



Your Payments Acceptance Guide



WELCOME



From start to finish *A guide to accepting cards*

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

To help you navigate more easily and find the information you need when you need it, we've organized the guide into three parts. At the end of the guide, you'll also find information specific to processing American Express and Discover payments.

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

American Express	https://www.americanexpress.com/canada/
Discover Financial Services	https://www.discoverglobalnetwork.com/canada/
Interac	https://www.interac.ca
Mastercard Worldwide	https://www.mastercard.ca/en-ca.html
Visa Inc.	https://www.visa.ca/

YOUR PAYMENTS ACCEPTANCE GUIDE

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Part I





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

1 Use of Payments Organizations' Brands

DO'S

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

DON'TS

- don't indicate that we or any payment organization endorses your goods or services.
- don't use the trademarks of any payment organization after: your right to accept the cards of that payment organization has ended; or that payment organization has notified you to stop using their trademarks.
- don't use the trademarks of ours or of the payment organizations in any way that injures or diminishes the goodwill associated with the trademarks.
- don't use our trademarks or the trademarks of the payment organizations in any manner, including in any advertisements, displays, or press releases, without our prior written consent.
- For special rules applying to the treatment of the American Express brand, please visit <https://www.americanexpress.com/canada/>.

2 Point of Sale (POS) Reminders

You must clearly and conspicuously:

- disclose all material terms of sale prior to obtaining an authorization;
- at all points of interaction inform cardholders which entity is making the sales offer, so that the cardholders can clearly distinguish you from any other party involved in the interaction; and
- disclose any discount/incentive for customers to pay with cash, check, credit card or debit card and so on. Any such discount/incentive must be offered to all customers with no special treatment for any card brand or card issuing bank.
- do not set minimum or maximum transaction amounts for any credit or debit card
- ensure you settle (balance) your terminals every day'

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

- a complete description of the goods or services offered;
- details of your (i) delivery policy; (ii) consumer data privacy policy; (iii) cancellation policy; and (iv) returns policy;
- the transaction currency (Canadian dollars, unless permission is otherwise received from Servicers);
- the Customer Service contact, including email address and/or telephone number;
- your address, including country;
- the transaction security used on your website;



- any applicable export or legal restrictions;
- your identity at all points of interaction with the cardholder; and
- the date on which any free trial period ends.

If you limit refund/exchange terms or impose other specific conditions for card sales, you must clearly print (in 1/4" letters) the words "No Exchange, No Refund," etc. on the sales receipt near or above the cardholder's signature, both on the cardholder's copy and your copy.

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

3

Validating the Cards

Transactions where the cardholder is present - 'Card Present' transactions

You must check the card if the cardholder is present at the point of sale:

- capture card data using the POS device by swiping the card (magnetic stripe), tapping the contactless card or inserting the chip card.
- ensure that the cardholder either enters their PIN using the keypad or provides their signature;
- verify that the signature is identical to the name and signature on the card (if a signature is provided);
- verify the card's valid from date (if applicable) and the expiration date;
- verify that the card number and expiration date on the card are the same as on the transaction receipt and the number displayed on the POS device;
- verify that the name on the transaction receipt is the same as the name on the front of the card (if applicable); and
- ensure that the cardholder appears to be the person shown in the photograph (for cards with a photograph of the cardholder).

If the signature panel on the card is blank, you must:

- review positive identification bearing the cardholder's signature (for example, a current passport or driver's license) to validate the cardholder's identity;
- require the cardholder to sign the signature panel of the card prior to completing the transaction

Transactions where the cardholder is not present - 'Card Not Present' transactions

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

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

DO'S

- do obtain the card account number, name as it appears on the card, expiration date of the card, and the cardholder's statement address.
- do use the Address Verification Service (AVS). If you do not have AVS, contact Customer Service immediately.
- do use the Card Security Code (CVV2/CVC2/CAV2/CID) verification service.
- do clearly print the following on the sales receipt, and provide a copy to the cardholder at the time of delivery:
 - » the last four digits of the cardholder's account number;
 - » the date of transaction;
 - » a description of the goods and services;
 - » the amount of the transaction (including shipping, handling, insurance, etc.);
 - » the cardholder's name, billing address and shipping address;



- » the authorization code;
 - » your name and address (city and state required); and
 - » for mail orders write "MO" and for telephone orders write "TO" on the cardholder's signature line.
- do obtain proof of delivery of the goods or services to the address designated by the cardholder or, if the cardholder collects the goods or services in person, obtain an imprint of the card and the cardholder's signature.
 - do notify the cardholder of delivery time frames and special handling and/or cancellation policies.
 - do ship goods within seven (7) days from the date on which authorization was obtained. If delays are incurred (for example, out of stock) after the order has been taken, notify the cardholder and obtain fresh authorization of the transaction.
 - do use any separate merchant identification numbers provided to you for Internet orders in all your requests for authorization and submission of charges.
 - do provide at least one (1) month's prior written notice to your acquirer of any change in your Internet address.

