchant by the Cardholder as the form of payment at the time of Transaction.

**Card Not Present:** The processing environment where the Payment Device is not physically presented to the Merchant by the Cardholder as the form of payment at the time of the Transaction. Card Not Present includes, but is not limited to, Mail Order (MO), Telephone Order (TO), and Electronic Commerce (EC).

**Cardholder:** (i) the individual in whose name a Payment Device has been issued; and (ii) any individual who possesses or uses a Payment Device and who purports to be the person in whose name the Payment Device was issued or who purports to be an authorized user of the Payment Device.

**Cardholder Information Security Program (CISP):** The data security regulations required by Visa to protect Cardholder account data and other data security best practices. The exact requirements for CISP can be found at [www.visa.com/cisp](http://www.visa.com/cisp).

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**Card Identification Number (CID) or Card Validation Code (CVV2/CVC2):** A number printed on a Card and used as additional verification for Card Not Present Transactions. For American Express this is a four-digit code printed above the Card account number. For Visa, MasterCard and Discover Network this is a three-digit card code value printed on the signature panel of the Card.

**Card Imprint:** See Imprint or Imprinter.

**Card Rules:** The Credit Card Rules and Debit Card Rules, collectively.

**Card Validation Code:** See Card Identification Number.

**Cash Advance:** A Transaction in which a Cardholder receives cash from a financial institution or an ATM.

**Chargeback:** A Transaction disputed by a Cardholder or Issuer pursuant to the Payment Network Regulations.

**Chip:** A microchip that is embedded in a Card that contains Cardholder data in an encrypted format.

**Chip and PIN Technology:** Any technology in whatever form introduced by any Payment Network which employs Chip embedded Cards and/or the use of a PIN in conjunction with, or in replacement of, a manual signature of Cardholder.

**Chip Card:** A Card embedded with a Chip that communicates information to a Chip-Reading Device.

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

**CID:** See Card Identification Number.

**Code 10 Authorization:** An Authorization or an “additional verification step” obtained for a suspicious or questionable Transaction, Card, or Cardholder.

**Compliant Chip Card:** A Chip Card that complies with all Payment Network Regulations.

**Confidential Information:** All information or items proprietary to any party to the Agreement, of which the other party to the Agreement obtains knowledge or access as a result of the relationship formed as a result of the Agreement, including, but not limited to, the following types of information and other information of a similar nature (whether or not reduced to writing): scientific, technical, or business information, product makeup lists, ideas, concepts, designs, drawings, techniques, plans, calculations, system designs, formulae, algorithms, programs, software (source and object code), hardware, manuals, test procedures and results, identity and description of computerized records, identity and description of suppliers, customer lists, processes, procedures, trade secrets, “know-how,” marketing techniques and material, marketing and development plans, price lists, pricing policies, and all other financial information.

**Contactless:** A payment card or key fob equipped with a chip and antenna that securely communicates Cardholder account information via radio frequency to a POS Device.

**Convenience Fee:** A fee charged by Merchant for an added convenience to the Cardholder for the use of a Payment Device in a Transaction in accordance with the Payment Network Regulations.

**Copy Request:** See Retrieval Request.

**Coverage Area:** The geographic area in which wireless Transaction processing is available to Merchant.

**Credit Card:** A card or device associated with a revolving line of credit that may be used to purchase goods and services from Merchant or to pay an amount due to Merchant or to obtain cash advances. A “Credit Card” includes any of the following cards or devices that are associated with a line of credit extended to the Person to whom the card or device is issued: (i) a Visa card or other card or device bearing the symbol(s) of Visa U.S.A., Inc. or Visa International, Inc. (including Visa Gold cards); (ii) a MasterCard card or other card or device bearing the symbol(s) of MasterCard International Incorporated (including MasterCard Gold cards); (iii) a Discover Network card or other card or device bearing the symbol(s) of Discover Network; or (iv) any card or device bearing the symbol of any other Credit Card Association.

**Credit Card Associations:** (i) Visa; (ii) MasterCard; (iii) American Express; (iv) Discover Network; (v) Diners; (vi) JCB; (vii) UnionPay; and (viii) any other organization or association that hereafter contracts with Servicer and/or Member to authorize, capture, and/or settle Transactions effected with Credit Cards or signature-based Debit Cards issued or sponsored by such organization or association, and any successor organization or association to any of the foregoing.

**Credit Card Rules:** All applicable rules and operating regulations of the Credit Card Associations, and all rules, operating regulations, and guidelines for Credit Card Transactions issued by Servicer from time to time, including, without limitation, all amendments, changes and revisions made thereto from time to time.

