AMERICAN EXPRESS

Merchant Operating Guide

United States Region

October 2021

This guide is intended for use by Merchants that have entered into a legally binding Agreement with a Merchant Services Provider based in the United States Region to accept the American Express® Card.

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This document was published electronically on October 15, 2021 and will become effective immediately upon publication unless otherwise specified herein.

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Summary of Changes

Change Bars

Change bars are vertical lines in the left margin that identify revised, added, or removed text. All changes in the *Merchant Operating Guide* are indicated with a change bar as shown here:

Summary of Changes Table

Important updates are listed in the following table and are also indicated in the *Merchant Operating Guide* with a change bar.

Chapter	Section/Subsection	Description of Change
Chapter 1, "Introduction"	Section 1.4, "Changes in the Merchant Operating Guide"	Clarified language.
Chapter 2, "Doing Business with American Express"	Subsection 2.5.1, "Merchant Category Codes"	Updated MCC requirements.
	Subsection 2.5.2, "Compliance with Payment Product Terms and Conditions"	Clarified language.
Chapter 4, "Transaction Processing"	Section 4.3, "American Express Payment Options"	Included Debit Cards in our list of payment options.
	Section 4.8, "Charge Records"	• Clarified Charge Record requirements. • Added exclusion for split shipment Transactions.
	Section 4.18, "Recurring Billing Charges"	Clarified Recurring Billing requirement.
	Section 4.19, "Processing Prepaid Cards"	Added Prepaid Cards' requirements.
	Section 4.22, "Split Shipment Transactions"	Added requirements for split shipment Transactions section.
Chapter 5, "Authorizations"	Section 5.4, "Estimated Authorization"	Increased the Estimated Authorization percentage from 20% to 30% for restaurant and bars.

Chapter	Section/Subsection	Description of Change
Chapter 8, "Protecting Cardmember Information"	Section 8.2, "Definitions"	Updated definitions.
	Section 8.3, "Targeted Analysis Program (TAP)"	Revised existing policy around Targeted Analysis Program (TAP).
Chapter 10, "Risk Evaluation"	Section 10.2, "Prohibited Merchants"	Added/modified industries.
Chapter 12, "Specific Industries"	Subsection 12.12.1, "Lodging"	Relocated Estimated Authorization language to Section 5.4, "Estimated Authorization".
	Subsection 12.12.2, "Vehicle Rentals"	
Glossary of Terms		Added/modified definitions.

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Introduction

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1.1 About American Express

American Express was established more than 160 years ago and has undergone remarkable changes over the years. One characteristic has remained constant, however: our commitment to the core values of our founders. American Express is guided by a value system that is steadfastly focused on doing business in more than 130 countries around the globe with trust and integrity, delivering quality products and services to our valued customers.

The American Express Network operates worldwide, including in Territories where Applicable Law, or other considerations, may require that certain of our Affiliates or licensees act as Acquirers.

The Network also supports millions of Merchants globally and processes a vast number of Transactions daily, forging relationships between Cardmembers and Merchants. We help build the businesses of millions of Merchants, from neighborhood shops to multinational corporations.

1.2 About the Merchant Operating Guide

We are pleased to provide the *American Express Merchant Operating Guide*. It offers best practices, helpful tips, and available tools to assist your businesses. You can be more successful if you have access to and understand Card acceptance policies and procedures.

To serve all Merchants consistently, we require them to operate under the *Merchant Operating Guide*.

This *Merchant Operating Guide* sets forth the policies and procedures governing your acceptance of the American Express® Card. It is a part of, and is hereby incorporated by reference into, the Merchant Agreement with your Merchant Services Provider ("the Agreement"). You agree to be bound by and accept all provisions in the *Merchant Operating Guide* (as changed from time to time) as if fully set out in the Agreement and as a condition of your agreement to accept the Card.

You should consult with your Merchant Services Provider for further information about any policy or procedure contained in the *Merchant Operating Guide*.

1.2.1 Intended Audience for this Guide

This *Merchant Operating Guide* is intended for use by Merchants that have entered into a legally binding Agreement with a Merchant Services Provider based in the United States Region to accept the American Express® Card. While not an exhaustive list, qualifying Merchants:

- are physically located and maintain a bank account at a financial institution in the United States Region;
- have an estimated annual American Express Charge volume of less than USD $1,000,000; and,
- transact in U.S. currency (USD) only and receive payment from its Merchant Services Provider into a local bank account.

1.3 Organization of the Merchant Operating Guide

Information boxes like this one are displayed throughout the *Merchant Operating Guide* to highlight important information such as definitions, fraud alerts, helpful tips, and further information.

The *American Express Merchant Operating Guide* is designed to meet the needs of busy Merchants. The content is organized into:

- global policies that apply to your Establishment, and
- country-specific policies that apply to your Establishments located in the specific country listed.

You should read the global policies together with any country-specific policies that follow. The two sections are organized one after the other, making it easier to read and find the information you need.

In the event of any conflict between the global policies and country-specific policies, the requirements of the country-specific policies take precedence. In the event of any conflict between the Agreement and Applicable Law, the requirements of law govern.

The *Merchant Operating Guide* follows the flow of the Transaction process—from Card acceptance, to Authorization, to Submission, to Settlement, to Disputed Charges, to Chargebacks. To make it easier for you to locate the information you need quickly, the *Merchant Operating Guide* was designed with the following functionality:

- Important information is identified throughout the *Merchant Operating Guide* using the information boxes to the left of the main text.
- Point-and-click links to and from chapters are identified by blue underlined text when viewing the *Merchant Operating Guide* online.
- A table of contents and comprehensive glossary are provided in the *Merchant Operating Guide*.
- Capitalized terms used in the *Merchant Operating Guide* have the meanings ascribed to them in the Glossary of Terms. In addition, certain specialized terms also appear and are defined in the chapter or section in which they are used.
- All amounts referenced herein are stated in U.S. Dollars.

1.4 Changes in the Merchant Operating Guide

American Express reserves the right to make changes to the *Merchant Operating Guide* in scheduled changes and at any time in unscheduled changes as set forth in Subsection 1.4.1, "Scheduled Changes" and Subsection 1.4.2, "Unscheduled Changes" below. You agree to accept all such changes (and further to abide by the changed provisions of the *Merchant Operating Guide*) except where Applicable Law takes precedence.

1.4.1 Scheduled Changes

The *Merchant Operating Guide* is published twice each year, in April and October. You may obtain the latest version of the *Merchant Operating Guide* by visiting www.americanexpress.com/merchantopguide, or by contacting your Merchant Services Provider.

- a release of scheduled changes, to be published every April, with changes that shall take effect in the following October or on such other date as we set forth in the *Merchant Operating Guide*, and
- a release of scheduled changes, to be published every October, with changes that take effect in the following April or on such other date as we set forth in the *Merchant Operating Guide*.

Where a scheduled change is to take effect during the period between two editions of the *Merchant Operating Guide*, we will also include the change in the edition of the *Merchant Operating Guide* covering the period during which the change shall take effect, noting the effective date of the change.

1.4.2 Unscheduled Changes

American Express may also change the provisions of the *Merchant Operating Guide* in separate unscheduled releases at any time which shall take effect ten (10) days after notice to you and your Merchant Services Provider unless another effective date is specified in the notice.

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Doing Business with American Express

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2.1 Introduction

At American Express, we feel privileged to do business with Merchants like you and want to help make the process of accepting Cards as simple as possible. The *Merchant Operating Guide* explains the policies and procedures related to accepting American Express Cards. It also highlights some of the services and tools that can help your business. This chapter outlines some general concepts that relate to doing business with American Express.

2.2 Benefits of Accepting the American Express Card

The decision you have made to accept the American Express Card demonstrates a commitment to the millions of Cardmembers who carry the Card. Accepting the Card allows you to:

- offer your customers the convenience of paying with American Express Cards, and
- improve retention by allowing customers with recurring Charges to pay automatically.

2.3 Merchant Information

> Incorrect information may result in servicing issues. For example, if your business name changes and American Express is not notified, your customers may not recognize the Charge on their statements. This could result in Disputed Charges. Please contact your Merchant Services Provider if your business information changes.

You agree that, upon providing contact information to your Merchant Services Provider, American Express may send you commercial marketing messages, including information on products, services, and resources available to your business. These messages may be sent to the mailing address, phone numbers, email addresses, or fax numbers you provide. If you provide a wireless phone number, you agree that American Express may contact you at that number and the communication American Express sends may include autodialed short message service (SMS or "text") messages or automated or prerecorded calls. If you provide a fax number, you agree that American Express may send you fax communications. American Express may otherwise use and share your information for business purposes and as permitted by Applicable Law. American Express uses reasonable administrative, technical, and physical security measures to protect Merchant information consistent with the sensitivity of the information.

You may opt out of receiving American Express commercial marketing communications about products and services by contacting your Merchant Services Provider directly via inbound telephone, email, website, or any other means identified by your Merchant Services Provider, or by exercising any opt-out option that American Express may describe or offer in emails, SMS messages, faxes, or other communications. If you have opted-out, you may continue to receive important transactional or relationship communications from American Express. In addition, you may continue to receive marketing communications from American Express while American Express updates its records to reflect your opt-out choice.

2.4 Use of Third Parties

As a Merchant, you make decisions and choices on behalf of your business each and every day. Some Merchants choose to deal directly with us for all aspects of the Transaction process; others enlist the assistance of various third parties to provide them with services. These third parties are your Covered Parties and may include:

- Merchant Services Provider/Service Providers/processors,
- Terminal Providers,
- Vendors, and
- Other agents contracted to operate on your behalf.

You may retain, at your expense, such third parties; however, you remain financially and otherwise liable for all obligations (including confidentiality obligations and compliance with the *Technical Specifications*), services, and functions they perform under the Agreement for you, such as the technical requirements of authorizing and submitting Transactions to us, as if you performed such obligations, services, and functions.

You are responsible and liable for all problems and expenses caused by your Merchant Services Provider and/or third parties, including any Settlement payments misdirected to other parties because of the misprogramming of your Point of Sale (POS) System by your Merchant Services Provider and/or third parties.

2.5 Compliance with the Technical Specifications

A vast number of Transactions traverse, and are processed by, the American Express Network. Merchants, processors, Terminal Providers, and others must conform to the *American Express Technical Specifications* in order to connect to and transact on the Network.

Each Authorization request and Transaction, including data contained therein, must comply with the *American Express Technical Specifications*, any other (or different) requirements of our local operating centers and Applicable Law. We reserve the right to modify the *American Express Technical Specifications* or requirements of our local operating centers.

You must ensure that you and any third parties you enlist to facilitate Transaction processing comply with the *American Express Technical Specifications* (valid and accurate data must be provided for all data elements in accordance with the *American Express Technical Specifications*).

Contact your Merchant Services Provider for further information about complying with these specifications.

2.5.1 Merchant Category Codes

If you are unsure of the MCC assigned to you, please contact your Merchant Services Provider. We also recommend that you review your Authorization and Submission data periodically to ensure it accurately represents your industry classification. If it is not accurate, please contact your Merchant Services Provider.

You must use the Merchant Category Code (MCC) that most closely represents your industry classification. If you have multiple, clearly distinct businesses, then those businesses should be segmented across the appropriate MCCs and Merchant Numbers. If you have multiple businesses, but a distinction between them is not clear or cannot reasonably be determined, then you should use the MCC which most closely represents your business's primary industry classification.

You must make sure your MCCs are accurate and provide the appropriate MCC in all Authorizations and Submissions. If the MCC used in the Submission does not match the MCC of the corresponding Authorization, you agree to remediate the mismatch as soon as possible, at your own expense and in accordance with any instructions you may receive from us or your Merchant Services Provider. Failure to comply with MCC data requirements may result in the assessment of non-compliance fees. Please work with your Merchant Services Provider if you have questions related to your MCC assignment.

2.5.2 Compliance with Payment Product Terms and Conditions

We offer various payment processing solutions and products. If you choose to utilize one or more such products, you and your Merchant Service Provider must comply with the corresponding terms and conditions, which we may update from time to time, and which are available at www.americanexpress.com/merchantspecs. In the event of any conflict between the terms and conditions of the payment processing product and the Merchant Operating Guide, the terms and conditions of the payment processing product will prevail. All products and services may not be available to all Merchants.

2.6 Establishment Closing

If you close any of your Establishments, you must follow these guidelines:

- Notify your Merchant Services Provider and follow their guidelines for notification of Establishment closing.
- Your policies must be conveyed to the Cardmember prior to completion of the Charge and printed on the copy of a receipt or Charge Record the Cardmember signs. See Section 4.11, "Return and Cancellation Policies" for additional information.
- If you are not providing refunds or exchanges, post notices indicating that all sales are final (e.g., at the front doors, by the cash registers, on the Charge Record and on your websites and catalogs).
- Your return and cancellation policies must be clearly disclosed at the time of sale.
- For Advance Payment Charges or Delayed Delivery Charges, you must either deliver the goods or services for which you have already charged the Cardmember or issue Credit for any portion of the Charge for which you have not delivered the goods or services.

2.7 Verification and Disclosure of Information

You acknowledge that when you provide information to your Merchant Services Provider that such information may be disclosed and shared with your Merchant Services Provider's agents, subcontractors, Affiliates, and other parties, including American Express, industry organizations, and reporting agencies, for any purpose permitted by Applicable Law. American Express collects and retains such information, shares such information with Affiliates and its other business lines, and may use such information to improve services, prevent fraud, and for other business purposes, including conducting analytics and making information available to certain third-parties, including for tax reconciliation or expense management services and their users.

You further acknowledge that, by entering into the Agreement with your Merchant Services Provider, you provide permission to obtain or disclose information in connection with the Agreement, consent to American Express' disclosure of such information for the foregoing purposes, and hereby release and waive any right or Claim arising out of or related to such disclosure, including defamation Claims, even if the information that is disclosed is incorrect or incomplete. You acknowledge that your business name and the name of your principals may be reported to the MATCH™ (Member Alert to Control High Risk Merchants) listing maintained by MasterCard. You hereby specifically consent to the reporting, and waive and hold American Express and your Merchant Services Provider harmless from all Claims and liabilities you may have as a result of such reporting.

2.8 Permitted Uses of Merchant Information

For the purpose of communicating your acceptance of the Card, American Express may use your name, address (including website addresses or URLs), customer service telephone numbers, and/or industry classification in any media at any time. The information is based on that what you have provided to your Merchant Services Provider or that is otherwise publicly available.

2.9 Cardmember Offers

American Express wants to help encourage Cardmembers to seek out and shop at small merchants that accept the American Express Card. From time to time, American Express may include small merchants in Cardmember offers. There is no additional cost to your business to be included in these offers.

For more information, visit www.americanexpress.com/us/small-business/shop-small and click on the Cardmember Offers tab. There you can view offer terms and conditions, determine if your business is an eligible small merchant that is included in any offers, and access any available signage to promote Cardmember offers, that you are included in, to your customers.

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Card Acceptance

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3.1 Card Acceptance

You must accept the Card as payment for goods and services sold (other than those goods and services prohibited under Section 3.3, "Prohibited Uses of the Card"), or (if applicable) for charitable contributions made, at all of your Establishments, except as expressly permitted by Applicable Law. You are jointly and severally liable for the obligations of your Establishments under the Agreement.

By accepting the Card at your Establishment, you are providing your customers with convenience and flexibility in the choice of payment methods offered.

3.2 Treatment of the American Express Brand

You may issue policies related to customer identification, and define minimum Charge amounts, subject to Applicable Law and your Agreement with your Merchant Services Provider.

For the past 160 years, American Express has built a brand that is synonymous with trust, integrity, security, quality, and customer service. American Express works diligently to uphold its reputation, and restrict Merchants from engaging in activities that would harm American Express' business or brand.

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

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

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

3.2.1 Treatment of the American Express Marks

Whenever payment methods are communicated to customers, or when customers ask what payments are accepted, you must indicate your acceptance of the Card and display American

Express' Marks (including any Card application forms provided to you) as prominently and in the same manner as any Other Payment Products.

American Express' corporate logo, the "American Express® Blue Box" logo, is the strongest visual symbol of American Express' image. The "Blue Box" represents and reinforces the high quality service and values of American Express. The appropriate version of the "Blue Box" logo must be displayed on all point-of-purchase materials and signs. The following guidelines apply to your use of the "Blue Box" logo in communications:

- Maintain at least 1/3 "X" (where "X" is equal to the height of the Blue Box Logo) between the Logo and any accompanying element
- The "Blue Box" logo minimum size is 3/8" and 1/2" is the preferred size.
- The "Blue Box" logo must always be shown in the pre-approved "American Express blue" or, in one- or two-color communications, black.

You must not use American Express' Marks in any way that injures or diminishes the goodwill associated with the American Express Mark, nor in any way (without American Express' prior written consent) indicate that American Express endorses your goods or services. You shall only use American Express' Marks as permitted by the Agreement and shall cease using American Express' Marks upon termination of the Agreement.

For additional guidelines on the use of American Express' Marks, contact your Merchant Services Provider.

3.3 Prohibited Uses of the Card

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

- adult digital content sold via Internet Electronic Delivery,
- amounts that do not represent bona fide sales of goods or services (or, if applicable, amounts that do not represent bona fide charitable contributions made) at your Establishments; for example, purchases at your Establishments by owners (or their family members) or employees contrived for cash flow purposes, or payments that you have accepted in order to advance cash to Cardmembers in connection with the Transaction,
- amounts that do not represent bona fide, direct sales by your Establishment to Cardmembers made in the ordinary course of your business,
- cash or cash equivalent; for example, purchases of gold, silver, platinum, and palladium bullion and/or bars (collectible coins and jewelry are not prohibited), or virtual currencies that can be exchanged for real currency (loyalty program currencies are not prohibited),
- Charges that the Cardmember has not specifically approved,
- costs or fees over the normal price of the goods or services (plus applicable taxes) that the Cardmember has not specifically approved,
- damages, losses, penalties, or fines of any kind, except as provided in Section 4.21, "Property Damage to Accommodations and Other Rentals" and Subsection 12.12.2.3, "Capital Damages",
- gambling services (including online gambling), gambling chips, gambling credits, or lottery tickets,
- unlawful/illegal activities, fraudulent business transactions or when providing the goods or services is unlawful/illegal (e.g., unlawful/illegal online internet sales of prescription medications or controlled substances; sales of any goods that infringe the rights of a Rights-holder under laws applicable to American Express, you, or the Cardmember),

An example of selling something that infringes the rights of a Rights-holder, is the sale of counterfeit goods.

- overdue amounts or amounts covering returned, previously dishonored or stop-payment checks (e.g., where the Card is used as a payment of last resort),
- amounts that represent repayment of a cash advance including, but not limited to, payday loans, pawn loans, or payday advances,

- sales made by third parties or Entities conducting business in industries other than yours, or
- other items of which American Express or your Merchant Services Provider notifies you.

You must not use the Card to verify your customer's age.

For more information on prohibited industries, and on how American Express monitors such uses of the Card, see Chapter 10, "Risk Evaluation".

3.4 Prohibited Merchants

Some Merchants, and/or some of their Establishments, are not eligible (or may become ineligible) to accept the Card. Such Merchants or Establishments will be denied the privilege to accept the Card if it is determined that they meet one or more of the criteria for a prohibited Merchant, including the criteria set forth in Chapter 10, "Risk Evaluation". For additional information regarding Prohibited Merchants, contact your Merchant Services Provider directly.

3.5 Treatment of American Express Cardmember Information

Remember, if the Agreement terminates, Cardmember Information can only be retained according to the Payment Card Industry Data Security Standard (PCI DSS), which is available at www.pcisecuritystandards.org.

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

Except as otherwise specified, you must not disclose Cardmember Information, nor use nor store it, other than to facilitate Transactions at your Establishments in accordance with the Agreement. For more information, see Section 4.4, "Completing a Transaction at the Point of Sale".

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

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Transaction Processing

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4.1 Introduction

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

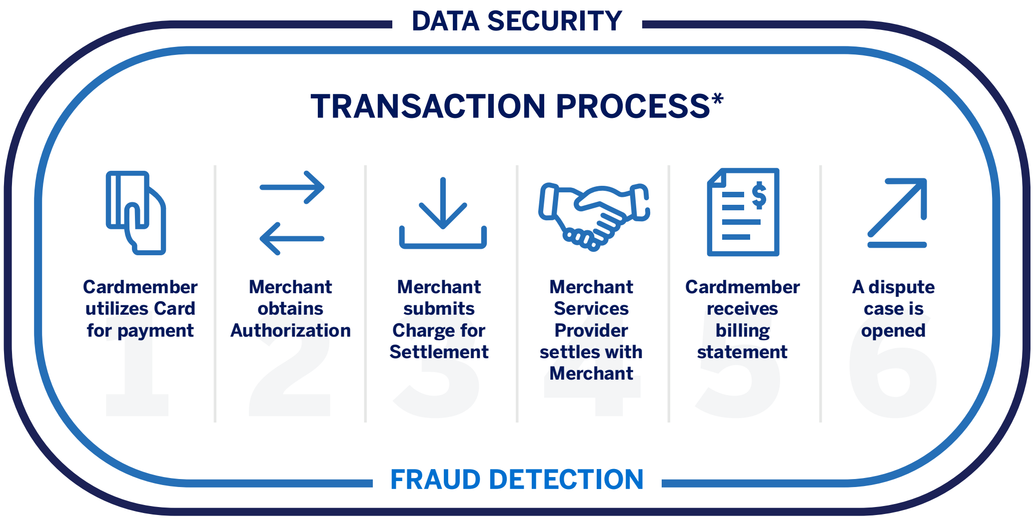
- in-store Transactions
- internet/e-commerce Transactions
- Application-initiated Transactions
- phone/mail order Transactions
- Customer Activated Terminal (CAT) Transactions

This chapter of the *Merchant Operating Guide* addresses Transaction processing and offers specific procedures and guidelines for dealing with various Transaction types. It covers Card Present, Card Not Present, the acceptance of Prepaid Cards, and more. In all situations, you should consult with your Merchant Services Provider's instructions for Transaction processing for additional information and guidance.

4.2 Transaction Process

The first step in understanding the Card acceptance process is to understand the American Express Transaction process.

The following graphic illustrates the high level phases that occur throughout the Transaction process. We will refer to this Transaction process at various points throughout the *Merchant Operating Guide*.



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

4.3 American Express Payment Options

In an ongoing commitment to offering a variety of products, American Express Issuers deliver a wide range of payment options.