DON'TS

- don't exceed the percentage of your total payment card volume for Card Not Present sales, as set out in your application.
- don't submit a transaction for processing until after the goods have been shipped or the service has been provided to the cardholder - the only exception to this is where the goods have been manufactured to the cardholder's specifications and the cardholder has been advised of the billing details. don't accept card account numbers by electronic mail.
- don't require a cardholder to complete a postcard or other document that displays the cardholder's account number or card security code such as CVV2, CVC2, CAV2, and CID value in clear view when mailed or send any mailing to a cardholder that displays personal information in clear view.

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

Address Verification Service (AVS) (and other fraud mitigation tools such as Verified by Visa®, MasterCard® Secure Code, Card Validation Codes and Card Identification) does not guarantee against chargebacks; but, if used properly, it assists you in reducing the risk of fraud by confirming whether certain elements of the billing address provided by your customer match the billing address maintained by the card issuing bank. AVS also may help you avoid incurring additional interchange expenses. AVS is a separate process from obtaining an authorization and will provide a separate response. A transaction may be authorized regardless of the AVS response. It is your responsibility to monitor the AVS responses and use the information provided to avoid accepting high-risk transactions.

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

For more information about Discover Network transactions, please refer to <https://www.discoverglobalnetwork.com/canada/>.

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Transaction Guidelines

DO'S

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

DON'TS

- don't set a minimum transaction amount for any credit or debit card.
- don't set a maximum transaction amount for any credit cards.
- don't establish any special conditions for accepting a card .
- don't make any cash disbursements or cash advances to a cardholder as part of a transaction.



- don't accept any direct payments from cardholders for goods or services which have been included on a sales draft;
- don't require a cardholder to supply any personal information for a transaction (for example, phone number, address, driver's license number) unless (i) instructed by the Voice Authorization Center; (ii) presented an unsigned card; or (iii) processing a Card Not Present transaction don't submit any transaction representing the refinance or transfer of an existing cardholder obligation which is deemed uncollectible, for example, a transaction that has been previously charged back, or to cover a dishonored check.
- don't submit sales drafts or credit drafts transacted on the personal card of an owner, partner, officer or employee of your business establishment or of a guarantor who signed your application form, unless such transaction arises from a bona fide purchase of goods or services in the ordinary course of your business.
- don't carry out factoring, that is, the submission of authorization requests and/or sales drafts for card transactions transacted by another business.

5

Security

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

Please comply with the data security requirements shown below:

DO'S

- do install and maintain a secure firewall configuration to protect data.
- do protect stored data, and do encrypt transmission of data sent across open/public networks, using methods indicated in the Payment Card Industry Data Security Standard (PCI DSS) which is available at: www.pcisecuritystandards.org.
- do use and regularly update anti-virus software and keep security patches up-to-date.
- do restrict access to data by business "need to know". Assign a unique ID to each person with computer access to data and track access to data by unique ID.
- do regularly test security systems and processes.
- do maintain a policy that addresses information security for employees and contractors.
- do restrict physical access to cardholder information.
- do destroy or purge all media containing obsolete transaction data with cardholder information.
- do keep all systems and media containing card account, cardholder, or transaction information (whether physical or electronic) in a secure manner so as to prevent access by, or disclosure to any unauthorized party.
- do use only those services and devices that have been certified as PCI-DSS compliant by the payment organizations.
- do call us if your device is lost or stolen.

DON'TS

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

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



6 TransArmor Services

If you are receiving TransArmor services from us, the important DOs and DON'Ts listed below apply to you:

DO'S

- do comply with the payments organization rules, including PCI DSS.
- do demonstrate and maintain your current PCI DSS compliance certification. Compliance must be validated either by a Qualified Security Assessor (QSA) with corresponding Report on Compliance (ROC) or by successful completion of the applicable PCI DSS Self-Assessment Questionnaire (SAQ) or Report on Compliance (ROC), as applicable, and if applicable to your business, passing quarterly network scans performed by an Approved Scan Vendor, all in accordance with payments organization rules and PCI DSS.
- do ensure that all third parties and software that you use for payment processing comply with the PCI DSS.
- do deploy the data protection solution (including implementing any upgrades to such service within a commercially reasonable period of time after receipt of such upgrades) throughout your systems including replacing existing card numbers on your systems with tokens.
- do use the token in lieu of card numbers for ALL activities subsequent to receipt of the authorization response, including settlement processing, retrieval processing, chargeback and adjustment processing, and transaction reviews.
- do ensure that any POS device, gateway and/or VAR is certified by us for use with the data protection solution. If you are uncertain whether your equipment is compliant, contact a Customer Service representative at 888-263-1937.
- if you send or receive batch files containing completed card transaction information to/from us, do use the service provided by us to enable such files to contain only tokens or truncated information.
- do use truncated report viewing and data extract creation within reporting tools provided by us.
- do follow rules or procedures we may provide to you from time to time regarding your use of the data protection solution.
- do promptly notify us of a breach of any these terms.

DON'TS

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

7 Interac® Debit Cards

When accepting Interac® debit cards, you'll need to follow the specific requirements set out by Interac® as well as the general requirements set out in this section.

DO'S

- have customer enter PIN as prompted by the terminal.

DON'TS

- don't process a credit card transaction in order to provide a refund on a debit card transaction.
- don't accept the PIN from the cardholder verbally or in written form.
- don't assist cardholder with PIN entry.
- don't manually enter the account number for PIN debit transactions. Manual transactions are not supported for Interac Debit.