**Credit Transaction Receipt:** A document, in paper or electronic form, evidencing a Merchant's refund or price adjustment to be credited to the Cardholder's account and debited from the Merchant's DDA. This is also known as a credit slip or credit voucher.

**CVV2/CVC2:** See Card Identification Number.

**Customer:** A client of Merchant who elects to conduct a payment Transaction with Merchant through presentation of a Payment Device (including a Cardholder).

**DDA:** See Demand Deposit Account.

**Debit Card:** A card or device bearing the symbol(s) of one or more EFT Networks or Credit Card Associations, which may be used to purchase goods and services from Merchant or to pay an amount due to Merchant by an electronic debit to the Cardholder's designated deposit account. A "Debit Card" includes (i) a card or device that bears the symbol of a Credit Card Association and may be used to conduct signature-based, offline debit Transactions, and (ii) a card or device that bears the symbol of an EFT Network and can be used to conduct PIN-based, online debit Transactions.

**Debit Card Rules:** All applicable rules and operating regulations of the EFT Networks and Credit Card Associations, and all rules, operating regulations, and guidelines for Debit Card Transactions issued by Servicer from time to time, including, without limitation, all amendments, changes, and revisions made thereto from time to time.

**Declined Code:** An Authorization Code indicating that the Transaction is declined and the Card is not to be honored

**Declined Pick-Up Code:** An Authorization Code indicating that the Transaction is declined and the Card should be retained by the Merchant.

**Demand Deposit Account (DDA):** The commercial checking account at a financial institution acceptable to Servicer and Member designated by Merchant to facilitate payment for Transactions, Chargebacks, returns, adjustments, fees, fines, penalties, and other payments due under the Agreement. In the instance of a Debit Card or ATM Card, this refers to the Cardholder's deposit account.

**Diners:** Diners Club International Ltd.

**Discount:** A type of fee paid by a Merchant to process its Card Transactions. Discount is calculated by multiplying the Discount rate by the volume of Card Transactions.

**Discover:** DFS Services LLC.

**Discover Network:** The payment network operated and maintained by Discover.

**Doing Business As (DBA):** The trade name of a Merchant that may appear on business signs, customer literature, or other documents.

**Dynamic Currency Conversion (DCC):** The conversion of the purchase price of goods or services from the currency in which the purchase price is displayed to another currency as agreed to by the Cardholder and Merchant. That currency becomes the Transaction currency, regardless of the Merchant's local currency.

**EBT:** See Electronic Benefits Transfer Service.

**EBT Card:** A card utilized for electronic benefits transfers.

**ECS:** See Electronic Check Service.

**ECS Association:** NACHA, any regional ACH association or network, and any other organization or association used by Servicer and/or Member in connection with the ECS that is hereafter designated as an ECS Association by Servicer from time to time.

**ECS Rules:** All applicable rules and operating regulations of or applicable to the ECS Associations (including the ACH Rules) and the ECS MOG, in each case including without limitation, all amendments, changes, and revisions made thereto from time to time.

**EFT Networks:** (i) Interlink Network Inc., Maestro U.S.A., Inc., STAR Networks, Inc., NYCE Payments Network, LLC, PULSE Network LLC, ACCEL/Exchange Network, Alaska Option Services Corporation, Armed Forces Financial Network, Credit Union 24, Inc., NETS, Inc., SHAZAM, Inc., and Interac and the Interac Direct Payment service; and (ii) any other organization or association that hereafter authorizes the Servicer and/or Member to authorize, capture, and/or settle Transactions effected with Debit Cards, and any successor organization or association to any of the foregoing.

**EGC:** See Electronic Gift Card.

**Electronic Benefits Transfer Service (EBT):** A service that allows electronic transfer of government funds to individuals through the use of a plastic debit-like Card and a Personal Identification Number (PIN). The federal government requires all states to distribute food stamps and cash benefits in this manner. The EBT Card may then be used for qualified purchases at merchant locations.

**Electronic Check Service (ECS):** The service offering by Servicer pursuant to which Transactions effected via an ACH Payment Device are presented for clearing and settlement through the ACH Network or alternate clearing channel as described in the ECS Merchant Operating Guide (ECS MOG).

**Electronic Commerce Transaction:** A Transaction that occurs when the Cardholder uses the Internet to make a purchase from a Merchant or Merchant uses the Internet to submit the Transaction for processing.

**Electronic Gift Card (EGC):** A special card purchased by a Customer or provided by Merchant to a Customer that is redeemable for merchandise, services or other Transactions. A program that allows a Merchant to sell Electronic Gift Cards redeemable for in-store merchandise or services.