Payment options available in your area may include:

Credit and Charge Cards

- Charge Cards and standard Credit Cards
- Cash Rewards Cards

- Small Business and Corporate Cards
- Many more

Additional products and services

- Prepaid Cards
- Debit Cards
- Travelers Cheques
- Gift Cheques
- Contactless (both physical Cards and Mobile Devices)

4.4 Completing a Transaction at the Point of Sale

When Cardmembers make an Application-initiated Transaction or pay using other mobile phone or tablet application based payments (which Cardmembers may have created by providing Cardmember Information when the account was established), the Transaction Data collected to facilitate the Card Not Present Charge has already been provided directly by the Cardmember. In this scenario, you are not required to have the Cardmember re-enter the Transaction Data.

Transaction Data

All information required by American Express evidencing one or more Transactions, including information obtained at the point of sale, information obtained or generated during Authorization and Submission, and any Chargeback.

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

To accept the Card for Charges at your Establishments, at the point of sale, you must:

- clearly and conspicuously, disclose all material terms of sale prior to obtaining an Authorization, and
- clearly and conspicuously inform Cardmembers at all points of interaction (e.g., sales conducted in person, over the internet, mobile or via mail or telephone order) what Entity is making the sales offer, so that the Cardmember can clearly distinguish you from any other party involved in the interaction (e.g., a vendor of goods or provider of services you may engage, or another Merchant seeking to conduct business with the Cardmember).

The Transaction Data you collect to facilitate the Charge must be, or have been, provided directly to you by the Cardmember.

You must not accept or have accepted Transaction Data from, nor shall you provide or have provided Transaction Data to, any third parties other than your Covered Parties. If you fail to comply with this requirement, you may be assessed non-compliance fees and/ or have your Card acceptance privileges at your Establishments suspended or disentitled.

4.5 Processing an In-Person Charge

American Express offers a variety of fraud prevention solutions that can be enabled at the point of sale. Contact your Merchant Services Provider for information related to fraud prevention solutions that may be available for your use.

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

For all In-Person Charges, the Card must be presented. There are several ways in which an In-Person Charge can be conducted. The steps taken vary according to how the following two types of In-Person Charges are conducted:

- electronic Charges
- key-entered Charges

4.5.1 Electronic Charges

Electronic POS Systems automatically capture required information from the Card so it can be used to request Authorization for the Charge. Electronic charges can be conducted in a variety of ways depending on the type of Card presented.

- Magnetic Stripe Cards – contain Cardmember and Card account information on the stripe on the back of the Card, or in a contactless Chip embedded in the Card.
- Chip Cards – contain a Chip on which data is stored (including Cardmember and Card account information), which the POS System can read in order to guide the processing of the Transaction.
- Mobile Devices – An Issuer approved and American Express recognized electronic device (including but not limited to, a mobile telephone, tablet, or wearable device) that is enabled to initiate a Digital Wallet Payment Transaction.

Some Magnetic Stripe, Chip Cards, and Mobile Devices may be read over the contactless interface of the POS System. The Charge Record is then created from the information captured during the electronic Charge.

You must work with your Merchant Services Provider if you have questions about your POS System's capabilities.

4.5.1.1 Magnetic Stripe Card Charges

Only the person whose name appears on an American Express Card is entitled to use it. Cards are not transferable.

When presented with a Card at the point of sale, you must:

1. Verify that the Card is not visibly altered or mutilated (see Chapter 9, "Fraud Prevention" for additional information),
2. Capture Magnetic Stripe data by swiping the Card (unless the Charge was already initiated by waving the contactless Chip Card in close proximity to the POS System as described in Subsection 4.5.1.3, "Contactless Chip Card Charges"),
3. Obtain an Authorization Approval,
4. Verify the Card's Expiration Date,
5. Match the Card Number and the Expiration Date on the Card to the same information on the Charge Record, and
6. Ensure the name that prints on the Charge Record matches the name on the front of the Card.*
7. If you choose or are required by Applicable Law to obtain a Cardmember signature, see Subsection 4.5.1.2.1, "Obtaining Signature for In-Person Charges".

* Except when the Cardmember name is not captured on the Charge Record or for Prepaid Cards that do not show a name on their face.

If you encounter an In-Person Transaction that raises concern, refer to Subsection 4.5.3, "Actions for In-Person Charges" and proceed accordingly.

4.5.1.2 Contact Chip Card Charges

When presented with a Chip Card to be inserted into a Chip Card reader, you must:

1. Verify that the Card is not visibly altered or mutilated (see Chapter 9, "Fraud Prevention" for additional information).
2. Capture Chip Card Data by inserting the Card into the Chip Card reader.

   The POS System will advise Cardmembers to enter their PIN (a Chip and PIN Charge) or complete the Transaction without a PIN. You can also set your POS System to prompt the Cardmember to sign for the Charge (a Chip and signature Charge). See Subsection 4.5.1.2.1, "Obtaining Signature for In-Person Charges".

   For Chip and PIN Charges: Cardmembers will enter their PIN into the POS System using the keypad. If the Chip and PIN Charge is unable to be completed due to a technical problem, the POS System will show an error message. Follow the procedures for a swiped Charge in Subsection 4.5.1.1, "Magnetic Stripe Card Charges". Failure to validate the PIN, when required, can render you liable for Chargebacks if the Cardmember disputes the Charge. Validating a PIN may not be required if your Establishment and the Charge qualify for the No PIN Program (see Section 4.17, "No PIN Program" for additional information).
3. Obtain an Authorization Approval.
4. Verify the Card's Expiration Date.
5. Match the Card Number and the Expiration Date on the Card to the same information on the Charge Record, and
6. Ensure the name that prints on the Charge Record matches the name on the front of the Card.*
7. If you choose or are required by Applicable Law to obtain a Cardmember signature, see Subsection 4.5.1.2.1, "Obtaining Signature for In-Person Charges".

   * Except when the Cardmember name is not captured on the Charge Record or for Prepaid Cards that do not show a name on their face.

In the case of Chip and PIN Transactions, if the PIN is not validated, you may be liable for Chargebacks unless your Establishment and the Charge qualify for the No PIN Program (see Section 4.17, "No PIN Program".

Transactions that are manually key-entered when a Chip Card is presented may be subject to counterfeit, lost/stolen and non-received Chargebacks in the event of a fraud dispute. To minimize your risk of Chargebacks, we recommend that you avoid manually key-entered Transactions.

Ensure that you comply with *Technical Specifications* and submit your MCC code accurately in the Authorization and Submission Transaction. See Section 2.5, "Compliance with the Technical Specifications" for additional details.

For Merchants who choose to implement American Express Quick Chip and the No PIN program, please refer to Subsection 4.5.1.2.2, "American Express Quick Chip" for more information about potential fraud liability shift impacts.

If you use Enabled Chip and PIN POS Systems to process a Chip Transaction for Other Payment Products, then you must configure those Enabled Chip and PIN POS Systems for American Express Chip Cards in accordance with the Technical Specifications and other requirements American Express makes available.

To avoid Chip Card fraud liability shift, you must use an Enabled Chip and PIN POS System that can process Chip Cards at the time of the Transaction, and you must comply with all applicable Card acceptance procedures. Chip Card fraud liability shift does not apply to contactless Transactions or Digital Wallet Payments.

Chip Card fraud liability shift applies to all industries. Chip Card fraud liability applies to CATs attached to automated fuel dispensers - MCC 5542.

If your POS System is not an Enabled Chip and PIN POS System that can process Chip Cards, and a Chip Card is presented, Chargeback may be exercised for counterfeit, lost, stolen, or non-received fraud.

If your POS System is a Capable Chip and PIN POS System that can process Chip Cards and a Chip Card is presented:

- Chargeback may be exercised for counterfeit, lost, stolen, or non-received fraud if a Chip Card with PIN functionality is presented and the Charge is not submitted as a Chip and PIN Charge because at the time of the Transaction, your Capable Chip and PIN POS System was not configured to process the Chip and PIN Charge.
- Chargeback will not be exercised for counterfeit, lost, stolen, or non-received fraud for Fallback Transactions, if after inserting the Chip Card, your POS System prompts you to complete the Transaction by swiping the Magnetic Stripe of the Card, provided you follow

all applicable Card acceptance steps as outlined in Subsection 4.5.1.1, "Magnetic Stripe Card Charges".

If you are presented with a Chip Card and manually key-enter the Transaction, you may be subject to counterfeit, lost/stolen and non-received Chargebacks in the event of a fraud dispute. Refer to your Merchant Services Provider's information on Disputes and Chargebacks for further information.

4.5.1.2.1 Obtaining Signature for In-Person Charges

If you choose or are required by Applicable Law to obtain signature on a manual imprint, printed, or electronic Card Present Charge, you must:

1. Obtain signature and verify that the signature is identical to the name on the Card*, and
2. Compare the signature (when obtained) on the Charge Record with the signature on the Card.

* Except when the Cardmember name is not captured on the Charge Record or for Prepaid Cards that do not show a name on their face.

4.5.1.2.2 American Express Quick Chip

For more information on American Express Quick Chip, please work with your Merchant Services Provider to determine which implementation approach best meets your business needs.

Chargeback may be exercised for EMV®[1] counterfeit or EMV lost, stolen or non-received fraud if you implement American Express Quick Chip and the following applies:

- You implement the No PIN program, and
- You are using a POS device which supports a provisional transaction amount, and
- The final transaction performed is over the No PIN threshold.

For more information on American Express Quick Chip, please work with your Merchant Services Provider to determine which implementation approach best meets your business needs.

4.5.1.3 Contactless Chip Card Charges

Some Chip Card Charges involve transmission of payment information when the Card is waved in close proximity to a contactless reader. Merchants that choose to accept Contactless payments must comply with the current American Express contactless POS System requirements. Work with your Merchant Services Provider if you have questions related to Contactless Chip Card acceptance.

When presented with a Chip Card to be read via a contactless reader, and the Charge qualifies for the No PIN Program, you must:

1. Capture Magnetic Stripe or Chip Card Data using the contactless reader, and
2. Obtain an Authorization Approval.

For Charges that do not qualify under the No PIN Program, follow the Card acceptance procedures outlined in either Subsection 4.5.1.1, "Magnetic Stripe Card Charges", Subsection 4.5.1.2, "Contact Chip Card Charges", or Subsection 4.5.1.4, "Digital Wallet Payments".

See Section 4.17, "No PIN Program" for additional information.

1. EMV® is a registered trademark in the U.S. and other countries and an unregistered trademark elsewhere. The EMV trademark is owned by EMVCo, LLC.

4.5.1.4 Digital Wallet Payments

Mobile Devices do not have the same security features as a traditional plastic Card. For instance, the screens on the Mobile Device may not display all the digits of the Card Number and expiration date, or the Cardmember name. Likewise, there may not be a CID visible on the handset screen.

Digital wallets within a Mobile Device facilitate Transactions as follows:

- For a Digital Wallet Contactless-initiated Transaction, the Mobile Device completes a Card Present Charge by waving the device in close proximity to a contactless-enabled POS System.
- For a Digital Wallet Magnetic Secure Transmission Transaction, the Mobile Device completes a Card Present Charge by waving the device in close proximity to the magnetic swipe-enabled POS System.
- For a Digital Wallet Application-initiated Transaction, the Mobile Device completes a Card Not Present Charge (typically made online) using a software application within the Mobile Device and not the contactless payment application.

When presented with a Mobile Device for a Card Present Charge, you should:

1. Capture Magnetic Stripe or Chip Card data by having the Cardmember wave the Mobile Device in close proximity to the contactless reader or magnetic swipe-enabled POS System. If you choose to accept contactless payments, you should consult with your Merchant Services Provider to ensure compliance with the current American Express contactless POS System requirements.
2. Obtain an Authorization Approval.
3. If you choose or are required by Applicable Law, obtain a signature, see Subsection 4.5.1.2.1, "Obtaining Signature for In-Person Charges".
4. If applicable, have the Cardmember complete a Consumer Device Cardholder Verification Method (CDCVM) on contactless initiated Transactions.
5. Continue to include an indicator in the Authorization that the Transaction is a contactless Transaction, if applicable.
6. If a Mobile Device initiated Transaction cannot be processed for any reason, you should request that the Cardmember provide the companion physical Card and complete the Transaction by following the relevant Card acceptance procedures outlined in:
   - Subsection 4.5.1.1, "Magnetic Stripe Card Charges", or
   - Subsection 4.5.1.2, "Contact Chip Card Charges".

For Application-initiated Transactions, you should follow Card Not Present Charge policy as described in Section 4.7, "Processing a Card Not Present Charge".

For a Transaction to be recognized as Digital Wallet Application-initiated Transaction, you should:

1. Consult with your Merchant Services Provider to arrange for certification for Digital Wallet Application-initiated Transactions.
2. Include appropriate indicators in the Authorization and Submission that the Transaction is a Digital Wallet Application-initiated Transaction (see Section 2.5, "Compliance with the Technical Specifications").

4.5.2 Key-Entered Charges

Only the person whose name appears on an American Express Card is entitled to use it. Cards are not transferable.

In-Person Charges that must be key-entered because the Magnetic Stripe cannot be read are more likely to be fraudulent. See Chapter 9, "Fraud Prevention" to learn how to inspect the Card and for procedures to follow when you suspect fraud. Transactions that are manually key-entered when a Chip Card is presented may be subject to counterfeit, lost/stolen and non-received Chargebacks in the event of a fraud dispute. To minimize your risk of Chargebacks, avoid manually key-entered Transactions whenever possible.

There are instances when you may need to key-enter an In-Person Charge. This occurs most often when the POS System cannot read the Card.

If the Card cannot be read electronically, and you wish to key-enter the Transaction, then you must:

1. Verify that the Card is not visibly altered or mutilated,
2. Key-enter the data,
3. Obtain an Authorization Approval,
4. Verify the Card's Expiration Date,
5. Match the Card Number and the Expiration Date on the Card to the same information on the Charge Record, and
6. Validate the Card's presence by taking an imprint of the Card (the imprint is for your records). Failure to validate the Card's presence by taking an imprint of the Card can render you liable for Chargebacks if the Cardmember disputes the Charge.

* Except when the Cardmember name is not captured on the Charge Record or for Prepaid Cards that do not show a name on their face.

You may still be subject to other fraud Chargebacks, including counterfeit, lost, stolen, and non-received for manually key-entered Transactions.

You may also validate the Card's presence by performing Card Identification (CID) verification. See Subsection 9.10.1, "Card Not Present Fraud Tools" for additional information.

If you are presented with a Card and manually key-enter the Transaction, you may be subject to counterfeit, lost/stolen and non-received fraud Chargebacks.

Charges initiated with a contactless-enabled mobile device must not be key-entered.

Contact your Merchant Services Provider for additional guidance or to obtain information on fees assessed on Key-entered Charges.

4.5.3 Actions for In-Person Charges

The following table describes the course of action required during an In-Person Transaction process:

If	Then
The Card is obviously altered or counterfeit.	Do not accept the Card.
The Cardmember is attempting to use the Card outside of its Valid Dates. **Note:** Cards are valid through the last day of the month on the front of the Card.	Do not accept the Card. Advise the Cardmember to contact the customer service number on the back of the Card.
It appears that someone other than the Cardmember is attempting to use the Card.	Do not accept the Card. Indicate that the Cards are non-transferable and that only the Cardmember is permitted to use the Card.
The signature does not match the name on the Card.	Contact your Merchant Services Provider with a Code 10.
You are unable to obtain Authorization electronically.	Contact your Merchant Services Provider to obtain an Authorization.

<table>
<tr><th>If</th><th>Then</th></tr>
<tr><td>The Authorization is Declined.</td><td>Do not accept the Card and follow your internal policies for handling various Authorization responses. See Section 5.7, "Possible Authorization Responses".</td></tr>
<tr><td>The customer presents an unsigned Card.</td><td>An unsigned Card is invalid. Show customer that the Card is not signed. Ask the customer to sign the Card and also request photo identification (ID) such as a valid driver's license or passport to compare the signatures.</td></tr>
<tr><td>The customer's signature on the Charge Record does not appear to match the customer's signature on the Card.</td><td rowspan="4">Contact your Merchant Services Provider with a Code 10, or if you prefer, simply decline to accept the Card.</td></tr>
<tr><td>The Card Numbers and Valid Dates on the Card do not match the Charge Record.</td></tr>
<tr><td>The name on the Charge Record does not match the name on the Card (except in the case of a Prepaid Card which may not show a name on its face).</td></tr>
<tr><td>The appearance of the Card, or the actions of the customer appear suspicious.</td></tr>
</table>

4.6 Customer Activated Terminals

Charges for purchases at Customer Activated Terminals (CATs) will be accepted provided you meet the requirements for Charge Records as detailed in Section 4.8, "Charge Records" as well as comply with the *Technical Specifications* (see Section 2.5, "Compliance with the Technical Specifications"). You must also follow any additional requirements in order for us to accept Charges for purchases at your CATs. Please contact your Merchant Services Provider for additional information on CAT requirements.

You must include:

- Full Magnetic Stripe data stream or Chip Card Data in all Authorization requests, and
- a CAT indicator on all Authorization requests and Submissions.

American Express will not be liable for actual or alleged fraudulent Charges occurring through CATs and American Express will have the right to Chargeback for those Charges.

4.7 Processing a Card Not Present Charge

In situations where goods are ordered through a Card Not Present channel and the goods are picked up at a physical location by the Cardmember, we recommend that you ask to see the Card used to make the purchase, obtain a Cardmember signature on the pick-up form, and obtain proof verifying the Cardmember’s identity before releasing the goods. For other Fraud Prevention strategies, see Chapter 9, "Fraud Prevention".

Mail orders, telephone orders, and Internet Orders increase your business opportunities, but such Card Not Present Charges do not provide you the opportunity to inspect the physical Card. For these Card Not Present Charges, fraud might be difficult for you to detect.

You must:

Obtain Cardmember Information as described below | **Obtain an Authorization Approval** | **Submit the Charge to American Express**

For Card Not Present Charges, you must create a Charge Record as described in Section 4.8, "Charge Records". The information you must obtain in order to proceed with the Transaction includes:

- Card Number or Token, and
- Card or Token Expiration Date.

In addition, it is recommended that you ask for:

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

American Express has the right to Chargeback for any Card Not Present Charge that the Cardmember denies making or authorizing. American Express will not Chargeback for such Charges based solely upon a Cardmember claim that he or she did not receive the disputed goods if you have:

- verified the address to which the goods were shipped was the Cardmember's full billing address, and
- provided Proof of Delivery signed by the Cardmember or an authorized signer of the Card indicating the delivery of the goods or services to the Cardmember's full billing address.

If you ship goods to an alternate address, we recommend that you keep a record of this. Then you can show a record of previous undisputed Transactions which were shipped to this address.

American Express will not be liable for actual or alleged fraudulent Transactions over the internet and American Express will have the right to Chargeback for those Charges.

For Internet Orders, you must:

- use any separate Merchant Numbers established by your Merchant Services Provider for Internet Orders in all your requests for Authorization and Submission of Charges, and
- provide your Merchant Services Provider written notice of any change in your internet address, in accordance with your Merchant Services Provider's instructions.

Additionally, if a Disputed Charge arises involving a Card Not Present Charge that is an Internet Electronic Delivery Charge, American Express may exercise Chargeback for the full amount of the Charge.

Ensure that your Proof of Delivery includes a courier receipt with the following information at minimum:

- date merchandise was delivered,
- full name of recipient, and
- full shipping address (e.g., suite or apartment number, city, state/province, zip/postal code, country).

When providing Proof of Delivery, a signature from the Cardmember or an authorized signer of the Card is not required.

Contact your Merchant Services Provider for additional information and guidance on processing Card Not Present Charges.

4.8 Charge Records

You must create a Charge Record for every Charge. For each Charge submitted electronically, you must create an electronically reproducible Charge Record, that complies with the *Technical Specifications*. See Section 2.5, "Compliance with the Technical Specifications".

The Charge Record (and a copy of the customer's receipt) must disclose the Authorization Approval code and your return and/or cancellation policies. See Section 4.11, "Return and Cancellation Policies" for additional information.

If the Cardmember wants to use different Cards for payment of a purchase, you may create a separate Charge Record for each Card used. However, if the Cardmember is using a single Card for payment of a purchase, you must not divide the purchase into more than one Charge, nor create more than one Charge Record except in the case of Split Shipment Transactions. See Section 4.22, "Split Shipment Transactions".

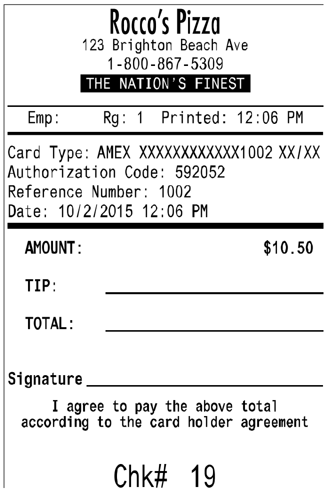
For all Charge Records, you must:

1. Submit the Charge to your Merchant Services Provider for payment.
2. Retain the original Charge Record (as applicable) and all documents evidencing the Charge, or reproducible records thereof, for twenty-four (24) months. See Chapter 8, "Protecting Cardmember Information" for additional information.
3. Provide a copy of the Charge Record to the Cardmember.

You may be able to create more than one Charge Record if the purchase qualifies for a Delayed Delivery Charge. See Section 4.16, "Delayed Delivery Charges".

For Transit Contactless Transactions, a Charge Record is not required for every Charge. Please refer to Section 12.13.4, "Transit Charge Information" for more information.

Pursuant to Applicable Law, truncate the Card Number and do not print the Card's Expiration Date on the copies of Charge Records delivered to Cardmembers. Truncated Card Number digits must be masked with replacement characters such as "x," "*," or "#," and not blank spaces or numbers. Here is an example of a Charge Record with a truncated Card Number.


Rocco's Pizza
123 Brighton Beach Ave
1-800-867-5309
THE NATION'S FINEST
Emp: Rg: 1 Printed: 12:06 PM
Card Type: AMEX XXXXXXXXXXXX1002 XX/XX
Authorization Code: 592052
Reference Number: 1002
Date: 10/2/2015 12:06 PM
AMOUNT: $10.50
TIP:
TOTAL:
Signature
I agree to pay the above total according to the card holder agreement
Chk# 19

4.8.1 Substitute Charge Records

In some cases, you may provide a Substitute Charge Record as supporting documentation for Card Not Present Charges in place of the original Charge Record. You must also provide any additional information requested in the Inquiry. Substitute Charge Records may be used in response to the following Inquiry reasons:

- Does Not Recognize/Remember/No Knowledge
- Fraudulent Transactions
- Cardmember Requests Support

See Section 11.6, "Inquiry Reasons" for additional information regarding Inquiry reasons.