YOU ARE RESPONSIBLE FOR SECURING YOUR POS DEVICES AND FOR IMPLEMENTING APPROPRIATE CONTROLS TO PREVENT EMPLOYEES OR OTHERS FROM SUBMITTING CREDITS AND VOIDS THAT DO NOT REFLECT BONA FIDE RETURNS OR REIMBURSEMENTS OF PRIOR TRANSACTIONS.

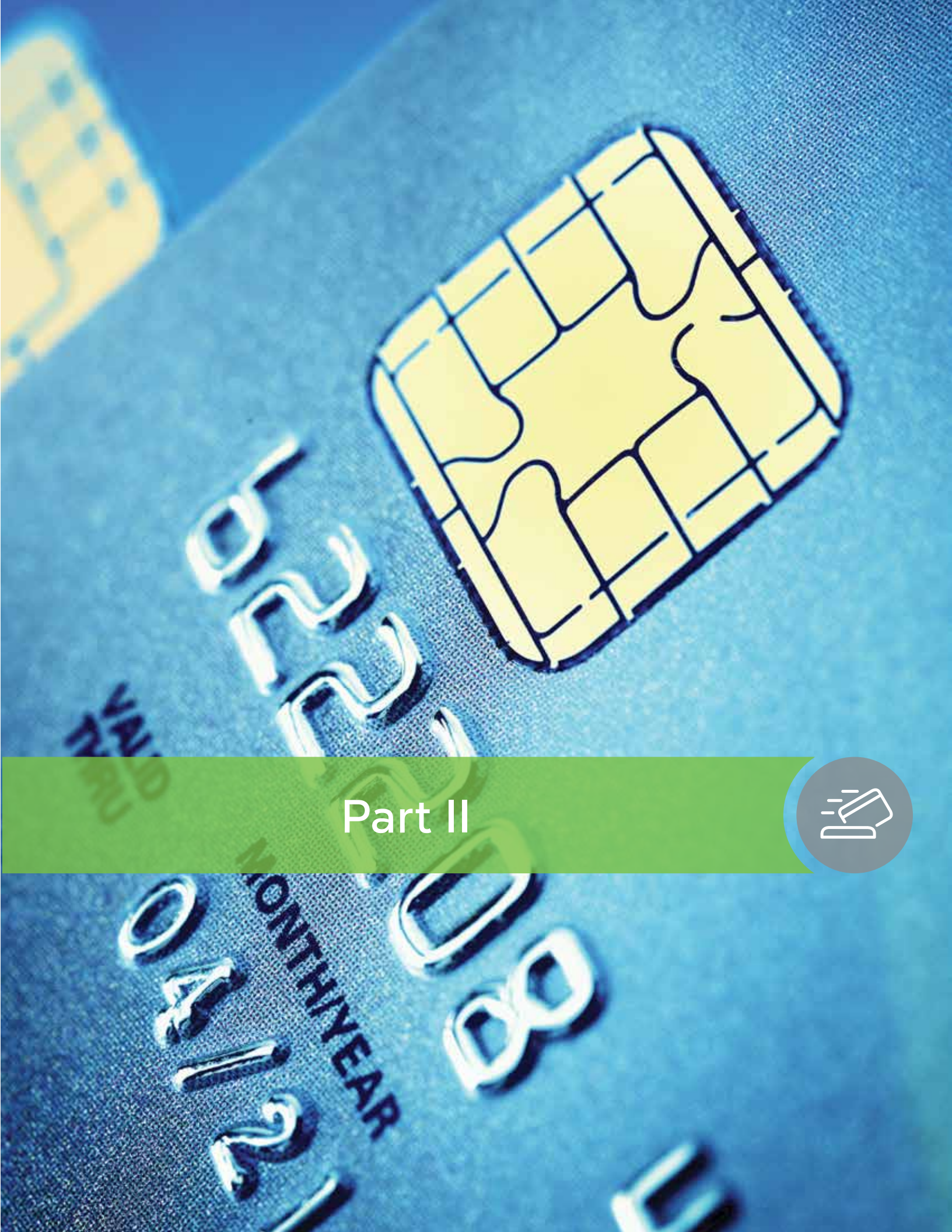
You may offer cash back to your customers when they make a PIN debit card purchase. You may set a minimum and maximum amount of cash back that you will allow. If you are not currently offering this service, your POS device may require additional programming to begin offering cash back.

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

An adjustment is a transaction that is initiated to correct a debit card transaction that has been processed in error. You are responsible for all adjustment and chargeback fees that may be charged by Interac®.

An adjustment may be initiated for many reasons, including:

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



Part II





This part of Your Payments Acceptance Guide reviews essential elements of a transaction, including authorizations, issuing refunds and exchanges, settlements and handling special transactions like recurring payments. You'll also find information about chargebacks and processes to put in place to avoid chargebacks. Feel free to contact Customer Service at 1-888-263-1938 with any questions that arise as you review this information.

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AUTHORIZATIONS

Have your Merchant ID (MID) available before calling the AUTHORIZATION CENTER at 1-800-370-0466.