**Embossing:** The process of printing data on a Card in the form of raised characters so the Card may be used in the imprinting of Transaction Receipts.

**Encryption:** A security or anti-fraud technique that scrambles data automatically in the POS Device before the data is transmitted. For example, PINs are encrypted when transmitted for Authorization.

**Equipment:** The equipment identified on Schedule A, Schedule of Fees, to the Agreement, including: (i) for Satellite Services, satellite communication services equipment, and VSATs; (ii) for SmartLink Services, SmartLink payment gateway devices; or (iii) for Voyager Card Acceptance or Wright Express Card Acceptance, Fleet terminals.

**Factoring (Laundering):** Processing Transactions for another person or business through a Merchant's account.

**High-Risk Payment Service Provider:** A Payment Service Provider that facilitates Transactions on behalf of high-risk Sponsored Merchants, as specified in Chapter 19 of this Merchant Operating Guide.

**Hologram:** A three-dimensional image included on a Card to discourage counterfeiting.

**Host:** The central server we use to store Merchant information and to route information between the Merchant and the Issuers.

**Imprint:** The physical impression made from a Card on the Transaction Receipt, which may be used to prove that the Card was present when the sale was made.

**Imprinter:** A device used by Merchants to make an Imprint on a Transaction Receipt.

**Interac:** Interac Association.

**Interac Online:** The service provided by Interac to permit Customers to pay for goods and services over the



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Internet and directly from the Customer's bank account.

**Interac Online Rules:** All applicable rules and operating regulations of the Acxsys Corporation, including, but not limited to, the Interac Online Functional Specifications, the Interac Online Operating Regulations, the Interac Online Customer Service Rules, and the Interac Online By-laws, the Trade-mark License Agreement, the Canadian Code of Practice for Consumer Protection in Electronic Commerce (<http://cmcweb.ca/epic/internet/incmc-cmc.nsf/en/fe00064e.html>) and any other directive, guideline or policy passed by resolution and promulgated by the Acxsys Corporation and all applicable federal and provincial laws, and all rules, operating regulations, and guidelines for Interac Online Transactions issued by Servicer from time to time, including, without limitation, all amendments, changes, and revisions made thereto from time to time.

**Interchange:** The clearing and settlement system for Visa and MasterCard Credit Cards and Debit Cards and, where applicable, Discover Network Credit Cards and Debit Cards, where data is exchanged between the Servicer and the Issuer.

**Interchange Fees:** The amount paid by the Servicer to the Issuer on each Transaction. Interchange Fees vary according to the type of Merchant and the method of processing.

**Internet Payment Screen.** The screen displayed to a Cardholder during an Internet PIN-less Bill Payment Transaction payment process which allows the Cardholder to select the payment method and to confirm understanding and agreement with payment terms, shipping and return policy.

**Issuer:** The financial institution or other entity that issued the Credit Card or Debit Card to a Cardholder.

**Laundering:** See Factoring.

**JCB:** JCB International Co., Ltd.

**Laws:** All applicable local, state, and federal statutes, regulations, ordinances, rules, and other binding law in effect from time to time.

**Magnetic Stripe:** A stripe of magnetic material affixed to the back of a Card that contains Cardholder account information.

**Magnetic Swipe Authorization:** An electronic Authorization request generated when a Merchant swipes the Cardholder's Card through the POS Device. The POS Device reads the Cardholder information from the Magnetic Stripe on the Card and then dials out to the Authorization Center to obtain an Authorization Code.

**Mail Order/Telephone Order (MO/TO) Transaction:** For MO, a Transaction that occurs when the Cardholder uses the mail to make a payment to a Merchant and for TO, a Transaction that occurs when the Cardholder uses a telephone to make a payment to a Merchant.

**Manual Entry Authorization:** An Authorization request generated when the Merchant key-enters the Cardholder's Card number, expiration date, and sales amount into the POS Device (e.g., when the POS Device is unable to read the Cardholder information from the Magnetic Stripe on the Card). The POS Device then dials out to the appropriate Authorization Center to obtain an Authorization Code.

**MasterCard:** MasterCard International Incorporated.

**Member:** A financial institution designated by us that is a principal, sponsoring affiliate or other member of Visa, MasterCard or other member of the applicable Payment Network. The Member may be changed by Servicer at any time and the Merchant will be provided notice of same.

**Merchant:** The business entity that provides goods and/or services to Customers.

**Merchant Application:** The Merchant Application and any additional document containing information regarding Merchant's business that is submitted to Servicer and Member in connection with Merchant's application for processing services, including documents submitted by Merchant as a part of the bid process, if applicable.