The Substitute Charge Record must include the following:

- Card Number
- Cardmember name
- Merchant name
- Merchant location
- Transaction date/date goods or services were shipped or provided
- Transaction amount
- Authorization Approval
- description of goods/services

Additionally, the following optional information should be included, if available, on Substitute Charge Record:

- date goods/services were ordered
- website address
- your customer service's telephone number/email address
- "ship to" name and address
- Automated Address Verification response code
- order confirmation number
- electronically captured Cardmember signature

Contact your Merchant Services Provider for additional guidance or to obtain information on Substitute Charge Records.

4.9 Processing a Credit

A Credit may occur when a Merchant processes a refund for purchases or payments made on the Card.

Follow these steps to issue a Credit:

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

You must submit Credits to your Merchant Services Provider within seven (7) days of determining that a Credit is due and create a Credit Record that complies with your Merchant Services Provider's requirements (see Section 4.10, "Credit Records" for additional information). You must not issue a Credit when there is no corresponding Charge, nor issue a Credit in exchange for cash or other consideration from a Cardmember.

You must submit all Credits under the Merchant Number of the Establishment where the Charge originated.

A Credit must be issued in the currency in which the original Charge was submitted to your Merchant Services Provider.

You must issue Credits to the Card used to make the original purchase; however, if the Credit is for the return of a gift by someone other than the Cardmember who made the original purchase, apply your usual refund policy.

If the Cardmember indicates that the Card on which the purchase was originally made is no longer active or available, do the following:

- For all Cards except Prepaid Cards, advise the Cardmember that you must issue the Credit to that Card. If the Cardmember has questions, advise him or her to call the customer service number on the back of the Card in question.
- If the inactive or unavailable Card is a Prepaid Card, apply your usual refund policy for returns.

Contact your Merchant Services Provider for additional information and guidance on processing Credits.

4.10 Credit Records

You must create a Credit Record for any Credit that you issue. For each Credit submitted electronically, you must create an electronically reproducible Credit Record, and the Credit must comply with the *Technical Specifications*. See Section 2.5, "Compliance with the Technical Specifications".

If you submit Credits on paper, you must create a Credit Record containing all of the following required data:

- full Card Number and Expiration Date (pursuant to Applicable Law), and if available, Cardmember name,
- the date the Credit was issued,
- the amount of the Credit,
- your Establishment name and address and, if applicable, store number, and
- your Merchant Number.

For all Credit Records, you must:

1. Submit the Credit through your Merchant Services Provider.
2. Retain the original Credit Records (as applicable) and all documents evidencing the Transaction, or reproducible records thereof, for twenty-four (24) months from the date you submitted the corresponding Credit.
3. Provide a copy of the Credit Record to the Cardmember.

The retention time frame for Credit Records is twenty-four (24) months from the date you submitted the corresponding Credit to your Merchant Services Provider.

Pursuant to Applicable Law, truncate the Card Number and do not print the Card's Expiration Date on copies of Credit Records delivered to the Cardmember.

Contact your Merchant Services Provider for additional information and guidance on submission of Credit Records.

4.11 Return and Cancellation Policies

Post your return, exchange, and cancellation policies in various places at your Establishment, including:

- signs near the cash registers,
- on the Charge Record/ sales slip the customer signs,
- in any contract the Cardmember signs, and
- in terms and conditions of purchase on your website with "I accept" functionality.

For example, if your return policy is that the customer can return merchandise accompanied by a receipt for a full refund within thirty (30) days of the purchase, ensure this policy is coded to print on all receipts and copies of Charge Records.

It is recommended that you submit Credits the day the cancellation is received from the Cardmember.

Your return and cancellation policies must be fair and clearly disclosed at the time of sale in compliance with Applicable Law. Your policies must be conveyed to the Cardmember prior to completion of the Charge and printed on a copy of a receipt, Charge Record, or otherwise provided to a Cardmember in writing.

You must not give cash refunds to Cardmembers for goods or services they purchase on the Card, unless required by Applicable Law. Your refund policy for purchases on the Card must be at least as favorable as your refund policy for purchases made with Other Payment Products or other payment methods.

Return Policy recommendations:

Provide clear return instructions for your customers, including the following information:

- customer service telephone number,
- reference number for the return,
- expected processing time for the Credit, and
- return address, preferably on a pre-formatted shipping label (if applicable).

Cancellation Policy recommendations:

Document cancellation policy and terms and conditions on the contract the Cardmember signs, or on your website, as applicable. Provide Cardmember with a cancellation number that can be tracked in your records.

4.11.1 Return Policy for Prepaid Products

An example of a prepaid product return policy that is different from your standard return policy is if you allow returns or exchanges on store merchandise but sales of prepaid products are final.

This section applies to Merchants who accept the Card for the purchase of any prepaid product (Prepaid Cards, non-American Express branded stored value or gift cards, or both). If your return policy for the purchase of prepaid products is different from your standard return policy, notwithstanding the requirements listed in Section 4.11, "Return and Cancellation Policies", you must ensure that such prepaid product-specific return policy is clearly disclosed to the Cardmember at the time of purchase and also coded to print on all receipts and copies of Charge Records you provide to Cardmembers.

4.12 Processing Transactions for Specific Industries

Most policies and procedures in the *Merchant Operating Guide* are applicable to all Merchants, regardless of industry. Some Merchants classified in specific industries, however, are subject to additional policies and procedures. These policies and procedures are contained in Chapter 12, "Specific Industries".

4.13 Reserved

4.14 Advance Payment Charges

Advance Payment Charge

A Charge for which full payment is made in advance of a Merchant providing the goods and/or rendering the services to a Cardmember.

Purchases involving Advance Payment Charges generally carry a higher level of risk than other Charges, due to the fact that goods and services are not provided at the time the Charge is processed.

Check your Merchant Services Provider's policies for withholding settlement for part or all of such Charges until it is determined that the risk has diminished.

To minimize your risk of a Disputed Advance Payment Charge, always:

- clearly disclose all reservation, sales, cancellation, and refund policies (see Section 4.11, "Return and Cancellation Policies"), and
- retain a copy of the Cardmember's written consent, including a detailed description and expected delivery date of the goods and/or services to be provided in a format that easily allows you to respond to an Inquiry.

You must follow these procedures if you offer Cardmembers the option or require them to make Advance Payment Charges for the following types of goods and/or services:

- Custom-orders (e.g., orders for goods to be manufactured to a customer's specifications)
- Entertainment/ticketing (e.g., sporting events, concerts, season tickets)
- Tuition, room and board, and other mandatory fees (e.g., library fees) of higher educational institutions
- Travel-related services (e.g., tours, guided expeditions)

For an Advance Payment Charge, you must:

- State your full cancellation and refund policies, clearly disclose your intent and obtain written consent from the Cardmember to bill the Card for an Advance Payment Charge before you request an Authorization. The Cardmember's consent must include:
  - his or her agreement to all the terms of the sale (including price and any cancellation and refund policies), and
  - a detailed description and the expected delivery date of the goods and/or services to be provided.
- Obtain an Authorization Approval.
- Complete a Charge Record. If the Advance Payment Charge is a Card Not Present Charge, you must also:
  - ensure that the Charge Record contains the words "Advance Payment" (see Section 4.8, "Charge Records"), and
  - within twenty-four (24) hours of the Charge being incurred, provide the Cardmember written confirmation (e.g., email or facsimile) of the Advance Payment Charge, the amount, the confirmation number (if applicable), a detailed description and expected delivery date of the goods and/or services to be provided and details of your cancellation/refund policy.

If you cannot deliver goods and/or services (e.g., because custom-ordered merchandise cannot be fulfilled), and if alternate arrangements cannot be made, you must immediately issue a Credit for the full amount of the Advance Payment Charge which cannot be fulfilled.

In addition to other Chargeback rights, American Express may exercise Chargeback for any Disputed Advance Payment Charge or portion thereof if, in American Express' sole discretion, the dispute cannot be resolved in your favor based upon unambiguous terms contained in the terms of sale to which you obtained the Cardmember's written consent.

4.15 Aggregated Charges – Internet

Aggregated Charge

A Charge that combines multiple small purchases or refunds (or both) incurred on a Card into a single, larger Charge before submitting the Charge for payment.

To minimize your risk of a Disputed Charge with Aggregated Charges, always:

- confirm to the Cardmember the Aggregated Charge amount and individual purchase details (and/or refund as applicable) at check-out, and
- in the email confirmation, advise where the Cardmember can find additional information about their purchases (and/or refunds as applicable).

If you are classified in an internet industry, you may process Aggregated Charges provided the following criteria are met:

- Clearly disclose your intent and obtain written consent from the Cardmember that their purchases or refunds (or both) on the Card may be aggregated and combined with other purchases or refunds (or both) before you request an Authorization.
- Each individual purchase or refund (or both) that comprises the Aggregated Charge must be incurred under the same Merchant Number and on the same Card.
- Obtain a pre-Authorization of no more than $15. See Section 5.11, "Pre-Authorization" for additional information.
- Create a Charge Record for the full amount of the Aggregated Charge. For more information on Charge Records, see Section 4.8, "Charge Records".
- The amount of the Aggregated Charge must not exceed $15 or the amount for which you obtained pre-Authorization.
- Submit each Charge Record in accordance with Section 6.5, "Submission Requirements – Electronic". For the purposes of Section 6.5, "Submission Requirements – Electronic", a Charge will be deemed "incurred" on the date of the first purchase (and/or refund as applicable) that comprises the Aggregated Charge.
- Provide the Cardmember with an email containing:
  - the date, amount, and description of each individual purchase (and/or refund as applicable) that comprises the Aggregated Charge, and
  - the date and the amount of the Aggregated Charge.

4.16 Delayed Delivery Charges

To minimize your risk of a Disputed Charge with Delayed Delivery Charges, always:

- clearly disclose all sales and refund policies (see Section 4.11, "Return and Cancellation Policies"), and
- retain a copy of the Cardmember's written consent in a format that easily allows you to respond to an Inquiry.

To accept the Card for Delayed Delivery Charges, you must:

- Clearly disclose your intent and obtain written consent from the Cardmember to perform a Delayed Delivery Charge before you request an Authorization,
- Obtain a separate Authorization Approval for each of the two Delayed Delivery Charges on their respective Charge dates,
- Clearly indicate on each Delayed Delivery Charge Record that the Charge is either for the deposit or for the balance of the Delayed Delivery Charge,
- Submit the Delayed Delivery Charge Record for the balance of the purchase only after the goods have been shipped, provided or services rendered,
- Submit each Delayed Delivery Charge Record in accordance with Section 6.5, "Submission Requirements – Electronic". For the purposes of Section 6.5, "Submission Requirements – Electronic", the Charge will be deemed "incurred":
  - for the deposit – on the date the Cardmember agreed to pay the deposit for the purchase.
  - for the balance – on the date the goods are shipped, provided or services are rendered.
- Submit and Authorize each Delayed Delivery Charge under the same Merchant Number, and
- Treat deposits on the Card no differently than you would treat deposits on all Other Payment Products.

4.17 No PIN Program

The No PIN Program does not provide protection against all Chargebacks. Even if an Establishment and Charge qualify under the No PIN Program, you may still be subject to Chargeback for reasons unrelated to your failure to obtain a PIN from the Cardmember at the point of sale. Consult with your Merchant Services Provider for more information about Disputed Charges and Chargebacks.

You may participate in American Express' No PIN Program. The No PIN Program allows Merchants not to request a signature or a PIN from Cardmembers on the Charge Record.

To qualify for the No PIN Program, both the Establishment and each Charge must meet the following criteria:

Merchant criteria:

If you are classified in an industry that accepts In-Person Charges, then you may participate in the No PIN Program with the exception of the following categories:

- Merchants who do not conduct In-Person Charges (i.e., internet, mail order or telephone order).
- Prohibited Merchants or prohibited Transactions (or both) as defined in Chapter 10, "Risk Evaluation". See also Section 3.3, "Prohibited Uses of the Card".
- High Risk Merchants (e.g., internet electronic services or nightclubs/lounges) as defined in Section 10.3.1, "High Risk Merchants".
- Merchants placed in American Express' Fraud Full Recourse Program.

For Merchants who choose to implement American Express Quick Chip and the No PIN program, please refer to Subsection 4.3.1.2.2, "American Express Quick Chip" for more information about potential fraud liability shift impacts.

Charge criteria:

- The amount or Charge must meet the established threshold.
- The Charge submission must include the appropriate indicator to reflect that the Card and the Cardmember were present at the point of sale.
- The Charge submission must include a valid Approval.

Under the No PIN Program, American Express will not exercise Chargeback for such Charges based solely on your Establishment's failure to obtain the Cardmember's PIN at the point of sale.

If disproportionate amounts or number of Disputed Charges are received under the No PIN Program, you must work to reduce the amount or number of Disputed Charges. If such efforts fail, American Express may place you in a Chargeback program and your Merchant Services Provider and/or American Express may modify participation in the No PIN Program or revoke or terminate your participation in the No PIN Program.

The established threshold for Charges to qualify under the No PIN Program is $200 or less for Contactless and for all other In-Person Charges.

Note: Obtaining Cardmember signature on Card Present Transactions is optional to complete a Charge Record, and at your discretion, unless required by Applicable Law.

4.18 Recurring Billing Charges

To minimize your risk of Chargeback with Recurring Billing Charges, always:

- ensure updates are applied in a timely manner when notified of Cardmember cancellation or Card Number update, and
- obtain express consent from the Cardmember to continue billing after the end date of the contract.

For more tips on reducing Chargebacks, see Chapter 11, "Chargebacks and Inquiries".

Recurring Billing Charges can either be for a fixed or varying amount.

- Fixed amount—the dollar amount does not change from one payment to the next (e.g., monthly magazine subscription).
- Varying amount—the dollar amount changes from one payment to the next (e.g., monthly utility bill).

Recurring Billing is an option offered to Cardmembers to make recurring Charges automatically on their Card. The Recurring Billing Charges are for a product or service the Cardmember agrees to pay periodically and automatically (e.g., membership fees to health clubs, magazine subscriptions, and insurance premiums).

If you offer Cardmembers the option to make Recurring Billing Charges, you must:

- obtain the Cardmember's express consent for you to bill the Card before submitting the first Recurring Billing Charge, and
- notify the Cardmember that he or she can cancel such consent at any time and provide contact details for canceling recurring billing.

In addition to other Chargeback rights, American Express may exercise Chargeback for any Charge which does not meet the requirements listed in this section. American Express may also exercise Chargeback, prior to sending you an Inquiry, if you process Recurring Billing Charges after having previously been notified that the Cardmember has canceled their consent for Recurring Billing Charges.

The method you use to secure such consent must contain a disclosure that you may receive updated Card account information from the Issuer.

Before submitting a Recurring Billing Charge, you must obtain Authorization and complete a Charge Record (see Section 4.8, "Charge Records"), except with the words "signature on file," if applicable, on the signature line and the appropriate electronic descriptor on the Charge Record. You must flag all requests for Authorization with a Recurring Billing indicator. For complete Authorization requirements, see Chapter 5, "Authorizations".

If the Agreement terminates for any reason, then you must notify all Cardmembers for whom you have submitted Recurring Billing Charges that you no longer accept the Card.

You must fulfill Cardmembers' requests that you discontinue the Recurring Billing Charges immediately and provide cancellation numbers to Cardmembers as proof of the cancellation.

The cancellation of a Card constitutes immediate cancellation of that Cardmember's consent for Recurring Billing Charges. You will not be notified of such cancellation, nor will your Merchant Services Provider or American Express have any liability to you arising from such cancellation.

If a Card is canceled, or if a Cardmember cancel consent to Recurring Billing Charges, you are responsible for arranging another form of payment (as applicable) with the Cardmember.

You must retain evidence of consent to receive updated Card account information from the Issuer for twenty-four (24) months from the date you submit the last Recurring Billing Charge.

If you offer Cardmembers the option to make Recurring Billing Charges, you must:

- ensure that your process for cancellation of Recurring Billing is simple and expeditious,
- clearly and conspicuously disclose all material terms of the option, including, if applicable, an initial notice of recurring billing, and the fact that Recurring Billing will continue until the option is canceled by the Cardmember,
- within twenty-four (24) hours of incurring the first Recurring Billing Charge, provide the Cardmember written confirmation (e.g., email or facsimile) of such Charge, including all material terms of the option and details of your cancellation/refund policy, and
- where the material terms of the option change after submission of the first Recurring Billing Charge, promptly notify the Cardmember in writing of such change and obtain the Cardmember's express written consent to the new terms prior to submitting another Recurring Billing Charge.

If your Recurring Billing Charge amounts vary, you must offer the Cardmember the right to receive written notification of the amount and date of each Recurring Billing Charge:

- at least ten (10) days before submitting each Charge, or
- whenever the amount of the Charge exceeds a maximum Recurring Billing Charge amount specified by the Cardmember.

We may exercise Chargeback for any Charge of which you have notified the Cardmember and to which the Cardmember does not consent.

4.18.1 Introductory Offers

If you offer Cardmembers an option to make Recurring Billing Charges that include an Introductory Offer, you must comply with all requirements set forth in this Section 4.18, "Recurring Billing Charges" policy in addition to the following requirements:

- Clearly and conspicuously disclose all material terms of the Introductory Offer to the Cardmember, including a simple and expeditious cancellation process that allows the Cardmember to cancel before submitting the first Recurring Billing Charge.
- Obtain the Cardmember's express consent to accept the terms and conditions of the Introductory Offer.
- Send Cardmember a confirmation notification in writing upon enrollment in the Introductory Offer.
- Send Cardmember a reminder notification in writing before submitting the first Recurring Billing Charge, that allows the Cardmember a reasonable amount of time to cancel.

4.19 Processing Prepaid Cards

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

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

- Instruct Cardmembers that, before making a purchase, they may check their remaining funds by:
  - calling the twenty-four (24) hour, toll-free number on the back of the Card,
  - checking online, or
  - using the mobile app offered by their Issuer (where available).
- Because Prepaid Cards are pre-funded, if you receive a Decline when seeking Authorization, ask the customer to go online, use their mobile app, or call the toll-free number on the back of the Card to confirm that the purchase price does not exceed the available funds on the Prepaid Card.
- If the Prepaid Card does not have enough funds to cover the purchase price, process a Split Tender Transaction or request an alternative form of payment.
- You must create a Charge Record for a Prepaid Card as you would any other Card.
- You may follow your policy on combining payment on Prepaid Cards with any Other Payment Products or methods of payment. If the other payment method is an American Express Card then you are required to follow all provisions of the Agreement.
- Check with your Merchant Services Provider to determine if your POS System is set up for Split Tender functionality.

For information about processing Prepaid Cards, call the customer service number on the back of the Card in question.

4.20 Processing Travelers/Gift Cheques

American Express Travelers Cheques, Cheques for Two, and Gift Cheques are easy to accept provided that the cheque is an authentic American Express Travelers Cheque. See Subsection 4.20.1, "Acceptance Procedures".

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

Travelers Cheques

American Express Travelers Cheques are a widely used and recognized travel currency. If they are ever lost or stolen, they can be replaced quickly and easily, almost anywhere in the world, usually within twenty-four (24) hours.

Travelers Cheques come in various denominations and currencies.

Gift Cheques

American Express Gift Cheques function like Travelers Cheques, and are available in $10, $25, $50, and $100 denominations only. Any Gift Cheque presented that is greater than $100 is counterfeit. If you receive a Gift Cheque greater than $100, do the following:

- Contact Travelers Cheque/Gift Cheque Customer Service at 1-866-296-5198.
- Do not accept it.
- Write the word "VOID" across the front of the counterfeit Cheque.

For further information, see Chapter 9, "Fraud Prevention".

Travelers Cheques in circulation come in denominations ranging from $20 to $1000. Be cautious when presented with an American Express Travelers Cheque in a denomination of $500 or greater. These higher-denominated Travelers Cheques are rarely sold, and therefore are more likely to be counterfeit. For information on how to perform a “smudge test,” which is designed to test the authenticity of the Travelers Cheques, see Section 9.9, "Travelers Cheque and Gift Cheque Security Features".

4.20.1 Acceptance Procedures

Accepting American Express Travelers and Gift Cheques is easy:

- Watch your customer countersign in the lower left corner of the cheque, and compare the countersignature to the signature in the upper left corner for American Express Travelers Cheques and Gift Cheques. For Cheques for Two, the customer's countersignature must match either one of the two signatures on top.
- Validate Security Features – Validating these features will help reduce the acceptance of counterfeit cheques. See Section 9.9, "Travelers Cheque and Gift Cheque Security Features".
- Obtain authorization – American Express recommends obtaining an authorization to reduce the chances of accepting fraudulent cheques. American Express offers a variety of authorization tools. See authorization methods in the following table to determine your course of action:

If	Then
The signature and countersignature are a reasonable match (they look alike, but may not be identical)	Accept the cheque. There is no need to obtain any identification.
You suspect that the countersignature may be false, or you did not watch the customer countersign	Ask the customer to turn the cheque over and sign again across the left-hand side (in the same manner one typically endorses a cheque). Then take the cheque and fold up the bottom right-hand corner so that you can compare the original signature with the new one.
The signatures are not the same, or if there is a question regarding the validity of the cheque	Call the Travelers Cheque/Gift Cheque Customer Service at 1-866-296-5198.
You suspect that the Travelers cheque being presented is fraudulent	Use any of the following methods to verify that the cheque you are accepting is authentic: • Perform a smudge test (see Chapter 9, "Fraud Prevention" for details). • Obtain online Authorization at www.americanexpress.com/verifyamextc.