Authorization via electronic devices

- You must obtain an authorization approval code for all transactions. You must also submit an authorization reversal if the authorization is no longer needed within 24 hours of the authorization.
- A positive authorization response remains valid for the timeframe set out in section 19: TimeFrames.
- An authorization approval code only indicates the availability of funds on an account at the time the authorization is requested. It does not indicate that the person presenting the card is the rightful cardholder, nor is it a promise or guarantee that you will not be subject to a chargeback and/or adjustment.
- You must not attempt to obtain an authorization approval code from anyone other than us, unless we have authorized you to use a third party authorization system.
- If you use Address Verification Services (AVS), you must review the AVS response separately from the authorization response and make your own decision about whether to accept the transaction. A transaction may receive an authorization approval code from the card issuing bank even if AVS is unavailable or reflects that the address provided to you does not match the billing address on file at the card issuing bank.
- If you receive a referral response to an attempted authorization, you **must not**:
 - » submit the transaction without calling for and receiving a voice authorization; and
 - » attempt another authorization on the same card through your POS device.
- You must not attempt to obtain multiple authorizations for a single transaction. If a sale is declined, do not take alternative measures with the same card to obtain an approval of the sale from other authorization sources. Instead, request another form of payment.
- If you fail to obtain an authorization approval code or if you submit a card transaction after receiving a decline (even if a subsequent authorization attempt results in an authorization approval code), your transaction may result in a chargeback and it may be assessed fines or fees by the payment organizations for which you will be responsible. Fees will vary based on your setup.
- You will be charged for a request for an authorization approval code (where applicable), whether or not the transaction is approved.
- For card present transactions, it is highly recommended that you use your electronic authorization device to swipe (magnetic stripe), tap/wave (contactless) or insert (chip) cards.

Card Not Present transactions

It is highly recommended that you obtain the three digit card verification code on the back of the card (or the four digit verification code on the front of American Express cards) and that you include this code with each Card Not Present authorization request unless the transaction is a recurring transaction.

Do not ask customers to provide CVV, CAV on paper forms.

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



Authorization via telephone (other than terminal/electronic device users)

- You must call your designated Voice Authorization Toll Free Number and enter the authorization information into the VRU using a touch tone phone or hold for an authorization representative.
- If the Voice Authorization Center asks you to obtain identification from the cardholder before issuing an approval code, you must clearly write the appropriate identification source and numbers in the space provided on the sales draft.
- If the Voice Authorization Center asks you to confiscate a card, do not take any action that will alarm or embarrass the card presenter, and send the card to First Data Canada at 2630 Skymark Ave. Suite 500, Mississauga Ontario L4W 5A4.
- If the sale is declined, please remember that our operators are only relaying a message from the card issuing bank. The fact that a sale has been declined must not be interpreted as a reflection of the cardholder's creditworthiness. You must instruct the cardholder to call the card issuing bank.

Authorization via electronic devices

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

Third Party authorization systems

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

- for MasterCard transactions, partial authorization is optional for batch authorized e-commerce transactions, mail order, telephone order transactions and recurring payment transactions.
- for Discover transactions, partial authorization support is optional for Card Not Present transactions. If you support partial authorizations, a partial authorization indicator must be included in each authorization request.

An authorization expires or the merchant must complete at \$0.00 if the Pre-Auth was completed via terminal or a Force Post if the Pre-Auth was completed over the phone. If you wish to support partial authorization functionality, you must contact Customer Service for additional rules and requirements.

9

Settlements

Settle (Balance) Your Terminal Daily

To help you avoid service disruptions, chargeback losses, additional fees and to help you maintain your cash flow please settle your terminal every day to ensure your account remains in good standing. Failure to settle your point-of-sale (POS) terminal or payment solution on a regular basis will result in expired transaction authorizations and puts your funds at risk and subject you to non-compliance fines.

Keeping your system balanced (settled) also provides the following benefits:

- **Maintain your Cash Flow:** Transactions processed through your point-of-sale (POS) terminal or payment solution are not paid until your batch is settled. To have your transactions sent to First Data systemically at the end of each night and to ensure you're being paid as quickly as possible, your POS should be set up to AUTSETTLE.
- **Avoid Additional Fees:** Mastercard® and Visa® expect authorizations to be closed daily. When authorizations are not settled within 3 days, they qualify as a higher risk transaction and an additional surcharge is applied for late payments.



- **Avoid Chargeback Losses:** The cardholder's Issuing Bank has a right to issue a chargeback (reverse a sale) if the authorization is not settled within 7 days and 30 days for pre-authorized transfers.

10 Special Types of Transactions

Payment by installments

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

DO'S

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

DON'TS

- don't submit sales data to First Data relating to the "balance" until the goods have been completely delivered or the services fully provided.

If delivery occurs after the timeframes set out in the "*Timeframes*" on page 27, you must obtain a new authorization for the unprocessed portion of the transaction prior to delivery. If the transaction is declined, contact the cardholder and request another form of payment.