**Merchant Category Code (MCC).** The four-digit code and corresponding definition assigned to each Merchant that describes the type of business in which the Merchant is engaged.

**MerchantConnect:** A Web-based Transaction reporting and reconciliation system used to manage Transaction data from multiple locations or multiple merchant accounts via any standard Web browser (e.g., Internet Explorer).

**Merchant Identification Card:** A plastic card issued to the Merchant that contains the Merchant's Identification Number, name, location, and DDA number.

**Merchant Identification Number (MID):** A unique identification number assigned to a Merchant to identify its business (also referred to as the "Merchant Account").

**Merchant Operating Guide (MOG):** The operating manual provided by Servicer to Merchant that prescribes rules and procedures governing the Transactions. The MOG may be amended from time to time by Servicer in its sole discretion, which amendments will be effective upon notice to Merchant.

**Merchant Plate:** A plastic or metal plate affixed to the Imprinter that contains Merchant information such as the Merchant name, MID, city and state, and a Discover or American Express account number, if applicable.

**Merchant Statement:** A monthly summary of activity in a Merchant account.

**MO/TO:** Mail Order/Telephone Order.

**Multi-Currency Pricing (MCP):** A Transaction in which Merchant displays the price of goods or services in a currency other than, or in addition to, Merchant's local currency. No Dynamic Currency Conversion (DCC) is conducted.

**NACHA—The Electronic Payments Association:** The national association that establishes standards, rules, and procedures governing the ACH Network, including the ACH Rules.

**Negative Deposit:** When the dollar amount of Credit Transaction Receipts exceeds the dollar amount of Transaction Receipts submitted for processing.

**No Signature Required Program:** A specific program offering by a Credit Card Association that includes required criteria that must be met by the Merchant in order to submit No Signature Required Transactions and obtain some protection from Chargebacks.

**No Signature Required Transaction:** A Card Transaction that does not require Merchant to obtain a Cardholder signature on a Transaction Receipt because the Merchant and the Transaction satisfy the requirements of a No Signature Required Program.

**Payment Card Industry (PCI) Data Security Standard:** The data security regulations, including maintaining Cardholder account data in a secure environment, and other data security best practices endorsed by the major card associations including Visa and MasterCard, as such may be amended from time to time. Visa requires that Merchants and their agents comply with CISP and MasterCard requires that Merchants and their agents comply with SDP.

**Payment Device:** Any device used for the purpose of obtaining credit or debiting a designated account including a Credit Card, Debit Card, and any other financial transaction device, including an Electronic Gift Card, check (whether converted into electronic form or used as a source document for an electronic fund transfer), EBT Card, stored value card, "smart" card, or other device created to be used for the purpose of obtaining credit or debiting a designated account, that is now or hereafter effected through Transactions with Merchants.

**Payment Network:** Any Credit Card Association, EFT Network, ECS Association, governmental agency or authority, and any other entity or association that issues or sponsors a Payment Device.

**Payment Network Regulations:** Individually and collectively, as the context may dictate, the Credit Card Rules, the Debit Card Rules, and/or the ECS Rules.

**Payment Service Provider:** A merchant that is registered by Elavon and Member with the Payment Networks to facilitate Transactions on behalf of Sponsored Merchants.

**Person:** Any individual, firm, corporation, business trust, partnership, governmental agency or authority, or other entity and shall include any successor (by merger or otherwise) of such entity.

**Personal Identification Number (PIN):** A number that must be entered by a Cardholder in order to complete certain types of Transactions (e.g., online debit, EBT).

**Petroleum Services:** Processing Services provided by Servicer to Merchants engaging in Transactions related to petroleum products or services, including Satellite Services, SmartLink Services, Voyager Card Acceptance, and Wright Express Card Acceptance.

**PIN:** See Personal Identification Number.

**PIN Pad:** A secure device with an alphanumeric keyboard which conforms with the Debit Card Rules and applicable standards administered by the Payment Card Industry Security Standards Council, and requirements established from time to time by Servicer, and through which a Cardholder may enter a PIN.

**POS Device:** A terminal, software, or other point-of-sale device at a Merchant location that conforms with the requirements established from time to time by Servicer and the applicable Payment Network.

**Pre-authorized Order:** A written or electronic authorization by a Cardholder allowing a Merchant to charge his or her Card at a future date.

**Prepaid Card:** A card having available funds paid for in advance by the Cardholder.

**Priority Check-Out and Express Return Service:** A Visa service provided by lodging Merchants, hotels, cruise lines, or car rental companies that allows a Cardholder to authorize the use of their Card for payment of the total obligation to the Merchant, with or without prior knowledge of the total amount, by signing a completed agreement.