4.21 Property Damage to Accommodations and Other Rentals

If a Cardmember expressly consents to use the Card to pay for Property Damage Fees and/or smoking fees to a rented accommodation or equipment, you may accept the Card, provided you have complied with following conditions for payment for such fees, and we classify the rental as one of the following:

- Lodging accommodations

- Trailer parks and campground rental
- Motor home rental
- Boat rental
- Bicycle rental
- Motorcycle rental
- Equipment rental

Conditions for Payment for such fees:

- The Card was used as the original payment method for the accommodations or rental.
- You must provide in writing, to the Cardmember, an itemized list and description of the property and/or smoke damage which has occurred.
- Prior to submitting a Charge, you must obtain the Cardmember's agreement in writing[1] to:
  - Accept responsibility for the fees associated with the property and/or smoke damage.
  - Select American Express as the payment method for the fees associated with the property and/or smoke damage.
  - Accept the total amount for which the Cardmember is responsible, and that the final billed amount can be up to 15% more than the estimated amount. No amounts in excess of 115% of the disclosed amount shall be charged to the Cardmember's Card, without the express prior written consent of the Cardmember.
- You must obtain Authorization for the amount of the fees associated with the property and/or smoke damage each time a Charge is submitted.
- You must prepare a Charge Record separate from the Charge Record for the rental or lodging stay. You must adhere to all requirements outlined in Chapter 4, "Transaction Processing" for completion of the Charge Record. In addition, you must observe the following:
  - After the exact fee associated with the property and/or smoke damage has been determined and the Charge is ready for Submission, you must provide the Cardmember with an itemized summary; insert the amount on the Charge Record (in no event in excess of the estimated amount plus 15% agreed to by the Cardmember).
- In addition to the other Chargeback rights contained in the Agreement, we may exercise Chargeback rights with respect to any Charge for damages which is not submitted in accordance with all the procedures contained within the Agreement, including the provisions of this Section 4.21, "Property Damage to Accommodations and Other Rentals".
- You must not include the following in an Authorization Request or in a Charge Submission:
  - Losses due to theft of the equipment.
  - Losses due to theft of property or equipment from within a rental accommodation.
  - Loss of revenue due to the loss of use of the rental equipment or lodging accommodations.
- You must submit the Charge to us within 90 calendar days of check-out or rental return date.

4.22 Split Shipment Transactions

A split shipment Transaction occurs when a Cardmember makes a single purchase of multiple individually priced goods and the goods are delivered to the Cardmember in multiple shipments. Unit prices and items sold as a set must not be billed as separate Charges. You may obtain a single Authorization and submit multiple Charge Records for the purpose of

1. The Cardmember's consent must be provided in writing after the damages have occurred and without any threat or duress.

completing a split shipment Transaction. The Authorization will be valid for up to seven (7) days after the Authorization date. Section 5.3, "Authorization Time Limit".

To accept the Card for split shipment Transactions, you must:

- State your full cancellation and refund policies;
- Advise the Cardmember of the Authorization amount that will be requested;
- Disclose and obtain the Cardmember's consent that the items from the purchase will be delivered separately and billed as separate Charges;
- Provide the estimated delivery date(s);
- Submit a Charge Record only after each item has shipped.

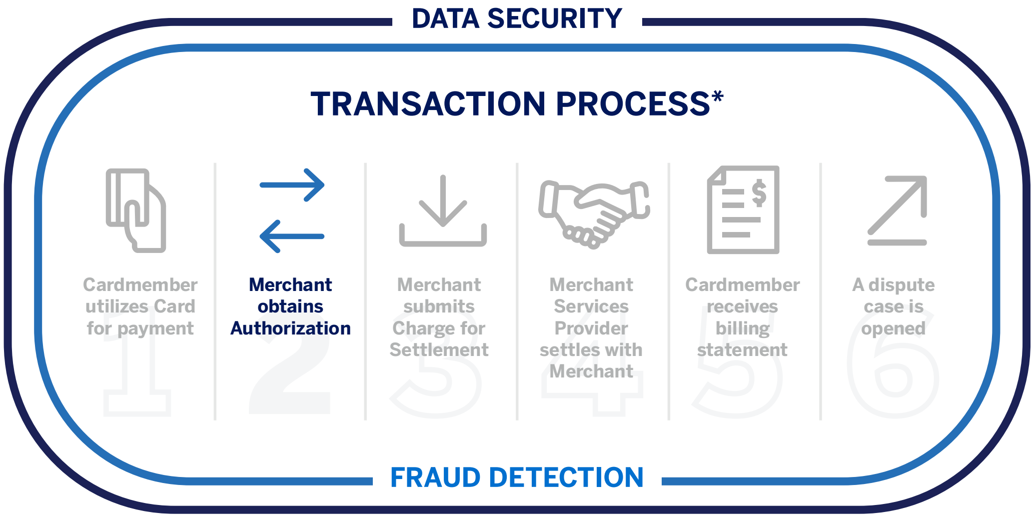
AMERICAN EXPRESS

Authorizations

5

5.1 Transaction Process

The Authorization process begins when you provide an Authorization request to your Merchant Services Provider. After requesting Authorization, you receive an Authorization response, which you use, in part, to determine whether to proceed with the Charge.



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

5.2 The Purpose of Authorization

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

For every Charge, you are required to obtain an Authorization Approval except for Charges under a Floor Limit (see Section 5.5, "Floor Limit").

The Authorization Approval must be for the full amount of the Charge except for Merchants and/or Transaction types that we classify in the industries listed in Section 5.4, "Estimated Authorization"

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

5.3 Authorization Time Limit

Authorization Approvals for Charges are valid for seven (7) days after the Authorization date. You must obtain a new Approval if you submit the Charge to your Merchant Services Provider more than seven (7) days after the original Authorization date.

For Charges of goods or services that are shipped or provided more than seven (7) days after an order is placed, you must obtain an Approval for the Charge at the time the order is placed and again at the time you ship or provide the goods or services to the Cardmember.

The new Approval must be included in the Charge Record. If either of the Authorization requests is Declined, do not provide the goods or services or submit the Charge. If you do, you will be subject to a Chargeback.

For Estimated Authorization time frames see Section 5.4, "Estimated Authorization".

5.4 Estimated Authorization

We recommend that you perform an additional Authorization as soon as the Charge amount exceeds the original Authorization by the Estimated Authorization percentage in the table in this section as follows:

- For Authorizations obtained intermittently – at least once per day.
- For Authorizations for estimated amounts at the point the amount of costs incurred exceeds the Authorization for estimated amounts by more than Estimated Amount percentage.

If you are classified or it is determined that you operate in one of the following industries, then the following Estimated Authorization procedures apply where the final Charge amount is not known at the time of Authorization.

You may only obtain an Estimated Authorization in the industries listed below. Do not overestimate the Authorization amount. You must obtain the Cardmember's consent to such estimated amount prior to requesting the Authorization.

You must submit the corresponding Charge as soon as you become aware of the full amount to be charged. For any amount of the Charge that exceeds the amount for which you obtained an Authorization you must obtain the Cardmember's consent.

If the final amount of the Charge is:

- no greater than the amount for which you obtained Authorization plus the applicable Estimate Authorization percentage listed below of that amount, no further Authorization is necessary; or
- greater than the amount for which you obtained Authorization by more than the applicable Estimated Authorization percentage listed below of that amount, you must obtain a new Authorization. If you fail to obtain such Authorization, or your request for such Authorization is declined, American Express will have Chargeback rights for the amount in excess of the original Authorization amount plus the applicable Estimated Authorization percentage of that amount. For the avoidance of doubt, American Express will have Chargeback rights for the final amount of the Charge for reasons other than the failure to obtain an approved Authorization.

An Estimated Authorization is valid for the applicable Estimated Authorization time frame listed below. You must obtain a new Approval if you do not submit the Charge to us within the Estimated Authorization time frame.

For example, in the lodging industry:

If the Authorization was for $1,000, and the total of purchases was no more than $1,150, no further Authorization is necessary. However, if the total purchases were $1,200, and you did not obtain additional Authorization, then we have Chargeback rights up to $50.

Industry	Estimated Authorization Percentage	Estimated Authorization Time frame
Grocery (Card Not Present)	15%	Seven (7) days
Lodging (See Subsection 12.12.1)	15%	Duration of the stay plus seven (7) days
Restaurants and Bars*	30%	Seven (7) days
Retail (Card Not Present)	15%	Seven (7) days
Taxicabs and Limousines	20%	Seven (7) days
Vehicle Rentals (See Subsection 12.12.2)	15%	Duration of the rental agreement, plus seven (7) days

* The Estimated Authorization percentage for Prepaid Card and Debit Card Charges at Restaurants and Bars is 20%.

5.5 Floor Limit

American Express maintains a zero-dollar Floor Limit on all Charges regardless of the amount. If any one Charge, or series of Charges, made on the same day by any one Cardmember at the

Establishment, is equal to or greater than this Floor Limit, the Establishment must request Authorization.

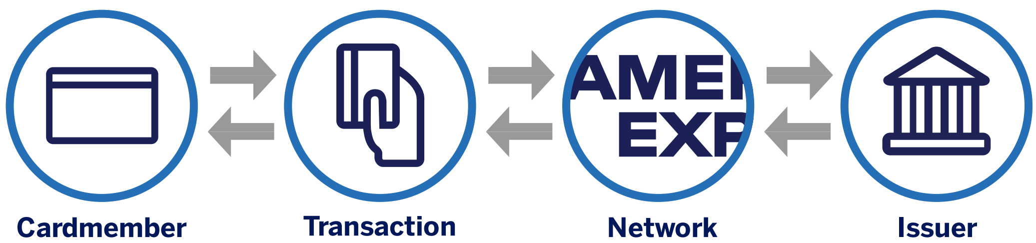
5.6 Authorization Process

The Cardmember provides you with the Card or the Card Information.

The POS System captures the Card Information and transfers it to the American Express Network.

The Network sends the Approval request to the Issuer.

The Issuer Approves or declines the request.



Upon receiving the decision of the Approval or decline of the request, you will be able to complete or deny the Transaction and inform the Cardmember.

The POS System displays the Approval or decline of the request.

The American Express Network relays the information back to the POS System.

The Issuer communicates the Approval or decline back to the American Express Network.

5.7 Possible Authorization Responses

Responses to your requests for Authorization are generated by Issuers and transmitted to you. The following are among the most commonly generated responses to your request for Authorization. The exact wording may vary so check with your Merchant Services Provider to determine what Authorization responses will display on your equipment.

Authorization Response	What It Means
Approved	The Charge is approved.
Partially Approved (for use with Prepaid Cards only)	The Charge is approved. The Approval is for an amount less than the value originally requested. The Charge must only be submitted for the approved amount. Collect the remaining funds due from the Cardmember via another form of payment. For Split Tender, you may follow your policy on combining payment on Prepaid Cards with any Other Payment Products or methods of payment.
Declined or Card Not Accepted	The Charge is not approved. Do not provide the goods or services or submit the Charge. Inform the Cardmember promptly that the Card has been Declined. If the Cardmember has questions or concerns, advise the Cardmember to call the customer service telephone number on the back of the Card. Never discuss the reason for the Decline. If you submit the Charge after receiving a Decline, American Express may reject the Charge or you will be subject to a Chargeback.
Pick up	You may receive an Issuer point of sale response indicating that you must pick up the Card. Follow your internal policies when you receive this response. Never put yourself or your employees in unsafe situations. Contact your Merchant Services Provider for further information regarding a Pick Up Card response.

5.8 Obtaining an Electronic Authorization

Failure to comply with the *American Express Technical Specifications* for Authorization may impact your ability to successfully process Transactions. For example, we may not be able to issue an Authorization response or process the Charge at Submission (see Section 6.5, "Submission Requirements – Electronic").

You must ensure that all Authorization requests comply with the *Technical Specifications* (see Section 2.5, "Compliance with the Technical Specifications"). If the Authorization request does not comply with the *Technical Specifications*, the Authorization was Declined, or for which no Approval code was obtained, American Express may reject the Submission or American Express may exercise a Chargeback. Contact your Merchant Services Provider for information about your obligations to comply with the *Technical Specifications*.

If the Card is unreadable and you have to key-enter the Charge to obtain an Authorization then you must follow the requirements for key-entered Charges. See Subsection 4.5.2, "Key-Entered Charges" for additional information.

If you use an electronic POS System to obtain Authorization, the Approval must be printed automatically on the Charge Record.

Occasionally, obtaining an electronic Authorization may not be possible (e.g., due to POS System problems, System Outages, or other disruptions of an electronic Charge). In these instances, please work with your Merchant Services Provider.

5.9 Card Identification (CID) Number

Card Identification (CID) Number

CID is a four-digit number printed on the face of the Card.

The Card Identification (CID) Number provides an extra level of Cardmember validation and is part of the Authorization process. The CID Number is printed on the Card.

If, during the Authorization, a response is received that indicates the CID Number given by the person attempting the Charge does not match the CID Number that is printed on the Card, re-prompt the customer at least one more time for the CID Number. If it fails to match again, follow your internal policies.

Note: CID Numbers must not be stored for any purpose. They are available for real time Charges only. See Chapter 8, "Protecting Cardmember Information".

See Chapter 9, "Fraud Prevention" for more information on CID Numbers and CID Verification.

5.10 Authorization Reversal

It is a good practice to reverse an Authorization for an Approved Charge if you do not intend to submit a Charge to your Merchant Services Provider within the Authorization time limits. See Section 5.11, "Pre-Authorization". You may reverse an Authorization for a corresponding Charge by:

- initiating an Authorization reversal message, or
- Contacting your Merchant Services Provider for instructions on how to reverse an Authorization.

After a Charge Record has been submitted, an Authorization cannot be canceled or changed. For example, if you make an error in a Charge but have already submitted the Charge Record, you cannot systematically request a change in the Charge. You must instead, follow the procedures for Processing a Credit, as defined in Section 4.9, "Processing a Credit".

5.11 Pre-Authorization

A pre-Authorization is an Authorization request that you submit in advance of providing the goods or services, allowing you then to submit the Approved Charge (e.g., fuel pump CATs).

AMERICAN EXPRESS

Submissions

6

6.1 Introduction

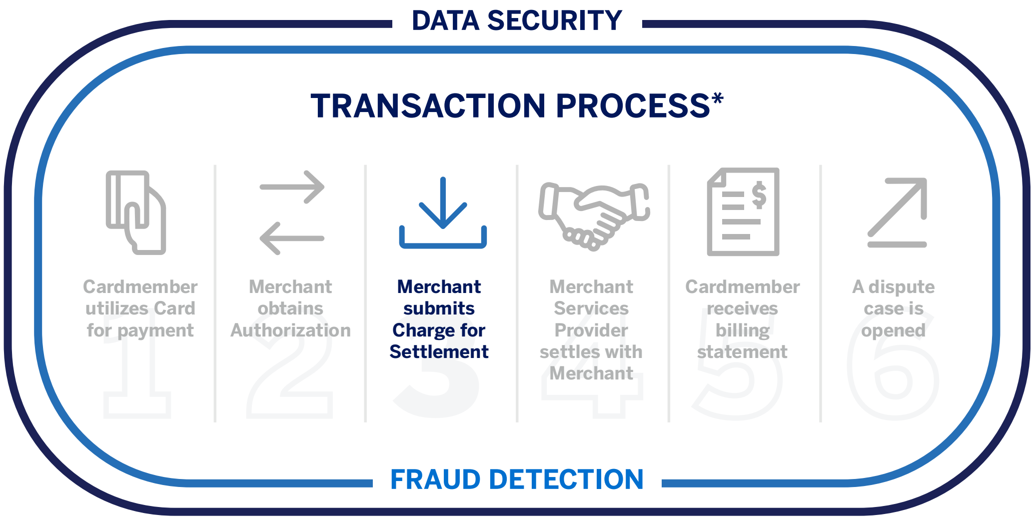
Merchants are familiar with commitments that keep their business running smoothly. One such commitment is to submit Transactions conducted at your Establishments to your Merchant Services Provider for payment.

Since payment cannot occur until the Transactions are submitted, you are encouraged to submit Transactions daily even though you have up to seven (7) days to do so.

See Section 4.5, "Processing an In-Person Charge" and Section 4.9, "Processing a Credit" for additional information.

6.2 Transaction Process

Collect Transactions during the business day and submit them to us, through your Merchant Services Provider, usually at the end of a day. If you have any Submission problems, contact your Merchant Services Provider.



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

6.3 Purpose of Submission

After we receive the Submission, we process it and settle with your Merchant Services Provider. Your Merchant Services Provider will then settle directly with you in accordance with the payment plan, speed of payment, and payment method, you have arranged with them.

Transactions will be deemed accepted on a given business day if processed by us before the close of business.

Please contact your Merchant Services Provider for additional information on submitting Transactions, processing cutoff times, and payment procedures.

6.4 Submission Process

After you collect the Transactions during your business day, we encourage you to submit them to your Merchant Services Provider daily.

Following the instructions displayed in your POS System, you can submit your Transactions to be processed and Settled.

Payments cannot occur until the Transactions are Submitted, received, and processed through your Merchant Services Provider.

6.5 Submission Requirements – Electronic

For additional information about retaining information, see Section 4.8, "Charge Records" and Section 8.4, "Standards for Protection of Cardmember Information".

Besides impacting your Transaction processing, failure to comply with the *Technical Specifications* may increase your Disputed Charges. For instance, for a Card Not Present Charge, if you do not provide a customer service telephone number or web address, Cardmembers who do not recognize Charges, may initiate "no knowledge" Inquiries rather than contact you directly to identify the Charge.

You must submit Transactions electronically in accordance with your Merchant Services Provider's instructions.

When you transmit Charge Data and Transmission Data electronically, you must still complete and retain Charge Records and Credit Records.

A Submission or Batch must comply with the *American Express Merchant Operating Guide*, including the *Technical Specifications* (see Section 2.5, "Compliance with the Technical Specifications"). Failure to follow these requirements could result in a rejection of your Submission or Batch or delay in your payment (or both). If a Submission or Batch rejects, you may not be paid until the Submission or Batch is corrected and resubmitted. You must work with your Merchant Services Provider to correct the error, then resubmit. For Submissions which fail to comply with the *Technical Specifications*, American Express has the right to Chargeback.

You must submit Charges and Credits only in U.S. Dollars.

6.5.1 Charge Submissions

You must submit all Charges to your Merchant Services Provider within seven (7) days of the date they are incurred. Charges are deemed "incurred" on the date the Cardmember indicates to you that they will pay for the goods or services purchased with the Card. Charges must not be submitted to your Merchant Services Provider until after the goods are shipped, provided, or the services are rendered. You must submit all Charges under the Establishment where the Charge originated.

For Aggregated Charges, the Charge must be submitted within seven (7) days of the date of the last purchase (and/or refund as applicable) that comprises the Aggregated Charge. See Section 4.15, "Aggregated Charges – Internet" for additional information.

Delayed Delivery Charges and Advance Payment Charges may be submitted before the goods are shipped, provided, or the services are rendered. See Section 4.16, "Delayed Delivery Charges" and Section 4.14, "Advance Payment Charges" for additional information.

6.5.2 Credit Submissions

You must submit all Credits to your Merchant Services Provider within seven (7) days of determining that a Credit is due. You must submit each Credit under the Establishment where the Credit originated. Please contact your Merchant Services Provider for additional information regarding Credit submission requirements.

6.6 Submission Requirements – Paper

If, under extraordinary circumstances, you need to submit Transactions on paper, you must do so in accordance with instructions provided by your Merchant Services Provider.

6.7 How to Submit

> Many POS Systems are equipped with a "batch out" key or similar functionality. Contact your Merchant Services Provider for information on the best way to submit a batch.

In many cases, your POS System automatically processes the Transactions in Batches at the end of the day. On busy days, your Transaction volume may be greater than your POS System's storage capability.

Consult information provided by your Merchant Services Provider to determine POS storage capacity and whether it's necessary to submit multiple Batches (e.g., submit a Batch at mid-day and again in the evening).

Contact your Merchant Services Provider for additional information regarding submission requirements.

AMERICAN EXPRESS

Settlement

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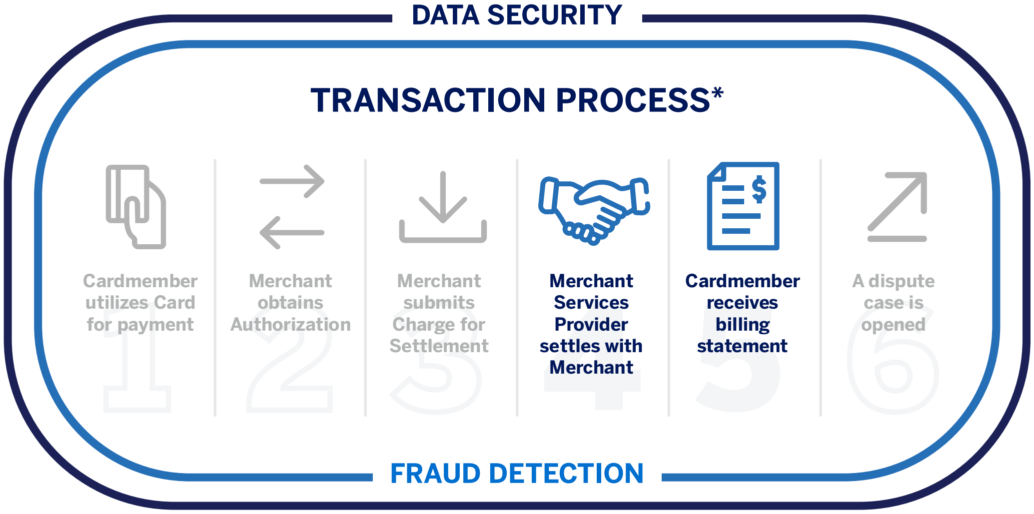
7.1 Transaction Process

After we receive a Submission file, we begin the process of settling. Settlement of payment from American Express will be made directly to your Merchant Services Provider.



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

7.2 Settlement Amount

All settlement activity to you is the responsibility of your Merchant Services Provider and any questions or concerns should be directed to them for resolution.

7.3 Payment Errors or Omissions

Immediately notify your Merchant Services Provider of any error or omission in respect to your transactions or other fees or payments for Charges, Credits, or Chargebacks.

7.4 Collecting from Cardmembers

You must not bill or collect from any Cardmember for any purchase or payment made on the Card unless:

- Chargeback was exercised for such Charge,
- You have fully paid your Merchant Services Provider for such Charge, and
- You otherwise have the right to do so.

AMERICAN EXPRESS

Protecting Cardmember Information

8

8.1 Data Security Requirements

As a leader in consumer protection, American Express has a long-standing commitment to protect Cardholder Data and Sensitive Authentication Data, ensuring that it is kept secure.

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

American Express knows that you share American Express' concern and requires, as part of your responsibilities, that you comply with the data security requirements in the Agreement with your Merchant Services Provider and these Data Security Requirements.