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

Advance payment charges

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

- custom-orders (for example, orders for goods to be manufactured to a customer's specifications);
- ticketing for events or entertainment (for example, sporting events, or concerts);
- tuition, room, board, and other mandatory fees (for example, library or other students services fees at universities);
- tickets for airlines, rail lines, cruise lines, lodging, and other travel-related services (for example, tours or guided expeditions); and
- vehicle rentals; or
- in store merchandise not immediately available (for example, merchandise pre-purchased for an upcoming sale event or merchandise on layaway)

For all advance payment transactions:

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



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

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

For Card Not Present transactions involving an advance payment:

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

Recurring transactions

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

DO'S

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

DON'TS

- don't include partial payments for goods or services purchased in a single transaction.
- don't impose a finance charge in connection with the recurring transaction or preauthorized order.
- don't complete a recurring transaction after receiving a cancellation notice from the cardholder or card issuing bank or after a request for authorization has been denied.

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

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

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

If you or we have terminated your right to accept cards, you must not submit authorization requests or sales data for



recurring transactions that are due after the date of such termination.

For additional details regarding American Express transactions, please visit <https://www.americanexpress.com/canada/>.

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Sales Drafts

DO'S

- do prepare a sales draft for each transaction and provide a copy of the sales draft or transaction receipt to the cardholder at the time the card transaction is completed.
- do only collect transaction data provided directly to you by the cardholder.
 - » do include all of the following information on a single page document constituting the sales draft:
 - » the cardholder's account number;
 - » cardholder's signature, unless you participate in any of the 'no signature required' programs;
 - » date of the transaction;
 - » the total amount of the transaction, including any taxes to be collected, in the approved currency of the sale;
 - » description of the goods and/or services involved in the transaction—if there are too many items, combine them into one description; (for example, "clothing") to ensure that all information is contained on a single page;
 - » description of your merchandise return and credit/refund policy;
 - » a valid authorization code;
 - » Merchant's Doing Business As ("D/B/A") name and location (city and province required) and Merchant Identification Number; and
- if the card has a magnetic stripe and the POS device fails to read the magnetic stripe, or if you are required to obtain a voice authorization, you must also use a manual imprinting machine to make a clear impression of the card on the same side of the signed sales draft. If you work in the face-to-face sales environment, you may include the card verification code in the authorization request for US domestic key-entered transactions in lieu of taking a manual card imprint.

DON'TS

- don't include the card expiration date or any more than the last four digits of the card number in the copy of the sales draft which you provide to the cardholder.
- when imprinting sales drafts, you must not alter the cardholder account number, circle or underline any information on the sales draft or alter a sales draft in any way after the transaction has been completed and signed. Stray marks and other alterations on a sales draft may result in it becoming unreadable or illegible.

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Refunds

DO'S

- do provide clear instructions to your customers regarding returns, including the following:
 - » Customer Service telephone number;
 - » reference number for the return;
 - » expected processing time for the credit;
 - » return address, preferably on a pre-formatted shipping label (if applicable).
- do document your cancellation policy and terms and conditions on the contract the cardholder signs, or on your website, as applicable.



- do create a credit draft containing the following information for every refund:
 - » the account number and expiration date;
 - » the cardholder's name;
 - » your name, city, state and Merchant Identification Number (MID);
 - » a description of the goods or services;
 - » the transaction date of the credit; the total amount of the credit; and
 - » for Discover Network transactions, the approved currency used and the signature of your authorized representative or employee.
- do submit all credit drafts to us within the timeframes set out in the "*Timeframes*" on page 27;
- do submit each credit under the establishment where the credit originated;
- do provide full refunds for the exact dollar amount of the original transaction including tax, handling charges, etc., and in no circumstances provide a refund amount for more than the original card sale amount;
- do write clearly all amounts and other handwritten information - stray marks on the credit draft will render it illegible.
- if the card cannot be swiped for any reason, do imprint the credit draft with the same card used by the cardholder to make the original purchase when applicable.
- do ensure that the cardholder signs the credit draft, give the cardholder the appropriate copy, and deposit the credit draft immediately.

DON'TS

- don't circle or underline any information on the credit draft.
- don't credit an account that differs from the account used for the original transaction,
- don't include the card expiration date or any more than the last four digits of the card number in the copy of the credit draft which you provide to the cardholder,
- don't give cash, check credit refunds or other consideration for card sales,
- don't intentionally submit a sale and an offsetting credit at a later date solely for the purpose of debiting and crediting your own or a customer's account;
- don't process a credit transaction after a chargeback has been received.

Authorization is not required for credits.

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

For American Express transactions, please visit <https://www.americanexpress.com/canada/>.



13 Exchanges

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

For an uneven exchange, you must complete a credit draft, and follow the procedures outlined in the "Refunds" on page 16 for the total amount of the goods returned. The cardholder's account will be credited for that amount. Then, complete a new sales draft for the total amount of any new goods purchased.

14 Chargebacks, Retrievals and Other Debits

Chargebacks

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

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

- you adhere to the guidelines and procedures outlined in this guide;
- if you do receive a chargeback, investigate, and if you dispute the chargeback, submit the appropriate documentation within the required time frame;
- whenever possible, contact the cardholder directly to resolve the dispute (except with respect to a Discover Network cardholder with whom direct contact regarding the dispute is prohibited by Discover Network Card Organization Rules);
- If you have any questions or would like more information, call Customer Service at 1-888-263-1938.