**Program:** The Payment Device processing services and other related products and services received by Merchant pursuant to the Agreement.

**Proper Authorization:** Receipt of an authorization approval code by use of a POS Device or the telephone authorization center provided for authorization referrals.

**Quasi-Cash Transactions:** Transactions representing a Merchant's sale of items that are directly convertible to cash.

**Recurring Payments:** A Transaction charged to the Cardholder (with prior written or electronic permission to a Merchant) on a periodic basis for recurring goods and services (e.g., monthly membership fees, utility bills, subscriptions).

**Referral Code:** An Authorization Code indicating that the Issuer is requesting that the Merchant call the Voice Authorization Center, which will either provide an Approval Code or ask the Merchant to request additional information from the Cardholder (e.g., mother's maiden name).

**Reserve Amount:** The amount established pursuant to the calculation set forth in the TOS.

**Retrieval Request:** A request initiated by a Cardholder or Issuer that requires the Merchant to produce a legible copy of the Cardholder's signed Transaction Receipt within a specified period of time.

**Satellite Services:** Satellite operations for electronic payment processing including but not limited to Payment Card Transactions, provision of the space segment, and Equipment maintenance services.

**Servicer:** The entity that processes Transactions on behalf of the Merchant.

**Servicer Debit System:** Servicer's electronic Debit Card Transaction processing system for provision of Debit Card authorization, data capture, and settlement services.

**Settlement:** The process of submitting Transactions to the Servicer for processing.

**Site Data Protection Program (SDP):** MasterCard's data security regulations to protect Cardholder account data and other data security best practices. The exact requirements for SDP can be found at <https://sdp.mastercardintl.com>.

**SmartLink Services:** Internet based operations for electronic payment processing utilizing Equipment or Software, and including Software support and Equipment maintenance services.

**Software:** The software identified on Schedule A, Schedule of Fees, to the Agreement, including for SmartLink Services, SmartLink Access Module or other programs supplied by Servicer and used for Internet-based electronic payment processing.

**Split Sale:** A prohibited process by which Merchants use multiple Transaction Receipts to avoid Authorization for a single Transaction.

**Sponsored Merchant:** A merchant that, pursuant to an agreement with a Payment Service Provider, is authorized to accept Payment Devices when properly presented.

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**Sponsored Merchant Agreement:** An agreement between a Payment Service Provider and a Sponsored Merchant which shall be in a form disclosed to, and approved by Elavon and Member.

**T&E Merchant:** A Merchant whose primary function is to provide travel and entertainment related services.

**Transaction:** Any action by a Cardholder using a Payment Device and a Merchant that results in activity on the Cardholder's account (e.g., payment, purchase, refund, return, or debit).

**Transaction Data:** All data regarding the Transaction including, without limitation, the Cardholder account number, dollar amount of the Transaction, and the information stored in the Card's Magnetic Stripe.

**Transaction Date:** The date that a Transaction occurs.

**Transaction Receipt:** The paper or electronic record evidencing the purchase of goods or services from, or payment to, a Merchant by a Cardholder using a Payment Device.

**TOS:** The Terms of Service and all additions to, amendments, and modifications of, and all replacements to the TOS, as applicable.

**UnionPay:** China UnionPay Co., Ltd.

**Value Added Servicer:** Any entity that stores, processes, or transmits card data or transaction data on behalf of Merchant or that provides software to Merchant for transaction processing, storage, or transmission, except to the extent such services are performed by the entity in its capacity as an agent of Servicer performing Servicer's obligations under the Agreement.

**Virtual Merchant Services:** The delivery of payment acceptance and processing services by Servicer through Servicer's Virtual Merchant interface in accordance with this MOG and the Virtual Merchant documentation provided by Servicer to Merchant, as the same may be updated by Servicer from time to time.

**Visa:** Visa U.S.A., Inc.

**Voice Authorization:** An Authorization process whereby a Merchant calls the Voice Authorization Center and provides Cardholder and purchase information over the telephone. The Voice Authorization Center then provides an Authorization Code to the Merchant.

**Voice Authorization Center:** The center that conducts Voice Authorization for Card Transactions.

**Voyager Card Acceptance:** The program whereby Merchant may accept Voyager commercial fleet cards.

**VSAT:** Very Small Aptitude Terminal.

**Wireless POS Device:** A POS Device that allows wireless processing.

**Wright Express Card Acceptance:** The program whereby Merchant may accept Wright Express commercial fleet cards.