These requirements apply to all your equipment, systems, and networks (and their components) on which encryption keys, Cardholder Data, or Sensitive Authentication Data (or a combination of each) are stored, processed, or transmitted.

8.2 Definitions

For the purposes of this Chapter 8, "Protecting Cardmember Information", the following definitions apply:

Approved Scanning Vendors (ASVs) – An Entity that has been qualified by the Payment Card Industry Security Standards Council, LLC to validate adherence to certain PCI DSS requirements by performing vulnerability scans of internet facing environments. See Section 8.7, "Periodic Validation of Merchant Systems".

Attestation of Compliance (AOC) – A declaration of the status of your compliance with the PCI DSS, in the form provided by the Payment Card Industry Security Standards Council, LLC.

Attestation of Scan Compliance (AOSC) – A declaration of the status of your compliance with the PCI DSS based on a network scan, in the form provided by the Payment Card Industry Security Standards Council, LLC.

Card Number – The unique identifying number that the Issuer assigns to the Card when it is issued.

Cardholder Data – Has the meaning given in the then-current Glossary of Terms for the PCI DSS.

Cardholder Data Environment (CDE) – The people, processes, and technology that store, process, or transmit cardholder data or sensitive authentication data.

Compromised Card Number – An American Express Card account number related to a Data Incident.

Covered Parties – Any or all of your employees, agents, representatives, subcontractors, processors, Service Providers, providers of your point-of-sale (POS) equipment or systems, or payment processing solutions, Entities associated to your American Express merchant account, and any other party to whom you may provide Cardholder Data or Sensitive Authentication Data (or both) access in accordance with the Agreement.

Data Incident – An incident involving the compromise or suspected compromise of American Express encryption keys, or at least one American Express Card account number, in which there is:

- unauthorized access or use of Encryption Keys, Cardholder Data, or Sensitive Authentication Data (or a combination of each) that are stored, processed, or transmitted on your equipment, systems, and/or networks (or the components thereof) of yours or the use of which you mandate or provide, or make available;

- use of such Encryption Keys, Cardholder Data, or Sensitive Authentication Data (or a combination of each) other than in accordance with the Agreement; and/or
- suspected or confirmed loss, theft, or misappropriation by any means of any media, materials, records, or information containing such Encryption Keys, Cardholder Data, or Sensitive Authentication Data (a combination of each).

Data Incident Event Window – The period that begins as of the date of compromise, if known, or 365 days prior to the Notification Date if the actual date of compromise is not known. The Data Incident Event Window ends 30 days after the Notification Date.

Data Security Requirements (DSR) – The American Express data security policy, as described in Chapter 8, "Protecting Cardmember Information" of the *Merchant Operating Guide*.

EMV Specifications – The specifications issued by EMVCo, LLC, which are available at www.emvco.com.

Encryption Key – All keys used in the processing, generation, loading and/or protection of Account Data. This includes, but is not limited to, the following:

- Key Encrypting Keys: Zone Master Keys (ZMKs) and Zone PIN Keys (ZPKs)
- Master Keys used in secure cryptographic devices: Local Master Keys (LMKs)
- Card Security Code Keys (CSCKs)
- PIN Keys: Base Derivation Keys (BDKs), PIN Encryption Keys (PEKs), and ZPKs

Forensic Incident Final Report Template – Means the template available from the PCI Security Standards Council, which is available at www.pcisecuritystandards.org.

Issuer – Any Entity (including American Express and its Affiliates) licensed by American Express or an American Express Affiliate to issue Cards and to engage in the Card issuing business.

Level 1 Merchant – 2.5 million American Express Card Transactions or more per year; or any Merchant that American Express otherwise deems a Level 1 Merchant.

Level 2 Merchant – 50,000 to 2.5 million American Express Card Transactions per year.

Level 3 Merchant – 10,000 to 50,000 American Express Card Transactions per year.

Level 4 Merchant – Less than 10,000 American Express Card Transactions per year.

Merchant – The Merchant and all of its affiliates that accept American Express Cards under a Merchant processing agreement or sponsored Merchant agreement, the American Express *Merchant Operating Guide,* and any accompanying schedules and exhibits, collectively, between Merchant and its Merchant Services Provider.

Merchant Level – The designation assigned to Merchants related to their PCI DSS compliance validation obligations, as described in Section 8.7, "Periodic Validation of Merchant Systems".

Notification Date – The date that American Express provides Issuers with final notification of a Data Incident. Such date is contingent upon American Express' receipt of the final forensic report or internal analysis and shall be determined in American Express' sole discretion.

Payment Application – Has the meaning given to it in the then-current Glossary of Terms for Payment Card Industry Payment Application Data Security Standard, which is available at www.pcisecuritystandards.org.

Payment Card Industry Data Security Standard (PCI DSS) – The Payment Card Industry Data Security Standard, which is available at www.pcisecuritystandards.org.

Payment Card Industry Security Standards Council (PCI SSC) Requirements – The set of standards and requirements related to securing and protecting payment card data, including the PCI DSS and PA DSS, available at www.pcisecuritystandards.org.

PCI-Approved – A PIN Entry Device or a Payment Application (or both) that appears at the time of deployment on the list of approved companies and providers maintained by the PCI Security Standards Council, LLC, which is available at www.pcisecuritystandards.org.

PCI Forensic Investigator (PFI) – An Entity that has been approved by the Payment Card Industry Security Standards Council, LLC to perform forensic investigations of a breach or compromise of payment Card Data.

PCI PIN Security Requirements – The Payment Card Industry PIN Security Requirements, which are available at www.pcisecuritystandards.org.

PIN Entry Device – Has the meaning given to it in the then-current Glossary of Terms for the Payment Card Industry PIN Transaction Security Requirements, Point of Interaction Modular Security Requirements, which is available at www.pcisecuritystandards.org.

Point-to-Point Encryption (P2PE) – A solution that cryptographically protects account data from the point where a Merchant accepts the payment card to the secure point of decryption.

Point of Sale (POS) System – An information processing system or equipment, including a terminal, personal computer, electronic cash register, contactless reader, or payment engine or process, used by a Merchant, to obtain Authorizations or to collect Transaction data, or both.

Qualified Security Assessors (QSAs) – Entities that have been qualified by the Payment Card Industry Security Standards Council, LLC to validate adherence to the PCI DSS. See Section 8.7, "Periodic Validation of Merchant Systems".

Security Technology Enhancement Program (STEP) – American Express' program in which Merchants are encouraged to deploy technologies that improve data security. To qualify for STEP, Merchants must not have had a Data Incident in the twelve (12) months prior to submitting the Annual Attestation of Compliance and conducted at least 75% of all Transactions using Point-to-Point Encryption or face to face Transactions using EMV Chip Enabled Devices.

Self-Assessment Questionnaire (SAQ) – A self-assessment tool created by the Payment Card Industry Security Standards Council, LLC, intended to evaluate and attest to compliance with the PCI DSS.

Sensitive Authentication Data – Has the meaning given in the then-current Glossary of Terms for the PCI DSS.

Targeted Analysis Program (TAP) – A program that provides early identification of a potential Cardholder data compromise in your Cardholder Data Environment (CDE). See Section 8.3, "Targeted Analysis Program (TAP)".

Validation Documentation – The AOC rendered in connection with an Annual Onsite Security Assessment or SAQ, the AOSC and executive summaries of findings rendered in connection with Quarterly Network Scans, or the annual STEP Attestation.

8.3 Targeted Analysis Program (TAP)

Cardholder Data compromises may be caused by data security gaps in your Cardholder Data Environment (CDE). Examples of Cardholder Data compromise include, but are not limited to:

- **Common Point of Purchase (CPP)**: American Express Cardmembers report fraudulent Transactions on their Card accounts and are identified and determined to have originated from making purchases at your Establishments.

- **Card Data found**: American Express Card and Cardholder Data found on the world wide web linked to Transactions made at your Establishments.
- **Malware suspected**: American Express suspects that your business is using software infected with or vulnerable to malicious code.

TAP is designed to identify potential Cardholder Data compromises.

You must, and you must cause your Covered Parties to, comply with the following requirements upon notification from American Express or your Merchant Service Provider, of a potential Cardholder Data compromise.

- You must promptly review your CDE for data security gaps and remediate any findings.
  - You must cause your third-party vendor(s) to conduct a thorough investigation of your CDE if outsourced.
- You must provide a summary of action taken or planned after your review, evaluation, and/or remediation efforts upon notification from American Express or your Merchant Services Provider.
- You must provide updated PCI DSS validation documents in accordance with Section 8.7, "Periodic Validation of Merchant Systems".
- As applicable, you must engage a qualified PCI Forensic Investigator (PFI) to examine your CDE if you or your Covered Party:
  - Cannot resolve the Cardholder Data compromise within a reasonable period of time, as determined by American Express, or
  - Confirm that a Data Incident has occurred and comply with the requirements set forth in Section 8.5, "Data Incident Management Obligations".

If you cannot meet these obligations, your Merchant Services Provider may have the right to terminate the Agreement in accordance with its terms as well as impose non-validation fees on you.

8.4 Standards for Protection of Cardmember Information

Remember if the Agreement terminates, Cardholder Data can only be retained according to the PCI DSS which is available at pcisecuritystandards.org

You must, and you must cause your Covered Parties, to:

- store Cardholder Data only to facilitate American Express Card Transactions in accordance with, and as required by, the Agreement,
- comply with the current PCI DSS and other PCI SSC Requirements applicable to your processing, storing, or transmitting of Cardholder Data or Sensitive Authentication Data no later than the effective date for implementing that version of the applicable PCI SSC Requirement, and
- use, when deploying new or replacement PIN Entry Devices or Payment Applications (or both), in attended locations, only those that are PCI-Approved.

You must protect all Charge Records and Credit Records retained pursuant to the Agreement in accordance with these data security provisions; you must use these records only for purposes of the Agreement and safeguard them accordingly. You are financially and otherwise liable to your Merchant Services Provider for ensuring your Covered Parties' compliance with this Chapter 8, "Protecting Cardmember Information" (other than for demonstrating your Covered Parties' compliance with this policy under Section 8.7, "Periodic Validation of Merchant Systems" except as otherwise provided in this section).

8.5 Data Incident Management Obligations

Data Incident

An incident involving unauthorized access or use of encryption keys, Cardholder Data, or Sensitive Authentication Data (or a combination of each) that are stored, processed, or transmitted on equipment, systems, and/or networks (or the components thereof).

You must notify your Merchant Services Provider immediately after discovery of a Data Incident. In addition:

- You must conduct a thorough forensic investigation of each Data Incident.
- For Data Incidents involving 10,000 or more unique Card Numbers, you must engage a PCI Forensic Investigator (PFI) to conduct this investigation within five (5) days following discovery of a Data Incident.
- The *unedited* forensic investigation report must be provided to your Merchant Services Provider in accordance with their time frame for completing such information.
- You must promptly provide to your Merchant Services Provider all Compromised Card Numbers. American Express reserves the right to conduct its own internal analysis to identify Card Numbers involved in the Data Incident.

Forensic investigation reports must be completed using the current Forensic Incident Final Report Template available from PCI. Such report must include forensic reviews, reports on compliance, and all other information related to the Data Incident; identify the cause of the Data Incident; confirm whether or not you were in compliance with the PCI DSS at the time of the Data Incident, and confirm your commitment to prevent future Data Incidents by providing a plan for remediating all PCI DSS deficiencies, and confirm your participation in the American Express compliance program (as described below). Upon your Merchant Services Provider's request, you shall provide validation by a QSA that the deficiencies have been remediated.

Notwithstanding the foregoing paragraphs of this Section 8.5, "Data Incident Management Obligations":

- American Express may, in its sole discretion, require you to engage a PFI to conduct an investigation of a Data Incident for Data Incidents involving less than 10,000 unique Card Numbers. Any such investigation must comply with the requirements set forth above in this Section 8.5, "Data Incident Management Obligations", and must be completed within the time frame required by American Express.
- American Express may, in its sole discretion, separately engage a PFI to conduct an investigation for any Data Incident and may charge the cost of such investigation to you.

You must work with your Merchant Services Provider and American Express to rectify any issues arising from the Data Incident, including consultations about your communications to Cardmembers affected by the Data Incident and providing (and obtaining any waivers necessary to provide) to your Merchant Services Provider all relevant information to verify your ability to prevent future Data Incidents in a manner consistent with the Agreement.

Notwithstanding any contrary confidentiality obligation in the Agreement, American Express has the right to disclose information about any Data Incident to Cardmembers, Issuers, other participants on the American Express Network, and the general public as required by Applicable Law; by judicial, administrative, or regulatory order, decree, subpoena, request, or other process; in order to mitigate the risk of fraud or other harm; or otherwise to the extent appropriate to operate the American Express Network.

8.6 Reserved

8.7 Periodic Validation of Merchant Systems

You must take the following actions to validate under PCI DSS annually and quarterly the status of your equipment, systems and/or networks (and their components) on which encryption keys, Cardholder Data, or Sensitive Authentication Data (or a combination of each) are stored, processed or transmitted.

There are four actions required to complete validation:

Action 1 – Participate in American Express' compliance program under this policy.

Action 2 – Understand your Merchant Level and Validation Requirements.

Action 3 – Complete the Validation Documentation that you must send to American Express.

Action 4 – Send the Validation Documentation to American Express through your Merchant Service Provider.

Action 1 - Participate in American Express' Compliance Program under this Policy

Level 1 Merchants and Level 2 Merchants, as described below, must participate in American Express' PCI Compliance Program under this policy by providing the full name, email address, telephone number, and physical mailing address of an individual who will serve as their general data security contact. You must submit this information to your Merchant Services Provider. You must notify your Merchant Services Provider if this information changes, providing updated information where applicable. Your failure to provide such contact information may result in the assessment of non-compliance fees. Please contact your Merchant Services Provider for more information regarding its data security compliance requirements.

American Express may designate, at our sole discretion, certain Level 3 and Level 4 Merchants' participation in American Express' compliance program under this policy by sending them written notice. Any such Merchant must enroll in the compliance program no later than ninety (90) days following receipt of the notice.

Action 2 - Understand Your Merchant Level and Validation Requirements

Most Merchant Levels are based on the volume of Transactions submitted by all of your Establishments. You will fall into one of the Merchant Levels specified in the following table.

	Validation Documentation		
Merchant Level/ Annual American Express Transactions	On-Site Assessment Report on Compliance (ROC)	Self-Assessment Questionnaire (SAQ) AND Quarterly Network Scan	STEP Attestation for eligible Merchants
Level 1/ 2.5 million or more	Mandatory	Not applicable	Optional (replaces ROC)
Level 2/ 50,000 to 2.5 million	Optional	SAQ mandatory (unless submitting an On-Site Assessment) scan mandatory with certain SAQ types	Optional (replaces SAQ and network scan or ROC)
Level 3/* 10,000 to 50,000	Optional	SAQ optional (mandatory if required by American Express) scan mandatory with certain SAQ types	Optional (replaces SAQ and network scan or ROC)
Level 4/* 10,000 or less	Optional	SAQ optional (mandatory if required by American Express) scan mandatory with certain SAQ types	Optional (replaces SAQ and network scan or ROC)

* For the avoidance of doubt, Level 3 and Level 4 Merchants need not submit Validation Documentation unless required at American Express' discretion, but nevertheless must comply with, and are subject to liability under all other provisions of these Data Security Requirements.

American Express reserves the right to verify the accuracy and appropriateness of the PCI validation documentation provided as needed, including by engaging, at American Express' expense, a QSA or PFI of our choice.

Determine your Merchant Level and the Validation Documentation that you must send to American Express.

Validation Documentation		
Annual Onsite Security Assessment	Annual Self Assessment Questionnaire (SAQ)	Quarterly Network Scans
The annual onsite security assessment is a detailed onsite examination of your equipment, systems, and networks (and their components) where encryption keys, Cardholder Data, or Sensitive Authentication Data (or a combination of each) are stored, processed, or transmitted. It must be performed by: • a QSA, or • you and attested by your chief executive officer, chief financial officer, chief information security officer, or principal. The annual onsite security assessment must be submitted annually to your Merchant Services Provider on the applicable AOC. To fulfill validation obligations under this policy, the AOC must support compliance with all requirements of the PCI DSS and, upon request, include copies of the full report on compliance.	The annual self assessment is a process using the PCI DSS SAQ that allows self-examination of your equipment, systems, and networks (and their components) where encryption keys, Cardholder Data, or Sensitive Authentication Data (or a combination of each) are stored, processed, or transmitted. It must be performed by you and certified by your chief executive officer, chief financial officer, chief information security officer, or principal. The AOC section of the SAQ must be submitted annually to your Merchant Services Provider. To fulfill validation obligations under this policy, the AOC section of the SAQ must certify your compliance with all requirements of the PCI DSS and include full copies of the SAQ on request.	The quarterly network scan is a process that remotely tests your internet-connected computer networks and web servers for potential weaknesses and vulnerabilities. It must be performed by an ASV. On a quarterly basis, you must complete and submit the ASV Scan Report AOSC or executive summary of findings of the scan (and copies of the full scan, upon request) to your Merchant Services Provider. The AOSC or executive summary must certify that the results satisfy the PCI DSS scanning procedures, that no high risk issues are identified, and that the scan is passing or compliant (all Merchants except those who also submit an Onsite Security Assessment Report, and STEP-eligible Merchants). For the avoidance of doubt, Quarterly Network Scans are mandatory if required by the applicable SAQ.

Visit pcisecuritystandards.org for:

- Lists of Qualified Security Assessors (QSAs) and Approved Scanning Vendors (ASVs)
- Self Assessment Questionnaires (SAQs)
- The Attestation of Compliance (AOC) and Attestation of Scan Compliance (AOSC)

Action 3 - Complete the Validation Documentation that you must send to American Express

Level 1, Level 2, and certain Level 3 and Level 4 Merchants must submit the Validation Documentation marked "mandatory validation documentation" in the table in Action 2.

- Level 1 Merchants' Validation Documentation must include the AOC from the annual onsite security assessment report.
- Level 2 Merchants' Validation Documentation must include the AOC from the SAQ and the AOSC or the executive summaries of findings of the Quarterly Network Scans, as described in the table above. Level 2 Merchants may choose to submit the AOC from the annual onsite security assessment report if preferred.
- Level 3 Merchants and Level 4 Merchants are not required to submit Validation Documentation unless requested by American Express (but must comply with, and are subject to liability under, all other provisions of this policy).
- STEP-eligible Merchants may submit the STEP Annual Attestation in place of other Validation Documentation.

Action 4 – Send the Validation Documentation to American Express through your Merchant Service Provider

All Merchants required to participate in the American Express PCI Compliance Program must submit the Validation Documentation marked “mandatory” in the tables in Action 2.

You must submit your Validation Documentation to your Merchant Services Provider as instructed by them. If you have general questions about the program or the process of submitting Validation Documentation, please contact your Merchant Services Provider.

Compliance and validation are completed at your expense. By submitting Validation Documentation to your Merchant Services Provider, you represent and warrant that you are authorized to disclose the information contained therein to your Merchant Services Provider and to American Express, and are providing the Validation Documentation without violating any other party's rights.

8.7.1 Merchants Not Compliant with PCI DSS

If you are not compliant with the PCI DSS, then you must submit one of the following documents:

- An Attestation of Compliance (AOC) including “Part 4. Action Plan for Non-Compliant Status”
- A PCI Prioritized Approach Tool Summary and Attestation of Compliance (PASAOC)
- A Project Plan Template (available from your Merchant Services Provider)

Each of the above documents must designate a remediation date, not to exceed twelve (12) months following the document completion date, in order to achieve compliance. You must submit the appropriate document(s) to your Merchant Services Provider. You shall provide your Merchant Services Provider with periodic updates of your progress toward remediation under the "Action Plan for Non-Compliant Status".

For the avoidance of all doubt, Merchants that are not compliant with PCI DSS are not STEP eligible.

8.7.2 Non-Validation Fees and Termination of Agreement

American Express and your Merchant Services Provider have the right to impose non-validation fees and terminate the Agreement if you do not fulfill these requirements or fail to submit the mandatory Validation Documentation by the applicable deadline.

Your Merchant Services Provider will notify you separately of the applicable deadline for each annual and quarterly reporting period.

If your Merchant Services Provider does not receive your mandatory Validation Documentation, then your Merchant Services Provider may have the right to terminate the Agreement in accordance with its terms as well as impose non-validation fees on you.

8.7.3 Periodic Validation of STEP-eligible Merchants

Merchants that are compliant with PCI DSS may also, at American Express' discretion, qualify for American Express' STEP if they deploy certain additional security technologies throughout their Card processing environments.

Merchants may be STEP eligible only if the Merchant has not experienced a Data Incident in the previous twelve (12) months and if 75% of all merchant Card transactions are performed using:

- EMV – on an active Chip-Enabled Device having a valid and current EMVCo (www.emvco.com) approval/certification and capable of processing AEIPS compliant Chip Card Transactions, or
- Point-to-Point Encryption (P2PE) – communicated to the Merchant's processor using a PCI-SSC-approved or QSA-approved Point-to-Point Encryption system.

If you are classified as a STEP-eligible Merchant, you may submit a declaration of the status of your compliance with the PCI DSS, in the form which is available through your Merchant Services Provider (*Annual STEP Attestation*) instead of other Validation Documentation. It must be performed by you and certified by your chief executive officer, chief financial officer, chief information security officer, or principal. You must complete the process by submitting the STEP Attestation annually to your Merchant Services Provider (See Section 8.7, "Periodic Validation of Merchant Systems", Action 3).

8.8 Reserved

8.9 Disclaimer

AMERICAN EXPRESS HEREBY DISCLAIMS ANY AND ALL REPRESENTATIONS, WARRANTIES, AND LIABILITIES WITH RESPECT TO THESE DATA SECURITY REQUIREMENTS, THE PCI DSS, THE EMV SPECIFICATIONS, AND THE DESIGNATION AND PERFORMANCE OF QSAs, ASVs, OR PFIs (OR ANY OF THEM), WHETHER EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Issuers are not third-party beneficiaries under these Data Security Requirements.

For further information about American Express Data Security requirements, please visit www.americanexpress.com/dsr

For information about PCI Security Standards, LLC:

- PCI Data Security Standards
- Self Assessment Questionnaire
- List of Qualified Security Assessors
- List of Approved Scanning Vendors
- List of PCI Forensic Investigators

www.pcisecuritystandards.org

AMERICAN EXPRESS

Fraud Prevention

9

9.1 Introduction

You work hard to protect the interests of your business and Cardmembers. Unfortunately, fraudulent Card use can undermine your best efforts. Millions of dollars are lost each year because of such fraud.