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

Chargeback process

If the card issuing bank submits a chargeback, we will send you a chargeback notification, which may also include a request for transaction documentation. **Due to the short time requirements imposed by the payment organizations, it is important that you respond to a chargeback notification and transaction documentation request within the time frame set out in the notification.**

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

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



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

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

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

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

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

- the name of your business;
- the city, province, or country listed for your business;
- the transaction date.

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

MasterCard: If we reverse the chargeback and re-present the transaction to the card issuing bank, the card issuing bank, at its sole discretion, may elect to resubmit the chargeback. In such event, at our discretion, we will debit your settlement account or settlement funds for the chargeback. However, if you feel strongly that it is an invalid chargeback, we may, on your behalf and at your request, submit the matter for arbitration before MasterCard. MasterCard currently charges a filing fee and a review fee. **Whether or not a decision is made in your favor, you will be responsible for all such fees and charges, and any other charges imposed by MasterCard.** Such fees and charges will be debited from your settlement account or settlement funds, in addition to the chargeback.

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

CHARGEBACK REASONS

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

CHARGEBACKS DUE TO AUTHORIZATION

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

Likely scenario

- authorization was not obtained.
- authorization was declined.



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

Recommendations to reduce risk of chargeback

- obtain valid authorization on the day of the transaction.
- if you receive the following responses:
 - » **decline** - request another form of payment from the cardholder;
 - » **referral** - follow the voice procedures to obtain a valid authorization and obtain an imprint of the card;
 - » **"Pick-up"** - means that the card issuing bank is asking for the card to be returned - you must not accept the card for payment and, in addition, you may retain the card and return it to the card issuing bank.
- you must not exceed any predetermined thresholds for specific POS device types as specified by each payment organization.
- you must ship goods within the timeframe set in the "Timeframes" on page 27, after you have obtained authorization.

CHARGEBACKS DUE TO CANCELLATION AND RETURNS

Description: Credit was not processed properly or the cardholder has canceled and/or returned items.

Likely scenario

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

Recommendations to reduce risk of chargeback

- issue credit to the cardholder on the same account as the purchase in a timely manner.
- do not issue credit to the cardholder in the form of cash, cheque or in-store/merchandise credit as we may not be able to recoup your funds if the transaction is charged back.
- for recurring transactions ensure customers are fully aware of the conditions:
 - » cancel recurring transactions as soon as notification is received from the cardholder or as a chargeback, and issue the appropriate credit as needed to the cardholder in a timely manner; and
 - » notify the cardholder within 10 days (domestic) and 15 days (international) in advance of each billing, to allow the cardholder time to cancel the transaction.
- provide proper disclosure of your refund policy for returned/canceled merchandise, or services to the cardholder at the time of transaction. Card present, cardholder signed the sales draft containing disclosure.
- if applicable, the words "NO EXCHANGE, NO REFUND," etc. must be clearly printed in 1/4-inch lettering on the sales draft near or above the cardholder signature:
 - » Ecommerce, provide disclosure on your website on the same page as check out. Require the cardholder to click to accept prior to completion.
 - » Card Not Present, provide the cancellation policy at the time of the transaction.
- for any Travel & Entertainment (T&E) transaction, provide cancellation numbers to cardholders when the services are canceled.
- ensure delivery of the merchandise or services ordered to the cardholder.
- participate in recommended fraud mitigation tools.



CHARGEBACKS DUE TO FRAUD

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

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

- complete a retrieval request and/or provide a sales slip that contains all required data elements; and
- respond to all retrieval requests with a clear legible copy of the transaction document that contains all required data elements within the specified timeframe.

Likely scenario

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

Recommendations to reduce the risk of chargeback Card Present Transactions:

- obtain an authorization for all transactions.
- for recurring transactions ensure customers are fully aware of the conditions:
 - » cancel recurring transactions as soon as notification is received from the cardholder or as a chargeback, and issue the appropriate credit as needed to the cardholder in a timely manner; and
 - » notify the cardholder within 10 days (domestic) and 15 days (international) in advance of each billing, allowing the cardholder time to cancel the transaction.
- if you are utilizing an electronic device to capture card data, swipe, dip or wave all card transactions through your electronic authorization device to capture cardholder information. When applicable, ensure the displayed cardholder number matches the number on the card.
- You should avoid keying the card data into your electronic authorization device unless you are unable to capture the card data through one of the above methods. If you do key the card data into your electronic authorization device, it is highly recommended that you also key in the three or four digit verification code. Otherwise, you should, imprint the card using a valid imprinting device that will capture the embossed card and merchant information. You must write on the manually imprinted draft all pertinent information relating to the transaction (transaction date, dollar amount, authorization code and merchandise description) and obtain the cardholder signature. Do not alter the imprint on the draft in any way. You are not protected from this type of chargeback by manually entering the information into the POS device.

NOTE: Do not imprint on the back of a signed sales draft. The imprint must be on the transaction document that contains all transaction elements to prove the card was present at the time of the transaction.

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

Card Not Present Transactions:

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



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

- ensure you ship to the AVS confirmed address (bill to and ship to must match).
- obtain authorization for all transactions.
- ensure merchant descriptor matches the name of the business and is displayed correctly on the cardholder statement.
- ensure descriptor includes correct business address and a valid Customer Service number.

CHARGEBACKS DUE TO CARDHOLDER DISPUTES

Description: Goods or services not received by the cardholder, Merchandise defective or not as described.

Likely scenario

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

Recommendations to reduce such risk of chargeback

- provide Services or Merchandise as agreed upon and described to the cardholder; clearly indicate the expected delivery date on the sales receipt or invoice.
- contact the cardholder in writing if the merchandise or service cannot be provided or is delayed, and offer the cardholder the option to cancel if your internal policies allow.
- if the cardholder received defective merchandise or the merchandise received was not as described; resolve the issue with the cardholder at first contact.
- if the merchandise is being picked up by the cardholder, have them sign for the merchandise after inspecting that it was received in good condition.
- do not charge the cardholder until the merchandise has been shipped, according to the agreed upon terms, and a signed Proof of Delivery from the cardholder is obtained.
- if unable to provide services or merchandise, issue a credit to the cardholder in a timely manner.
- accept only one form of payment per transaction. Ensure the cardholder is only billed once per transaction.
- do not bill cardholder for loss, theft or damages unless authorized by the cardholder.
- ensure that a description of the service or merchandise provided is clearly defined.

CHARGEBACKS DUE TO PROCESSING ERRORS

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

Likely scenario

- the transaction was not deposited within the payment organization specified timeframe.
- the cardholder was issued a credit draft. However, the transaction was processed as a sale.
- the transaction was to be processed in a currency other than the currency used to settle the transaction.
- the account number or transaction amount used in the transaction was incorrectly entered.
- a single transaction was processed more than once to the cardholder's account.
- the cardholder initially presented the card as payment for the transaction. However, the cardholder decided to use an



alternate form of payment.

- a limited amount or self-service terminal transaction was processed for an amount over the pre-determined limit

Recommendations to reduce risk of chargeback

- process all transactions within the payment organization specified timeframes.
- ensure all transactions are processed accurately and only one time.
- if a transaction was processed more than once, immediately issue voids, transaction reversals or credits.
- ensure that credit transaction receipts are processed as credits and sale transaction receipts are processed as sales.
- ensure all transactions received a valid authorization approval code prior to processing the transaction. Also obtain a legible magnetic swipe or imprinted sales draft that is signed.
- do not alter transaction documentation or make any adjustments unless the cardholder has been contacted and agrees to modifications of the transaction amount.
- ensure limited amount, self-service and automated fuel dispenser terminals are set properly to conform to the pre-determined limits.

CHARGEBACKS DUE TO NON-RECEIPT OF INFORMATION

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

Likely scenario

- the transaction documentation was not provided to fulfill the retrieval request.
- the retrieval request was fulfilled with an illegible sales draft or was an invalid fulfillment (incorrect sales draft or the sales draft did not contain required information that may include signature).
- the cardholder does not recognize or is unfamiliar with the transaction due to the merchant name and/or location not matching the name and/or location where the transaction took place.

Recommendations to reduce such risk of chargeback

- provide a clear and legible copy of the sales draft that contains all required data elements within the required timeframe that is specified on the retrieval request.
- ensure that the most recognizable merchant name, location and/or Customer Service phone number is provided on all transactions.
- retain copies of all transaction documentation for the required timeframe that is specified by each payment organization.
- develop efficient methods to retrieve transaction documentation to maximize ability to fulfill requests.

15 **Suspect/Fraudulent Transactions**

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

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

Does the cardholder:

- appear nervous/agitated/hurried?
- appear to be making indiscriminate purchases (for example, does not care how much an item costs, the size, etc.)?
- make purchases substantially greater than your usual customer (for example, your average transaction is \$60, but this transaction is for \$360)?
- insist on taking the merchandise immediately (for example, no matter how difficult it is to handle, is not interested in free delivery, alterations, etc.)?



- appear to be purchasing an unusual amount of expensive items or the same items?
- take an unusual amount of time to sign the sales draft, or look at the back of the card as he signs?
- talk fast or carry on a conversation to distract you from checking the signature?
- take the card from a pocket instead of a wallet?
- repeatedly come back, in a short amount of time or right before closing time, to make additional purchases?
- cause an unusual, sudden increase in the number and average sales transactions over a one-to three-day period?
- tell you he has been having some problems with his card issuing bank and request that you call a number (that he provides) for a "special" handling or authorization?
- have a previous history of disputed charges?
- place orders to be shipped to an address other than the billing address, or use anonymous/ free email domains?
- place orders sent to zip codes or countries where you show a history of fraudulent claims?

Does the card:

- have characters the same size, height, style and all within alignment?
- appear to be re-embossed (the original numbers or letters may be detected on the back of the card)?
- have a damaged hologram?
- have a Magnetic Stripe on the back on the card?
- have an altered signature panel (for example, appear discolored, glued or painted, or show erasure marks on the surface)?
- have "valid from" (effective) and "valid thru" (expiration) dates consistent with the sale date?

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

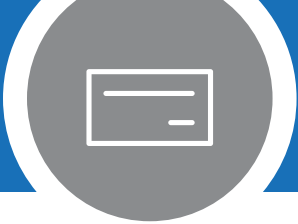
- frequently makes purchases and then returns the goods for cash;
- uses prepaid cards to purchase other prepaid cards;
- uses large numbers of prepaid cards to make purchases.