American Express offers a full suite of tools and programs that can help to mitigate the chances of fraud on American Express Cards and reduce this cost to your business.

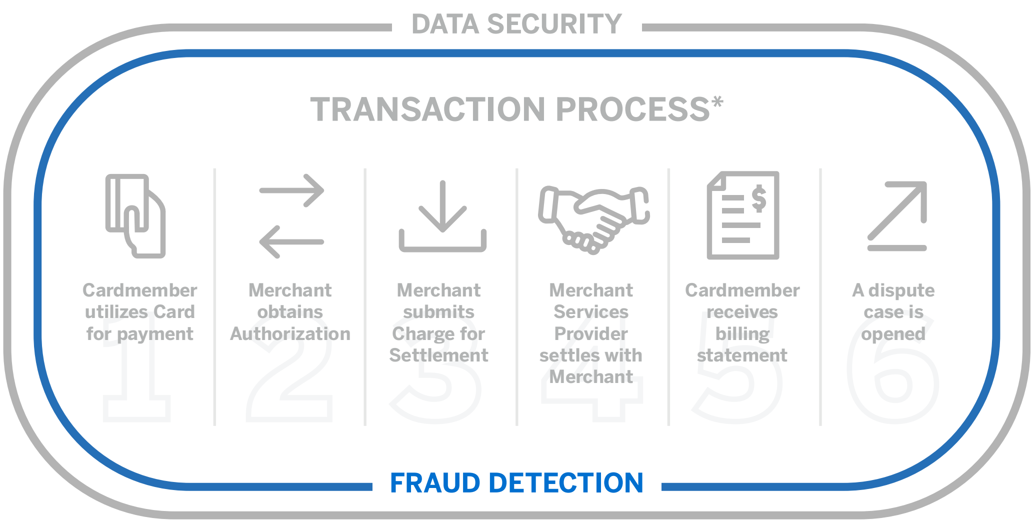
Some Merchants may not be eligible to participate in the full suite of fraud tools and fraud liability shift programs offered. Additionally, American Express may, in our sole discretion, immediately suspend or terminate a Merchant from using any fraud tool or participation in any fraud liability shift program and American Express may suspend or terminate any fraud tool or fraud liability shift program at any time.

This chapter of the *Merchant Operating Guide* offers fraud mitigation tips for both Card Present and Card Not Present Transactions. Contact your Merchant Services Provider for information related to fraud mitigation tools and resources that may be available for your use.

9.2 Transaction Process

Our primary strategy for combating fraudulent Card use is to address it at the point of Authorization. To accomplish this, we work with Merchants and their Merchant Services Providers to implement best practices and fraud mitigation tools.

While fraud usually is thought of as a deceptive act at the point of sale, detection can actually occur during any stage in the Transaction process. For this reason, "fraud detection", as depicted in the following graphic, applies throughout the entire Transaction process.



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

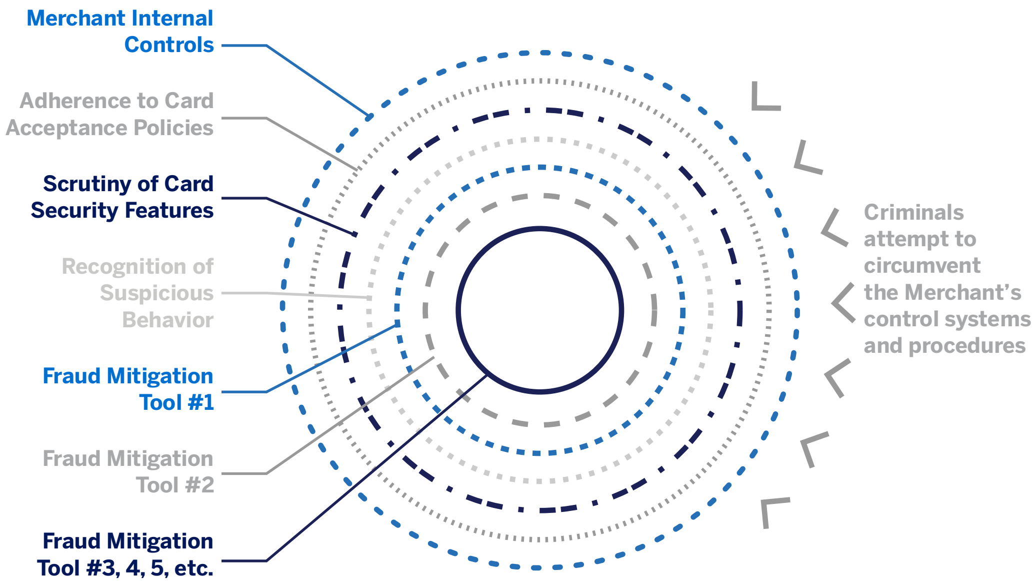
9.3 Strategies for Deterring Fraud

Implementing multiple layers of fraud protection to help secure your business is recommended. These layers may include a combination of your point of sale procedures and controls as well as implementation of fraud mitigation tools.

Layers of Protection

Your first layer for mitigating fraud is to follow the Card acceptance policies and procedures, as outlined in Chapter 4, "Transaction Processing". Other fraud mitigation strategies that you choose to implement may include any combination of:

- recognition of suspicious behaviors or circumstances that may signal fraudulent activity
- implementation of fraud mitigation tools that take advantage of American Express' risk controls to identify fraudulent activity
- additional risk models or controls that you can develop internally or obtain externally from third parties



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

The following illustration compares data captured during a standard Card Not Present Charge (left) with the amount of data that can be captured when fraud mitigation tools are implemented (right).

DATA CAPTURED

Card Not Present Charge: **Standard**	Card Not Present Charge: **Our Suite of Fraud Mitigation Used**
Card: 37XXXXXXXXX2009 **Amount:** $257 **Merchant:** Internet Merchant XXXXXXXX01	**Card:** 37XXXXXXXXX2009 **Name:** C.F. Frost **Amount:** $257 **Merchant:** Internet Merchant XXXXXXXX01 **CID Number:** XXXX **AAV:** 2213 E Main, 85021 **AAV Name:** C.F. Frost **AAV Phone:** 814-880-1234 **Email:** cffrost@ispprovider.net **IP Address:** 122.22.15.18 **Host Name:** PHX.QW.AOL.COM **Ship to Address:** 995 Sansone St, 94116 **Ship to Phone:** 415.555.5555 **Ship to Country:** USA

9.4 Card Acceptance Policies

A critical component in your overall fraud mitigation strategy is to follow your Merchant Services Provider's operating instructions, including our Card acceptance procedures as defined in Chapter 4, "Transaction Processing". These procedures can also serve as a your first line of defense against potential fraud. The additional layers of fraud mitigation mentioned previously can supplement this line of defense.

9.5 Card Security Features

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

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

The following picture is just one example of an American Express Card as a number of different Cards are offered. These are some things you must look for:

1. Pre-printed CID Numbers usually appear above the Card Number, on either the right or the left edge of the Card.
2. All American Express Card Numbers start with "37" or "34." The Card Number appears embossed on the front of the Card. Embossing must be clear, and uniform in sizing and spacing. Some Cards also have the Card Number printed on the back of the Card in the signature panel. These numbers, plus the last four digits printed on the Charge Record, must all match.
3. Do not accept a Card outside the Valid Dates.

Further Information

The four-digit CID Number is located on the front of the Card where the three-digit CSC is located on the back of the Card. These codes are considered Card security features and can validate that the Card is present for a Charge. You should prompt your customers for the four-digit CID Number.

4. Only the person whose name appears on an American Express Card is entitled to use it. Cards are not transferable.
5. Some Cards contain a holographic image on the front or back of the plastic to determine authenticity. Not all American Express Cards have a holographic image.
6. Some Cards have a Chip on which data is stored and used to conduct a Charge.
7. The signature on the back of the Card must match the Cardmember's signature on the Charge Record, and must be the same name that appears on the front of the Card. The signature panel must not be taped over, mutilated, erased, or painted over. Some Cards also have a three-digit Card Security Code (CSC) number printed on the signature panel.

   Note: The security features for Prepaid Cards and Travelers Cheques are listed in Section 9.7, "Prepaid Card Security Features" and Section 9.9, "Travelers Cheque and Gift Cheque Security Features".

9.5.1 Compromised Card Security Features

In this example of an altered Card, the signature panel has been painted white under the signature. In addition, the Card Number has been erased from the back panel.

Do not accept a Card if:

Altered Magnetic Stripe

- The Magnetic Stripe has been altered or destroyed.
- The Card Number on the front of the Card does not match the number printed on the back (when present), or the last four digits printed on the Charge Record (or both).

Altered Front of the Card

- The Card Number or Cardmember name on the front of the Card appears out of line, crooked, or unevenly spaced.
- The ink on the raised Card Number or Cardmember name is smudged or messy.
- The Card Number or Cardmember name is not printed in the same typeface as the American Express typeface.

Altered Back of the Card

- The Card Number printed on the back of the Card (when present) is different from the Card Number on the front.
- The Card Number on the back of the Card (when present) has been chipped off or covered up.
- The signature panel has been painted-out, erased, or written over.

Altered Appearance of the Card

- There are "halos" of previous embossing or printing underneath the current Card Number and Cardmember name.
- A portion of the surface looks dull compared with the rest of the Card. Valid American Express Cards have a high-gloss finish.
- The Card has a bumpy surface or is bent around the edges.
- You suspect any Card security features have been compromised.

- The Card appears physically altered in any way.

If you suspect Card misuse, follow your internal store policies, and, if directed to do so, call your Merchant Services Provider and state that you have a Code 10. **Never put yourself or your employees in unsafe situations, nor physically detain or harm the holder of the Card.**

Often, you can look closely at Cards to determine if they're altered or counterfeit. As another layer in your internal fraud prevention program, educate yourself and all your personnel on how to identify a potentially altered Card.

9.6 Recognizing Suspicious Activity

No single factor by itself is indicative of risk; however, when a combination of factors is present during a Transaction, additional scrutiny is warranted. If you have any doubts of suspicious activity call in a Code 10.

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

As a prudent Merchant, you must always be aware of circumstances that may indicate a fraudulent scheme or suspicious behaviors that may flag a fraudulent customer.

Suspicious Behavior

A suspicious situation may arise, causing you to question the authenticity of the Card, or the legitimacy of the person presenting it. Any single behavior may not be risky. However, when customers exhibit more than one of the following behaviors, your risk factor may increase:

- larger-than-normal Transaction dollar amounts,
- orders containing many of the same items,
- orders shipped to an address other than a billing address,
- orders using anonymous/free email domains,
- orders sent to postal codes or countries where you show a history of fraudulent claims,
- orders of a "hot" product (i.e., highly desirable goods for resale),
- customer is a first-time shopper,
- customer is purchasing large quantities of high-priced goods without regard to color, size, product feature, or price,
- customer comes in just before closing time and purchases a large quantity of goods,
- customer wants to rush or overnight the order,
- customer has a previous history of Disputed Charges,
- customer is rude or abusive toward you; wanting to rush or distract you,
- customer frequents your Establishment to make small purchases with cash, then returns to make additional purchases of expensive items with a Card.

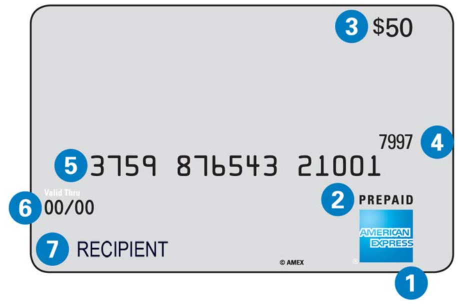
If you suspect Card misuse, follow your internal store policies, and immediately call your Merchant Services Provider with a Code 10. **Never put yourself or your employees in unsafe situations, nor physically detain or harm the holder of the Card.**

9.7 Prepaid Card Security Features

You are responsible for following all our Prepaid Card acceptance procedures in Section 4.19, "Processing Prepaid Cards". Although there are a number of unique Prepaid Cards, all Prepaid Cards share similar features, except that:

- Prepaid Cards may or may not be embossed, and

- The following features may appear on the front or back of the Card (or a combination of both):



1. The American Express logo generally appears in the bottom right corner.
2. The words PREPAID or INCENTIVE will generally be shown above the American Express logo.
3. Cards pre-loaded with funds may show the dollar amount or the total points (reloadable Cards generally will not show a number).
4. The CID Number will appear usually above the Card Number or above the logo.
5. The Card Number appears on the Card.
6. The Valid Date or Expiration Date appears on the Card.
7. The recipient's name or company name may appear on the Card; otherwise a generic "Recipient" or "Traveler" may appear, or this area might be blank.

9.8 Recognizing Suspicious Activity for Prepaid Cards

American Express recommends that you follow the procedures in the preceding Section 9.6, "Recognizing Suspicious Activity" in addition to being vigilant for the following suspicious behaviors related specifically to Prepaid Cards:

- Customer frequently makes purchases and then returns goods for cash. (To avoid being the victim of this scheme, you should follow your internal store procedures when you cannot issue a Credit on the Card used to make the original purchase.)
- Customer uses Prepaid Cards to purchase other Prepaid Cards.
- Customer uses large numbers of Prepaid Cards to make purchases.

9.9 Travelers Cheque and Gift Cheque Security Features

We offer a variety of cheque verification solutions to help you avoid accepting fraudulent cheque products. For more details about Authorization solutions, contact us via email at tconlineAuthorizations@aexp.com.

Even though American Express' Travelers Cheques and Gift Cheques offer more convenience and security, counterfeit products circulate worldwide. You must verify all cheque products presented at your Establishment and contact the Travelers Cheque/Gift Cheque Customer Service with questions or suspicions.

One of the easiest and most effective tests to determine authenticity is the smudge test:

1. Turn the cheque over (non-signature side).
2. Locate the denomination on the right side of the cheque. Wipe a moistened finger across the denomination. The ink should not smudge.
3. Wipe a moistened finger across the denomination on the left side of the cheque. The ink should smudge.

The following shows an example of a smudge test:

For Travelers and Gift Cheque acceptance procedures, see Section 4.20, "Processing Travelers/Gift Cheques". American Express also recommends that you follow the procedures in the preceding Section 9.6, "Recognizing Suspicious Activity" to assist you in the mitigation of fraud.

As another layer of protection, there are a number of security features inherent in American Express' Travelers Cheque and Gift Cheque products. Following are a few security features to help you recognize an authentic Cheque.

9.10 Fraud Mitigation Tools

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

For optimal use of the tools, it is critical that:

- you comply with the applicable sections of the *Technical Specifications* (see Section 2.5, "Compliance with the Technical Specifications"), and
- you provide high quality data in the Authorization request.

American Express offers strategies and tools for preventing fraud. For more information about what you and your business can do, review the tools listed below and contact your Merchant Services Provider to determine what tools are supported.

9.10.1 Card Not Present Fraud Tools

	Card Identification (CID) Verification Tool	Automated Name and Address Verification	Email Verification	Billing Phone Number Verification	Enhanced Authorization
Description	You request the four-digit CID number printed on the Card from the Cardmember and send it with the Authorization request to the Issuer. Issuer compares the CID number provided with that on file for the Card and, based on the comparison, returns a match code to you.	You request name and address information from the Cardmember at the point of sale, and provide this information electronically during Authorization, through your POS terminal. Issuer compares the name and address information you provided with Cardmember's billing records and provides a response code indicating full, partial, or no match.	You request email address from the Customer at the point of sale, and provide this information electronically during an Authorization. Issuer compares the email address you provided with email addresses on file at American Express and returns a match result.	You request billing phone number from the Customer at the point of sale, and provide this information electronically during an Authorization. Issuer compares the phone number you provided with Cardmember billing phone number and returns a match result.	Provides additional data elements in Authorization requests describing the transaction and enabling a more informed Authorization decision.
Purpose	Helps to ensure that the person placing the order actually has the Card in his or her possession and is not using a stolen Card Number.	Helps Issuer evaluate Cardmember identity by comparing information provided by the Cardmember at the point of sale with Cardmember billing information not available on the Card.	Email Address Verification helps evaluate Cardmember identity by comparing information provided by the customer during the check-out process with Cardmember information not available on the Card.	Billing Phone Number Verification helps evaluate Cardmember identity by comparing information provided by the customer during the check-out process with Cardmember information not available on the Card.	Helps mitigate fraud before a Transaction is authorized by analyzing key data elements submitted with Authorization requests. Data elements include shipping address, transaction origin, and airline ticket details.
How To Implement	Contact your Merchant Services Provider	Contact your Merchant Services Provider	Contact your Merchant Services Provider	Contact your Merchant Services Provider	Contact your Merchant Services Provider

9.10.2 Card Present Fraud Tools

	Card Identification (CID) Verification Tool	Track 1	Chip	Terminal ID	Code 10
Description	You request the four-digit CID number printed on the Card from the Cardmember and send it with the Authorization request to the Issuer. Issuer compares the CID number provided with that on file for the Card and, based on the comparison, returns a match code to you.	POS terminal captures data encoded in the Track 1 of the Magnetic Stripe and sends it to the Issuer with the Authorization request. Issuer compares information in track to information on file and sends approval decision.	Chip technology uses an embedded microchip to encrypt card information, making it more difficult for unauthorized users to copy or access the data. Data can only be accessed when the Card is inserted into a chip-enabled terminal.	Captures a numeric identifier uniquely assigned to each POS device and sends it to the Issuer with each Authorization request.	A special phrase you use to indicate to your Merchant Services Provider that you have suspicions concerning the Cardmember, the Card, the CID, and/or the circumstances of the sale.
Purpose	Helps to ensure that the person making the purchase is not using an altered or duplicated Card.	Can signal tampering and alteration of the Card's Magnetic Stripe.	Provides enhanced protection against fraud from lost, stolen, and counterfeit Cards.	Helps detect high risk patterns of a particular POS device.	Enables your Merchant Services Provider to speak with an American Express Authorizer on a card present transaction they assess as high risk.
How To Implement	Contact your Merchant Services Provider	Contact your Merchant Services Provider	Contact your Merchant Services Provider	Contact your Merchant Services Provider	If you suspect Card misuse, follow your internal store policies, and, if directed to do so, call your Merchant Services Provider with a Code 10 Authorization Request. Only pick up a Card if directed to do so by your Merchant Services Provider or the Issuer. Never put yourself or your employees in unsafe situations.

AMERICAN EXPRESS

Risk Evaluation

10

10.1 Introduction

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

10.2 Prohibited Merchants

Some Merchants are not eligible (or may become ineligible) to accept the Card. American Express may terminate Card acceptance (including immediate termination without prior notice) if we determine or have reason to believe, in our sole discretion, that you meet any of the following criteria:

- Participation as a Merchant on our Network or acceptance of Cards (or both) by you or any of your Establishments may cause us not to be in compliance with Applicable Laws, regulations, or rules.
- You do not have a verifiable physical address and can only be reached by telephone.
- You or any of your Establishments are involved (or knowingly participate or have participated) in a fraudulent or illegal activity.
- You or any of your Establishments are identified as a sponsor of international terrorism as warranting special measures due to money laundering concerns, or as non-cooperative with international anti-money laundering principles or procedures.