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



Part III





In this part of the guide you'll find helpful information about what to do if a card is left at your business, how long you must retain copies of records, how to return equipment and important transaction timeframes. This is also where you'll find additional guidelines for specific industries including but not limited to:

- Lodging
- Vending machines
- Travel & Entertainment
- Restaurants

If you'd like additional information about anything you've read in Your Payments Acceptance Guide, please contact Customer Service at 1-888-263-1938.

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Lost/Recovered Cards

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

Visa Global Customer Care Services	1-800-847-2911
Mastercard	1-800-307-7309
Discover	1-800-DISCOVER (1-800-347-2683)
American Express	1-800-668-2639

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Retention of Records

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

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

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

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

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Return of Equipment

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

You must include the following information in the shipping box:

- your name, address and phone number;
- the name of the person to contact if there are any questions;
- your Merchant Identification Number;
- the lease number (if applicable); and
- the serial number of the POS device (found on the underside of the POS device).

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



19 Timeframes

Authorizations

A positive (approved) authorization response remains valid for seven (7) days for MasterCard, Visa, Discover and American Express electronic processed transaction

- Pre-authorizations made for the Travel & Entertainment (T&E) industries are exceptions: these positive (pre-approved) authorization responses remains valid for thirty (30) days .

Delayed deliveries

If delivery is more than:

- seven (7) days for MasterCard, Visa, American Express and Discover Network transactions);
- after the original transaction date and the initial authorization request, you must reauthorize the unprocessed portion of the transaction prior to delivery.

Refunds

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

20 Additional Provisions for Specific Industries

Merchants in the lodging industry

There are additional rules and requirements that apply to merchants in the lodging industry for practices including, but not limited to, guaranteed reservations and charges for no shows, advance deposits, overbookings, and priority checkout. If you are a lodging merchant and wish to participate in the payment organization lodging services programs, please contact your sales representative or relationship manager for details and the appropriate payment organization requirements.

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

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

If a cardholder requests a cancellation in accordance with your cancellation policy and specified time frames, you must provide the cardholder with a cancellation number and instructions to retain a record of it.

If a cardholder requests a written confirmation of the cancellation, you must provide this confirmation to the cardholder within three (3) business days of such request. For the purposes of this section, a "business day" means Monday through Friday, excluding Bank holidays.

The cancellation confirmation must contain:

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



- any other pertinent information related to the reserved accommodations.

Pre-authorization for Travel & Entertainment (T&E) and restaurant merchants

If you are a business engaged in providing travel and/or entertainment services (for example, car rentals, hotels, motels, etc.) or a restaurant business, and engage in the practice of "pre-authorization" you must comply with the following general procedures:

- a hotel, motel, or car rental merchant may obtain an estimated authorization at the time of check-in.
- restaurants must not add an estimated tip amount to the authorization request beyond the value of the goods provided, or services rendered, plus any applicable tax.
- you must notify the cardholder of the dollar amount you intend to "Pre-Authorize".
- if the customer decides to use another form of payment (for example, cash, check, etc.) you must promptly call the Voice authorization Response Unit to delete the authorization hold. Provide the cardholder's account number, original dollar amount and date of the transaction, and the authorization code. If a new transaction takes place, a new imprinted and signed sales draft for the exact amount and a new authorization code for that amount must be obtained.
- VEHICLE RENTAL PROVIDERS MAY NOT INCLUDE POTENTIAL VEHICLE DAMAGE OR INSURANCE DEDUCTIBLES IN ANY PREAUTHORIZATIONS.
- if you receive a decline on a transaction, you must wait twenty-four (24) hours before attempting to reauthorize. If you reauthorize prior to this time frame and receive an approval, you may be subject to a chargeback and a fine imposed by the payment organizations.
- hotels, motels, and car rental merchants are allowed up to a 15% variance above the amount authorized. If the final amount charged to the cardholder exceeds the original estimate by more than 15% above the preauthorization, you must authorize any additional amounts, and all incremental authorization codes must be written in the authorization area along with the date of authorization and the amount authorized.
- pre-authorization for certain establishments services, are allowed up to a 20% (instead of 15%) variance above the amount authorized. If the final amount exceeds the amount "preauthorized" by more than 20%, you must authorize the additional amount. **Estimating the authorization amount to include a tip is prohibited.** The authorization request must include only the amount associated with the bill presented to your customer.
- you must obtain an authorization for the initial estimated charges and then monitor the charges to ensure that the actual charges made do not exceed the estimated charges. If the actual charges exceed the amount of the initial estimated authorization (and any subsequent estimated authorizations), then you must secure a positive authorization for the additional amount. Subsequent authorizations must only be for the additional amount of total charges, and must not include any amounts already authorized.
- the estimated amount of any pre-authorization for lodging accommodations must be based on
 - » (i) the intended length of stay; (ii) the room rate; (iii) applicable taxes and service charges; and (iv) other miscellaneous charges as dictated by experience.
 - » if an authorization request is declined, no charges occurring after that date will be accepted for that cardholder.
 - » you do not need to obtain a final authorization if the total sum of charges (the final amount) does not exceed 20% of the previously authorized charges. You must record the dates, authorized amounts, and their respective authorization approval codes on the sales draft(s).

Merchants operating vending machines

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