Additionally, American Express may terminate acceptance of Cards by you or any of your Establishments if:

- You are listed on the U.S. Department of Treasury, Office of Foreign Assets Control, Specially Designated Nationals and Blocked Persons List (available at www.treas.gov/ofac).
- You are listed on the U.S. Department of State's Terrorist Exclusion List (available at www.state.gov).
- You are located in or operating under license issued by a jurisdiction identified by the U.S. Department of State as a sponsor of international terrorism, by the U.S. Secretary of the Treasury as warranting special measures due to money laundering concerns, or as noncooperative with international anti-money laundering principles or procedures by an intergovernmental group or organization of which the United States is a member.
- Your verifiable physical address is not located in the United States Region.
- You or any of your Establishments fall into one of the following categories and/or accept Transactions for the prohibited activities displayed in the following table:

Prohibited Category	Description	MCC
Airlines & air carriers (including charter airlines)	All airline and air carrier merchants, including charter airlines.	3000-3300; 4511
Bail/bail bond	A sum of money paid by a criminal defendant to be released from jail under the condition that they appear for court appearances. **This does not include a bail bond fee (MCC 9223).**	—

Prohibited Category	Description	MCC
Bankruptcy services	A company or agency that is in the business of recovering money owed on delinquent accounts or supporting the bankruptcy process.	—
Bullion	Bulk metal in bars or ingots. Examples include: • Gold, silver, platinum, palladium bullion • Gold, silver, platinum, palladium bars • Precious metals	—
Car rental agencies	Branded car rental agencies (e.g., Avis, Budget, Hertz).	3351-3441
Cash at Point of Sale/Cash on Card	Cash-like transactions from financial and non-financial institutions.	6010 6011 6051
Check cashing/guarantee	A business that provides customers with a way to turn a check into cash without having to rely on a bank account.	—
Child pornography	An individual or entity providing or associated with the visual depiction of a minor engaged in obscene or sexually explicit conduct, whether made or produced by electronic, mechanical, or other means.	—
Collection agencies	A company that lenders use to recover funds that are past due.	7322
Commercial leasing	A business that conveys land, real estate, equipment, or other property to another for a specified time in return for regular periodic payment. Examples include commercial real estate and commercial vehicles, such as trucks and marine vessels. **This does <u>not</u> include residential Real Estate Agents and Managers – Rentals (MCC 6513).**	—
Credit financing	A merchant that provides financing to customers, earning revenue on that financing via fees and/or interest.	6010 6011 6012 6051
Credit restoration	A service aimed at improving credit ratings by disputing errors and outdated claims with credit bureaus.	—

Prohibited Category	Description	MCC
Debt repayment (past due or defaulted)	A company collecting payment of overdue debt.	7322
Door-to-door sales	Unsolicited individual (who may go from door to door) selling goods and/or services with immediate payment expected.	5963
Escort services	A business, agency, or person who, for a fee, provides or offers to provide a companion.	—
Foreign exchange	A business or financial institution that has the legal right to exchange one currency for another currency.	6051
Gambling	The wagering of money or something of value on an event with an uncertain outcome, with the primary intent of winning money or material goods. Examples include: • Regulated (real money) betting, including casino, poker, sports betting, lottery tickets • Advance-deposit wagering, including horse/dog racing • Fantasy sports • Skill-based, pay-to-play games that award monetary prizes • Games of chance that are not free to enter and award monetary prizes • Government-owned and other lotteries • Gambling chips • Gambling credits	7800 7801 7802 7995
Investments	A purchase made for speculative purposes, or with the intent of future profit or appreciation. Examples include, but are not limited to securities (stocks, bonds, commodities, and mutual funds) wine with delivery that exceeds one (1) year from purchase, and investment on futures.	—
Licensed insolvency practitioners	A professional intermediary in insolvency procedures.	—

Prohibited Category	Description	MCC
Lodging – Hotels, Motels, Resorts (including "branded" Central Reservation Services)	Branded lodging establishments (e.g., Best Western, Hilton, Marriott).	3501-3999
Marijuana-related businesses	Any individual or entity that manufactures, processes, distributes, or dispenses marijuana, or byproducts or derivatives of marijuana, whether for recreational or medicinal purposes, and whether or not subject to a governmental licensing regime.	—
Marketplaces	A business that brings together consumers and retailers selling a range of goods or services under different industry categories, on a single e-commerce platform, under a single brand used to identify itself to consumers.	5262
Mortgage payments	A payment which includes principal and interest paid by borrower to lender of a home loan.	6012 6051
Multi-level marketing / pyramid selling (also referred to as Direct Marketing – Inbound/Outbound Telemarketing)	A sales system that uses one or more of the following practices: • Participants pay money for the right to receive compensation for recruiting new participants. • A participant is required to buy a specific quantity of products, other than at cost price for the purpose of advertising, before the participant is allowed to join the plan or advance within the plan. • Participants are knowingly sold commercially unreasonable quantities of the product or products (this practice is called inventory loading). • Participants are not allowed to return products on reasonable commercial terms.	5966 5967
Online adult entertainment	A business or entity that provides internet adult digital content.	—
Payday lending	A company that lends customers money at high interest rates on the agreement that the loan will be repaid when the borrower receives their next pay-check.	—

Prohibited Category	Description	MCC
Person-to-Person Payments	A service that allows customers to transfer funds from their bank account or credit card to another individual's account via the Internet or a mobile device.	6538
Postal Services – Government Only	Government-owned postal offices that provide a variety of services such as accepting and processing packages and mail for delivery and selling postage stamps.	9402
Prostitution	A person or business providing sexual services in return for payment.	—
Real Estate Down Payments	An initial payment when the real estate is bought on credit.	6012 6051
Steamships & cruise lines (incl. onboard cruise shops)	Steamship and cruise line merchants.	4411
Telemarketing – travel related	A business that telemarkets travel related products or services or other travel arrangements.	5962
Timeshares	Selling partial ownership of a property for use as a holiday home, whereby a Cardmember can buy the rights to use the property for the same fixed period annually.	7012
Top-up wallet	Functionality that provides a Stored Value Digital Facility (SVDF), a feature that allows funds to be loaded into a digital wallet for subsequent payments, including purchases of goods and services, at single or multiple payment acceptors. Using the Card to fund purchases completed using a payment credential provided by other general purpose card networks is also prohibited. This restriction does not apply to funding Prepaid Card purchase and loading.	—
Virtual currency/ cryptocurrency	Digital money not authorized or adopted by a government. Issued and controlled by its developers and used and accepted among members of a specific virtual community.	6051
Wire transfers in-person (not online)	A business that specializes in the transfer of money from one location to another.	4829

This list is not exhaustive and American Express may, in its sole discretion, consider other prohibited merchant categories and modify this list accordingly.

Please contact your Merchant Services Provider for more information on prohibited merchant categories and activities.

Mixed Business

If any segment of your or any of your Establishments business falls into any of the aforementioned business types, you and your Establishments must not accept the Card for those Transactions. If you or any of your Establishments accept the Card for these Transactions, American Express will exercise Chargeback. American Express may also place you or any of your Establishments in one of American Express' Chargeback programs, cancel or disentitle acceptance of Cards by you or any of your Establishments, and/or request termination of your merchant agreement with your Merchant Services Provider (or take any combination of these actions).

10.3 Monitoring

After you become a Merchant on the Network, American Express monitors to identify potential risks. American Express uses internal and third-party information when monitoring and looks for, among other things:

- disproportionate Disputed Charges and Chargebacks,
- Merchants that meet the High Risk Merchant criteria set forth in Subsection 10.3.1, "High Risk Merchants",
- schemes to defraud American Express,
- legal, compliance, or other credit and fraud risks, and
- data submitted in compliance with the Technical Specifications.

American Express will monitor you for actions or behaviors (or both) which may put American Express, Issuers, or Cardmembers at risk. Based on the results of American Express' monitoring, American Express reserves the right to take action to mitigate its risk, including one or more of the following (in American Express' sole judgment):

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

10.3.1 High Risk Merchants

High Risk Merchants are those types of businesses that we determine put us at risk and/or whose business has excessive occurrences of fraud.

If we determine, in our sole discretion, that you meet the criteria for one or more of the High Risk Merchant categories, we may place you in a Chargeback program and/or terminate Card acceptance.

We consider you to be "high risk" if you meet at least one criterion in the following table:*

Category	Description
High risk industry	Your type of business has had historically high occurrences of fraud and Disputed Charges with us or as compared to other similarly situated Merchants (or both). Examples of high risk industries include: internet electronic delivery and aggregators.
Performance	You have recent high occurrences of fraud that present an excessive risk to us. You have had high occurrences of fraud and/or high fraud amounts for a number of consecutive months.
Canceled derogatory	Your Agreement was canceled due to unsatisfactory activity.
Fictitious	You accept Cards fraudulently.
Prohibited	You are not eligible to accept the Card on the American Express Network. For prohibited criteria see Section 10.2, "Prohibited Merchants".

* This list is not exhaustive and American Express may, in its sole discretion, consider other criteria as high risk and modify this list accordingly.

10.3.2 Fraudulent, Deceptive, or Unfair Business Practices, Illegal Activities, or Prohibited Uses of the Card

If we determine or have reason to believe, in our sole discretion, that you engage or have engaged (or knowingly participate or knowingly have participated) in any of the activities listed in the following table; in any scheme that defrauds American Express, Issuers, and/or our Cardmembers; or in business practices that we deem fraudulent, deceptive, and/or unfair, we may take corrective action on you, which may include but is not limited to:

- placement in a Chargeback program,
- exercising Chargeback or rejecting Charges, or
- termination of the Agreement (including immediate termination without prior notice to you) or disentitlement of Card acceptance.

Factoring	Factoring occurs when Transactions do not represent bona fide sales of goods or services at your Establishments (e.g., purchases at your Establishments by your owners (or their family members) or employees contrived for cash flow purposes).
Collusion	Collusion refers to activities whereby your employee collaborates with another party to conduct fraudulent Transactions. It is your responsibility to set appropriate controls to mitigate such activity as well as to have monitoring systems to identify such activity.
Marketing fraud	Marketing fraud occurs when mail, telephone, or Internet Order solicitations are used for fraudulent or deceptive purposes (e.g., to obtain valid Cardmember Information for fraudulent Transactions, or to charge unauthorized sales to a valid Card account).
Identity theft	Identity theft is the assumption of another person's identity to gain access to their finances through fraudulent Merchant setup or fraudulent Transactions.

Illegal activities, fraudulent (other than marketing), unfair or deceptive business practices, or prohibited uses of the Card	If American Express determines, or has reason to believe, in American Express' sole discretion, that you engage or have engaged (or knowingly participate or knowingly have participated) in fraudulent, deceptive, or unfair business practices, or accepted the Card to facilitate, directly or indirectly, illegal activity of any kind, and without waiving American Express' other rights and remedies, American Express has the right to terminate Card acceptance. If American Express finds that the Transaction involved a prohibited use of the Card (see Section 3.3, "Prohibited Uses of the Card"), American Express may apply the corrective actions listed above.

This list is not exhaustive and does not reflect all circumstances under which American Express may act to protect the interest of American Express.

10.3.2.1 Consumer Protection Monitoring Program

American Express monitors the Network for fraudulent, deceptive, and unfair practices relating to the sale, advertising, promotion, or distribution of goods or services to consumers. If American Express determines or has reason to believe, in American Express' sole discretion, that you engage or have engaged (or knowingly participate or knowingly have participated) in such fraudulent, deceptive, or unfair practices, you may be placed in American Express' Consumer Protection Monitoring Program. Examples of instances that might trigger American Express' review of a particular Merchant or Establishment include, but are not limited to, frequent consumer complaints, regulatory or consumer advocate (e.g., Better Business Bureau) inquiries, media coverage of a particular Merchant and/or industry, and high levels of Disputed Charges and/or Chargebacks.

If you are placed in the Consumer Protection Monitoring Program, American Express will require that a questionnaire be completed regarding your business practices, and conduct an investigation.

American Express may suspend or refuse to allow Card acceptance at an Establishment, or cancel (or disentitle) Card acceptance, if:

- you do not respond to American Express' questionnaire, by the date American Express designates, with sufficient information about your business practices, and/or
- American Express concludes, in American Express' sole discretion, that you or the Establishment in question engage or have engaged (or knowingly participate or knowingly have participated) in fraudulent, deceptive, or unfair practices relating to the sale, advertising, promotion, or distribution of goods or services to consumers.

If, in the course of American Express' investigation, it does not appear that you engage or have engaged (or knowingly participate or knowingly have participated) in such fraudulent, deceptive, or unfair practices, American Express still may conduct an annual investigation of your business practices.

10.3.2.2 Consumer Protection Monitoring Program

American Express monitors the Network for fraudulent, deceptive, and unfair practices relating to the sale, advertising, promotion, or distribution of goods or services to consumers. If American Express determines or has reason to believe, in American Express' sole discretion, that you engage or have engaged (or knowingly participate or knowingly have participated) in such fraudulent, deceptive, or unfair practices, you may be placed in American Express' Consumer Protection Monitoring Program. Examples of instances that might trigger American Express' review of a particular Merchant or Establishment include, but are not limited to, frequent consumer complaints, regulatory or consumer advocate (e.g., Better Business

Bureau) inquiries, media coverage of a particular Merchant and/or industry, and high levels of Disputed Charges and/or Chargebacks.

If you are placed in the Consumer Protection Monitoring Program, American Express will require that a questionnaire be completed regarding your business practices, and conduct an investigation.

American Express may suspend or refuse to allow Card acceptance at an Establishment, or cancel (or disentitle) Card acceptance, if:

- you do not respond to American Express' questionnaire, by the date American Express designates, with sufficient information about your business practices, and/or
- American Express concludes, in American Express' sole discretion, that you or the Establishment in question engage or have engaged (or knowingly participate or knowingly have participated) in fraudulent, deceptive, or unfair practices relating to the sale, advertising, promotion, or distribution of goods or services to consumers.

If, in the course of American Express' investigation, it does not appear that you engage or have engaged (or knowingly participate or knowingly have participated) in such fraudulent, deceptive, or unfair practices, American Express still may conduct an annual investigation of your business practices.

Chargebacks and Inquiries

11

11.1 Introduction

This chapter describes how American Express processes Chargebacks and Inquiries.

Highlights of this chapter include:

- a discussion of the American Express Disputed Charge process,
- a review of Chargeback and Inquiry reasons,
- an overview of the American Express Chargeback policies, and
- tips for avoiding Chargebacks and Inquiries, and preventing fraud.

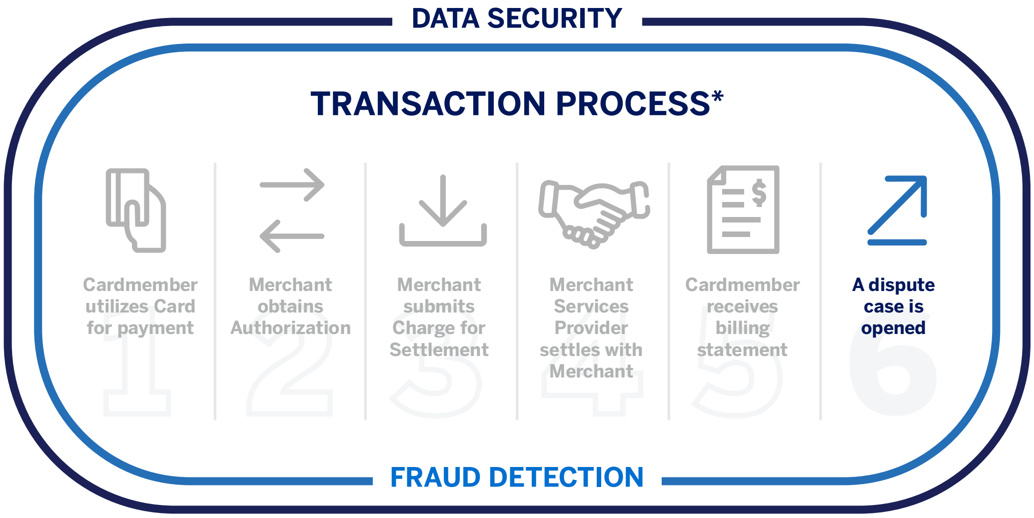
11.2 Transaction Process

Charges may be disputed for a variety of reasons. In general, most Disputed Charges stem from:

- Cardmember dissatisfaction with some aspect of the purchase, (e.g., a failure to receive the merchandise, duplicate billing of a Charge, incorrect billing amount),
- an unrecognized Charge where the Cardmember requests additional information, or
- actual or alleged fraudulent Transactions.

If a Cardmember disputes a Charge, American Express opens a case. We may also open cases when Issuers or the Network initiates disputes. If a case is opened, we may initiate a Chargeback to you immediately or send you an Inquiry.

You must not suggest or require Cardmembers to waive their right to dispute any Transaction.

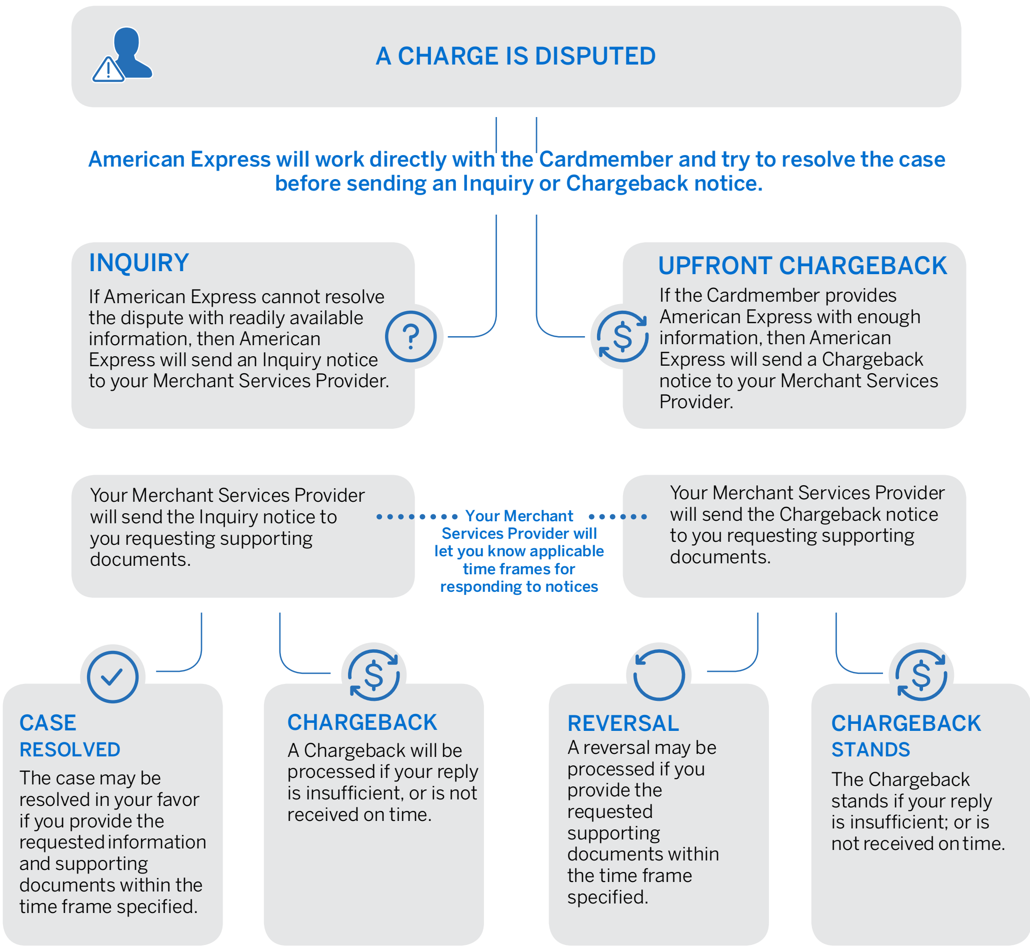


* This graphic is for illustration purposes only and is not to be construed as limiting or waiving American Express' rights with respect to Cardmember Information or other information.

11.3 Disputed Charge Process

11.3.1 Mapping out the Disputes Process

Most disputes begin when a Cardmember contacts American Express with a question or problem with a specific Transaction. Disputes can be complicated. This step-by-step flowchart can help make the process clearer, so you know what to expect if a Charge is disputed.



11.3.2 With respect to a Disputed Charge:

- You may receive an Inquiry from your Merchant Services Provider prior to a Chargeback being exercised, or
- Prior to receiving an Inquiry, you may receive a Chargeback if it is determined that sufficient information is available to resolve the Disputed Charge in favor of the Cardmember.

11.3.3 American Express has Chargeback rights:

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

Contact your Merchant Services Provider for additional information and guidance regarding Disputed Charges and Chargebacks.

11.4 Chargeback Reasons

If you receive a Chargeback from American Express, for any reason, you can use this section to learn more about what actions you can take. Remember to always respond within the time frame provided by your Merchant Services Provider.

Reason	What It Means	What You Can Provide To Appeal The Chargeback
Authorization		
Charge amount exceeds authorization amount	The amount of the authorization approval was less than the amount of the Charge you submitted.	• Proof that a valid authorization approval was obtained for the full amount of the Charge in accordance with the Agreement unless exceptions apply, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.
No valid authorization	The Charge you submitted did not receive a valid authorization approval; it was declined or the Card was expired.	• Proof that a valid authorization approval was obtained in accordance with the Agreement, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed. For a Transit Contactless Transaction, proof that: • Authorization was obtained within the Authorization Time Period for any Aggregated Charge that caused the combined taps since the most recent approved Authorization to exceed the Chargeback Protection Threshold • A new Account Status Check Authorization was obtained at the time when the most recent approved Authorization exceeded the Authorization Time Period, or • if the Account Status Check or Authorization was declined, the Transaction amount was less than or equal to the Declined Authorization Protection Threshold. For "expired or not yet valid Card", the following support is also acceptable: • Proof that the Charge was incurred prior to the Card expiration date or within the valid dates on the Card.

Reason	What It Means	What You Can Provide To Appeal The Chargeback
Authorization approval expired	The Charge was submitted after the authorization approval expired.	• Proof that a valid authorization approval was obtained in accordance with the Agreement, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.
Cardmember Disputes		
Credit not processed	We have not received the Credit (or partial Credit) you were to apply to the Card.	• If no Credit (or only partial Credit) is due, a written explanation of why Credit is not due with appropriate documents to support your position, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.
Goods/services returned or refused	The goods or services were returned or refused but the Cardmember did not receive Credit.	• Written explanation refuting the Cardmember's claim that goods were returned to your business, or • If returned: a copy of your return policy, an explanation of your procedures for disclosing it to the Cardmember, and details explaining how the Cardmember did not follow the return policy, or • A copy of the Charge Record indicating the terms and conditions of the purchase with details explaining how the Cardmember did not follow the policy, or • If goods/services refused: proof that the goods/services were accepted (e.g. signed delivery slip if the goods were delivered, screen print showing use of the service if service was provided via internet), or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.
Goods/services canceled	The Cardmember claims that the goods/ services ordered were canceled.	• A copy of your cancellation policy, an explanation of your procedures for disclosing it to the Cardmember, and details explaining how the Cardmember did not follow the cancellation policy, or • A copy of the Charge Record indicating the terms and conditions of the purchase and details explaining how the Cardmember did not follow the policy, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.

Reason	What It Means	What You Can Provide To Appeal The Chargeback
Goods/services not received or only partially received	The Cardmember claims to have not received (or only partially received) the goods/services.	• Proof that the goods or services were received in their entirety by the Cardmember or the Cardmember's authorized representative, or • Proof that the goods or services were delivered to the address specified by the Cardmember, or • Completion of work order approved in writing by the Cardmember showing the Cardmember received the services and dates that the services were used/ provided, or • Proof refuting Cardmember's claim that services were canceled or that the goods were returned to the Merchant, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed, or • Submission of Compelling Evidence (please contact your Merchant Services Provider for additional information).
Paid by other means	The Cardmember has provided us with proof of payment by another method.	• Documentation showing that the Cardmember's other form of payment was not related to the Disputed Charge, or • Proof that the Cardmember provided consent to use the Card as a valid form of payment for the Disputed Charge, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.
"No show" or CARDeposit canceled	The Cardmember claims to have canceled a lodging reservation or a Credit for a CARDeposit Charge was not received by the Cardmember.	• Documentation that supports the validity of the "no show" reservation or CARDeposit Charge, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.
Canceled recurring billing	Cardmember claims to have canceled or attempted to cancel Recurring Billing Charges for goods or services. Please discontinue all future billing for this Recurring Billing Charge.	• A copy of your cancellation policy, an explanation of your procedures for disclosing it to the Cardmember, and details explaining how the Cardmember did not follow the cancellation policy, or • Proof that the Cardmember has not canceled and continues to use the service or receive the goods, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.

Reason	What It Means	What You Can Provide To Appeal The Chargeback
Goods/services not as described	The Cardmember claims to have received goods/services that are different than the written description provided at the time of the Charge.	• Proof refuting the Cardmember's claim that the written description differs from the goods/services received, or • Proof that the Cardmember agreed to accept the goods/services as provided, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed, or • Proof that goods and services matched what was described at time of purchase (e.g., photographs, emails). For goods or services purchased by the Cardmember that were received in a damaged or defective state, the Merchant must provide one or more of the following items: • Show that an attempt was made by the Merchant to repair or replace damaged or defective goods or to provide replacement services. • If returned, state how the Cardmember did not comply with the Merchant's clearly documented cancellation, return policy or applicable law and regulations. • Show that the Cardmember agreed to accept the goods or services "as is."
Goods/services damaged or defective	The Cardmember claims to have received damaged or defective goods/services.	• Proof refuting the Cardmember's claim that the goods/services were damaged or defective (provided that, in the case of goods, they were not returned to you), or • Proof that the Cardmember agreed to accept the goods as delivered, or • Proof that the goods/services were not returned to you, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.

Reason	What It Means	What You Can Provide To Appeal The Chargeback
Vehicle rental–capital damages, theft, or loss of use	The Cardmember claims to have been incorrectly billed for capital damages, theft, or loss of use.	• Proof that the Charge submitted was within the specific estimate of the Capital Damages agreed in writing by the Cardmember, plus 15%. • Proof refuting Cardmember's claim that they were covered by the Merchant's insurance (i.e., rental agreement evidencing Cardmember's waiver of insurance or documentation that shows the Cardmember purchased insurance that was not sufficient to pay for the Capital Damages). • Proof that the Charge was valid and not for theft or loss of use. • Proof that the Cardmember agreed in writing to accept liability for the Capital Damages. • Proof that a Credit which directly offsets the Disputes Charge has already been processed.
Fraud		
Missing imprint	The Cardmember claims they did not participate in this Charge that was not processed using Magnetic Stripe or Chip Card Data. **Note:** Not applicable to Card Not Present Charges and Digital Wallet Payments.	• Proof that this was a Card Not Present Charge, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed, or • Proof that the Card was present by providing an imprinted Charge Record or showing capture of the Magnetic Stripe.
Multiple ROCs	The Cardmember claims they participated in one valid Transaction with your Establishment, however, the Cardmember denies participation in the additional and subsequent Transactions that were submitted by you.	• Proof that each of the Transactions are valid Charges, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.

Reason	What It Means	What You Can Provide To Appeal The Chargeback
No Cardmember authorization	The Cardmember denies participation in the Charge you submitted and you have failed to provide proof that the Cardmember participated in the Charge.	• Proof that a Credit which directly offsets the Disputed Charge has already been processed, or • Proof that you received a valid Authorization for the Charge.
Card Not Present	The Cardmember denies participation in a mail order, telephone order, or internet Charge.	• Proof of Delivery to the Cardmember's billing address, or • Proof that you attempted to validate the CID and you did not receive a response or you received an "unchecked" response, or • Proof that you validated the address via Authorization and shipped goods to the validated address, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed, or • Submission of Compelling Evidence (please contact your Merchant Services Provider for additional information).
EMV Counterfeit	The Cardmember denies participation in the Charge and a counterfeit chip Card was used at a POS system where the Transaction was not processed as a chip transaction because either the POS system was unable to process a Chip Card or the Transaction was manually keyed. **Note:** Not applicable for contactless Transactions and Digital Wallet payments.	• Proof that this was a Card Not Present Charge, • Proof that the POS system processed a chip Card Transaction, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.

Reason	What It Means	What You Can Provide To Appeal The Chargeback
EMV lost/stolen/ non-received	The Cardmember denies participation in the Charge and chip Card with PIN capabilities was lost/ stolen/non-received and was used at a POS system where the transaction was not processed as a chip Card Transaction with PIN validation because either the POS system is not an enabled chip-and-PIN POS system, or the Transaction was manually keyed. **Note:** Not applicable to contactless transactions and Digital Wallet payments, and Charges that qualify under the No PIN Program.	• Proof that this was a Card Not Present Charge, • Proof that the POS system processed a chip Card Transaction with PIN validated, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.
Inquiry/Miscellaneous		
Insufficient reply	Complete support and/or documentation were not provided as requested.	Proof that a Credit which directly offsets the Disputed Charge has already been processed.
No reply	We did not receive your response to our Inquiry within the specified time frame.	• Proof you responded to the original Inquiry within the specified time frame, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.
Chargeback authorization	We have received your authorization to process Chargeback for the Charge.	Proof that a Credit which directly offsets the Disputed Charge has already been processed.

Reason	What It Means	What You Can Provide To Appeal The Chargeback
Processing Errors		
Unassigned Card number	You have submitted a Charge using an invalid or otherwise incorrect Card number. **Note:** You may resubmit the Charge to us if you are able to verify and provide the correct Card number.	• Copy of the imprint that confirms Card number, or • Proof that you obtained an authorization approval for such Card number, or • Copy of the Charge Record from the terminal that electronically read the Card number, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.
Credit processed as Charge	The Cardmember claims the Charge you submitted should have been submitted as a Credit.	• Proof that the Charge was submitted correctly, or • Proof that a Credit which directly offsets the Charge has already been processed.
Charge processed as Credit	The Cardmember claims the Credit you submitted should have been submitted as a Charge.	• Proof that the Credit was submitted correctly, or • Proof that a Charge that directly offsets the Credit has already been processed.
Incorrect Charge amount	The Charge amount you submitted differs from the amount the Cardmember agreed to pay.	• Proof that the Cardmember agreed to the amount submitted, or • Proof that the Cardmember was advised of and agreed to pay for any additional or delayed Charges using the Card the Charge was submitted to, or • Itemized contract/documentation substantiating the Charge amount submitted, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.
Late submission	The Charge was not submitted within the required time frame.	• Proof the Charge was submitted within the required time frame, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.
Duplicate Charge	The individual Charge was submitted more than once.	• Documentation showing that each Charge is valid, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.

Reason	What It Means	What You Can Provide To Appeal The Chargeback
Non-matching Card number	The Card number in the submission does not match the Card number in the original Charge.	• Copy of the Card imprint confirming the Card number, or • Copy of the Charge Record from the terminal that electronically read the Card number, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.
Currency discrepancy	The Charge was incurred in an invalid currency.	• Proof that a Credit which directly offsets the Disputed Charge has already been processed.

11.5 Compelling Evidence

If Compelling Evidence is provided, we will validate the support (e.g., name and address supplied for the Cardmember matches the Issuer's records, confirm that previous Transactions were not disputed).

Compelling Evidence may be provided as support to demonstrate the Cardmember participated in the Transaction, received goods or services, or benefited from the Transaction. If American Express determines that the evidence satisfies the relevant section(s) of the Compelling Evidence policy, the Issuer will review the Compelling Evidence with the Cardmember prior making a decision on the Chargeback Reversal request. All available information is expected to be provided, and to only submit Compelling Evidence when it is strongly believed the Cardmember participated in the Transaction, received goods or services, or authorized the Charge. Only Compelling Evidence that has been gathered in compliance with Applicable Law may be relied upon. For a list of Compelling Evidence items, (see Subsection 11.5.1, "Compelling Evidence for Goods/Services Not Received or Only Partially Received" and Subsection 11.5.2, "Compelling Evidence for Card Not Present Fraud".

11.5.1 Compelling Evidence for Goods/Services Not Received or Only Partially Received

Item #	Allowable Compelling Evidence for Goods/Services Not Received or Only Partially Received; Chargeback Reversal request must include one (1) of the following items:
1.	For Transactions involving goods or services, evidence to prove that there is a link between the person who received the goods or services and the Cardmember (e.g., photographs, emails), or
2.	For Card Not Present Transactions where the goods are picked up at the Program Merchant’s location: • The Program Merchant must provide the Cardmember or authorized third party signature on the pickup form as well as additional proof to demonstrate that the identity of the Cardmember or authorized third party was verified at the time of pickup Or,

Item #	Allowable Compelling Evidence for Goods/Services Not Received or Only Partially Received; Chargeback Reversal request must include one (1) of the following items:
3.	For E-commerce Transactions representing the sale of Digital Goods or Services downloaded from a Program Merchant's website or application or accessed online, one (1) of the following must be provided: • Proof that the Cardmember's IP address at the time of purchase matches the IP address where the digital goods were downloaded, or • Proof the Cardmember's email address provided at the time of purchase matches the email address used to deliver the digital goods, or • Proof that the Program Merchant's website was accessed by the Cardmember for Digital Goods or Services after the Transaction Date. **Note:** In addition to the above, one (1) of the following may also be provided: • Description of the digital goods, or • Date and time the digital goods were downloaded or accessed.

11.5.2 Compelling Evidence for Card Not Present Fraud

Item #	Allowable Compelling Evidence for Card Not Present Fraud Chargeback Reversal request must include one (1) of the following items:
1.	For Transactions involving the shipment of goods or services, proof that the Transaction contains a shipping address that matches a previously used shipping address from an undisputed Transaction, or
2.	For E-commerce Transactions involving the sale of Digital Goods or Services, provide all of the following: a. Cardmember name linked to the account with the Program Merchant, and b. Description of the good or services and the date/time they were purchased and downloaded, accessed, or provided to the Cardmember, and c. Proof that the device and Card used for the disputed Transaction was used in a previous Transaction that was not disputed and the following information is currently linked to the Cardmember account with the Program Merchant: i. Device ID ii. IP address and geographical location iii. Device name (if available), and In addition, provide three (3) or more of the following: • Proof that the Program Merchant validated the Card and the Cardmember prior to or at the time of purchase and received an AAV (Automated Address Verification) response of “Y” or CSC (Card Security Code) response of “Y”. • Proof that the customer account with the Program Merchant was accessed by the Cardmember and successfully verified by the Program Merchant on or before the Transaction date. • Proof that the Cardmember password or CDCVM was captured by the Program Merchant in order to complete the Transaction. • Phone number and/or email address linked to the customer profile held by the Program Merchant. Or,

E-commerce Merchants must adhere to policy noted in Item three (3) rather than attempting to provide incomplete evidence such as usage details or billing authorization.

"Item four (4)" only applies to Merchants in the following Merchant categories: Dating Service and E-commerce Merchants.

Item #	Allowable Compelling Evidence for Card Not Present Fraud Chargeback Reversal request must include one (1) of the following items:
3.	For Recurring Billing Transactions, initiated on the Program Merchant's website, all of the following must be provided: a. Proof of a legally binding contract held between the Program Merchant and the Cardmember, and b. Proof the Cardmember accessed the Program Merchant's website or application to establish services on or before the Transaction date, and c. Proof the Cardmember received the goods or services, and d. Proof of a previous Transaction that was not disputed Or,
4.	For Transactions involving the sale of website search and/or advertising services to promote consumer products or services, all of the following must be provided: a. Proof of a legally binding contract held between the Program Merchant and the Cardmember, and b. Details of the initial ad-service setup, including at least two (2) of the following items: i. Purchaser's IP address and geographical location at the date and time of the initial ad-service setup ii. Email address of purchaser iii. Company name or purchaser name, and c. Proof the Cardmember has accessed the Program Merchant's website to establish services on or before the Transaction date, and d. Proof that the device and Card used for the disputed Transaction was used in a previous Transaction that was not disputed. In addition, provide the following information that are currently linked to the Cardmember account with the Program Merchant: i. Device ID ii. IP address and geographical location iii. Device name (if available) e. Proof that the Cardmember received the goods or services, and f. Description of the goods or services and the date they were provided.

11.6 Inquiry Reasons

You'll receive an Inquiry notification if a Cardmember disputes a Charge from your business and we cannot resolve it using the documents we have on file. This is the full list of Inquiry reasons paired with suggestions for what kinds of documents you should submit to help avoid a Chargeback. To help avoid a "No reply" or "Insufficient reply" Chargeback, respond within the time frame provided by your Merchant Services Provider with the suggested documents.

What It Means	What You Can Do
The Cardmember has requested the delivery of an item(s) or service(s) that was ordered but not received.	Please provide the service, ship the order, or provide Proof of Delivery and/or services rendered.

What It Means	What You Can Do
The Cardmember claims the item(s)/ service(s) was canceled/expired, or the Cardmember has been unsuccessful in an attempt to cancel the item(s)/service(s).	Please issue a credit, or provide a copy of your cancellation policy or, if applicable, contract approved in writing by the Cardmember and discontinue future billings.
The Cardmember claims the order arrived damaged or defective and requests return authorization.	If a return is not permitted, please provide a copy of your return or refund policy.
The Cardmember has requested the repair or replacement of an order that was damaged or defective.	Please provide return instructions and make the appropriate repairs, or provide a copy of your return/replacement policy and explain why the order cannot be repaired/replaced.
The Cardmember claims the referenced charge should have been submitted as a credit.	Please issue a credit, or provide support and itemization for the charge and an explanation of why credit is not due.
The Cardmember has requested replacement for an item(s)/service(s) that was not as your business described, or credit for the item(s)/ service(s) as the Cardmember is dissatisfied with the quality.	Please replace the item or issue credit for the item(s)/service(s), or proof that a credit has been issued.
The Cardmember does not recognize the charge.	Please provide support and itemization. In addition, if the charge relates to items that were shipped, please include Proof of Delivery with the full delivery address. If this documentation is not available, please issue a credit.
The Cardmember claims the item(s)/ service(s) was canceled and/or refused.	Please issue a credit, or provide Proof of Delivery, proof that the Cardmember was made aware of your cancellation policy and explain why credit is not due.
The Cardmember has requested credit for an item(s)/service(s) that was not received.	Please issue a credit, or provide Proof of Delivery or a copy of the purchase agreement, approved in writing by the Cardmember, indicating the cancellation policy and explain why credit is not due.
The Cardmember has requested credit for an item(s) that was returned to your business.	Please issue a credit, or provide a copy of your return policy and explain why credit is not due.
The Cardmember has requested credit for a duplicate billing.	Please issue a credit, or provide support and itemization of both charges and explain why credit is not due.
The Cardmember claims that a credit was expected but has not appeared on their account.	Please issue a credit, or provide support for the charge and explain why credit is not due.
The Cardmember does not recognize the referenced Card Not Present charge(s).	Please issue a credit, or provide support and itemization and explain why credit is not due.

What It Means	What You Can Do
The Cardmember claims the referenced charge is fraudulent.	For a Card Present charge, provide a copy of the charge record and an imprint of the Card, if available. For a Card Not Present charge, provide a copy of the charge record (or substitute charge record), any contracts or other details associated with the purchase, and Proof of Delivery (when applicable) with the Cardmember's complete and valid billing address (street number, name, city, state, and zip code).
The Cardmember claims the charge amount you submitted differs from the amount the Cardmember agreed to pay.	Please issue a credit or explain why credit is not due.
The Cardmember claims this charge was paid for by another form of payment.	Please issue a credit, or provide proof that the Cardmember's payment by other means was not related to the disputed charge or that you have no record of the Cardmember's other payment.
The Cardmember is not disputing the charge(s), but is requesting support and itemization.	Please provide the requested documentation.
The Cardmember has questioned the Charge for damages / theft or loss.	Please issue a credit or provide a copy of the following documentation: itemized rental agreement, itemized documentation to support the Charge, proof that the Cardmember agreed in writing to accept responsibility for the Charge, and proof that the Cardmember agreed in writing to select American Express as the payment method for the Charge.

11.7 How We Chargeback

We may Chargeback by (i) deducting, withholding, recouping from, or otherwise offsetting against our payment to your Merchant Services Provider for a Charge you submitted; or (ii) reversing a Charge for which we have not paid you. Our failure to demand payment does not waive our Chargeback rights.

Your Merchant Services Provider may have additional rights and remedies with respect to Disputed Charges. Please contact your Merchant Services Provide for more information on their Chargeback procedures.

11.8 Tips for Avoiding Chargebacks

Inquiries can be expensive and time consuming for all parties involved. Follow these general steps and you may avoid unnecessary Inquiries and Chargebacks:

- Keep track of all Charge Records.
- Issue Credits immediately after determining that a Credit is due.

- Disclose all terms and conditions of your sale/return/exchange/cancellation policies at the point of sale, on all Charge Records and customer receipts, and on your website.
- Contact your Merchant Services Provider to make sure the name that you provide in your Submission matches your business name.
- Submit Charges only after goods have been shipped or services have been provided.
- Advise Cardmembers when goods or services will be delivered or completed, and always advise the Cardmember of any delays.
- Obtain a Cardmember's agreement in writing whenever completing a service or work order.
- Encourage Cardmembers at the point of sale to contact your business directly should there be any problems with their purchase. Include your telephone number or web address and an appropriate description of goods or services purchased in your Submission.
- Inform Cardmembers of your business name that will appear on their billing statement.
- Provide a cancellation number when applicable.
- Remind the Cardmember to retain any documents you have provided, along with shipping information when applicable.

Specific Industries

12

12.1 Introduction

This chapter states additional policies and procedures applicable to Merchants classified in specific industries. All other provisions and requirements of the Agreement apply to these Merchants as well. To the extent possible, the provisions of this Chapter 12, "Specific Industries" and the other provisions of the *Merchant Operating Guide* shall be interpreted to give each their full effect. However, if a conflict is deemed to exist between them, then the provisions of this Chapter 12, "Specific Industries" shall govern.

12.2 Auto Dealers

This section applies to Merchants classified in an auto dealer industry.

The following requirements will apply to Charges for the down payment or the entire purchase price of new and used motor vehicles.

You may accept the Card for down payment of a motor vehicle, subject to the following provisions:

- You must not submit a Charge for the down payment price of a used motor vehicle unless and until you have obtained the Cardmember's approval in writing on the agreement/bill of sale setting forth the terms of the sale, including down payment price, and your cancellation policy.
- In addition to other Chargeback rights, American Express also has Chargeback rights for any portion of the Charge for the down payment price of a used motor vehicle which is disputed by the Cardmember, if such Disputed Charge cannot be resolved in your favor based upon unambiguous language contained in the written agreement/bill of sale.
- Should a Cardmember exercise his or her right to rescind the written agreement/bill of sale during any rescission period set forth in the Cardmember's agreement with you or at law, you shall submit a Credit to your Merchant Services Provider promptly.
- If you are classified as an auto dealer of used motor vehicles exclusively, the down payment must not exceed 50% of the full purchase price of the motor vehicle.
- If the Cardmember denies making or authorizing the Charge, American Express will have Chargeback rights for such Charge in addition to its other Chargeback rights.

You may also accept the Card for the entire purchase price of a new or used motor vehicle, subject to the following provisions:

- You are classified as an auto dealer of new or new and used motor vehicles (i.e., your dealership sells new motor vehicles exclusively or both new and used motor vehicles).
- The amount of the Charge does not exceed the total price of the motor vehicle after deduction of applicable discounts, taxes, rebates, cash down payments, and trade-in values.
- You must not submit a Charge for the entire purchase price of a new or used motor vehicle unless and until you have a written agreement/bill of sale signed by the Cardmember setting forth the terms of the sale, including purchase price, delivery date and your cancellation policy.
- In addition to other Chargeback rights, American Express also has Chargeback rights for any portion of the Charge for the entire purchase price of a new or used motor vehicle which is disputed by the Cardmember, if such Disputed Charge cannot be resolved in your favor based upon unambiguous language contained in the written agreement/bill of sale.
- Should a Cardmember exercise his or her right to rescind the written agreement/bill of sale during any rescission period set forth in the Cardmember's agreement with you or at law, you shall submit a Credit to your Merchant Services Provider promptly.

- If the Cardmember denies making or authorizing the Charge and you have not transferred title or physical possession of the motor vehicle to the Cardmember, American Express will have Chargeback rights for such Charge in addition to its other Chargeback rights.

12.3 Business-to-Business (B2B)/ Wholesale Distribution

If you are classified in the business-to-business (B2B) or wholesale distribution industries, and it is determined that you are not in the Telecommunications industry, then notwithstanding the prohibition in Section 3.3, "Prohibited Uses of the Card", you may accept the Card for overdue amounts to the extent that acceptance of overdue amounts is a common practice in your industry and does not constitute an attempt to obtain payment from the Cardmember whose prior methods of payment have been difficult to collect or uncollectable. An indicator of such difficulty, for example, may be the fact that you have sent an overdue customer account to collections.

For the purposes of Section 6.5, "Submission Requirements – Electronic", a Charge submitted by your Establishments classified in the foregoing industries will be deemed "incurred" on the date the Cardmember indicates to you that the Cardmember will pay for the goods or services purchased with the Card, so long as:

- this is a common practice in your industry, and
- does not constitute an attempt to obtain payment from the Cardmember when prior methods of payment have been difficult to collect or uncollectable.

Notwithstanding the restriction in Section 6.5, "Submission Requirements – Electronic", you must not submit any Charge until the goods have been shipped or services have been provided to the Cardmember. To the extent that you have clearly disclosed your intentions to the Cardmember and the Cardmember agrees, then you may submit the following types of Charges to your Merchant Services Provider before you ship the goods to the Cardmember:

- Charges representing deposits on custom and special orders (so long as you comply with Applicable Law) or goods not in inventory at the time the order is placed.
- Charges representing advance, partial, or full payment for goods that the Cardmember requests you to ship at a later date.

12.4 Charitable Donations

If it is determined that you are a non-profit organization incorporated or registered under Applicable Law, and recognized as an Entity qualifying for tax exemption under Section 501(c)(3) of the U.S. Internal Revenue Service Code (Code), then:

- You must provide your Merchant Services Provider, on request, documentation of such tax exempt status.
- You may accept the Card for charitable donations that:
  - are tax deductible to the payor as a charitable contribution under the Code, or
  - include the receipt of an item or service of value (such as a meal or admission to an event or other incentive) where at least a portion of the amount is tax-deductible to the payor as a charitable contribution under the Code.

12.5 E-Commerce Businesses

If you are operating a website or e-commerce business, you must include the following website information display requirements on your website:

- An accurate description of the goods/services offered, including the currency type for the Transaction. Transaction currency must be in U.S. Dollars.
- Your physical address in the United States Region.

- An email address and a telephone number for customer service disputes.
- Return/refund policy.
- A description of your delivery policy (e.g., No COD, No overnight).
- A description of your security practices (e.g., information highlighting security practices you use to secure Transactions on your systems, including Transactions conducted on the Internet).
- A statement of known export restrictions, tariffs, and any other regulations.

A privacy statement regarding the type of personal information collected and how the information is used. Additionally, you must provide to customers the option to decline being included in marketing campaigns or having their personal information included on lists sold to third parties.

12.6 Government/Utilities/Education

This section applies to Merchants classified in the government, utilities, or certain education industries (i.e. higher education, private school–kindergarten to grade 12).

Customers should feel free to use all forms of payment that you accept without being penalized for choosing a particular form of payment. To promote consumer choice, you are generally prohibited from imposing any restrictions, conditions, or disadvantages when the Card is accepted that are not imposed equally on all Other Payment Products. See Section 3.2, "Treatment of the American Express Brand".

You must not impose a higher convenience fee, whether in the form of a flat fee or as a percentage of the final Transaction amount, on Charges than you impose on Other Payment Products, except for automated clearing house funds transfers, cash, and checks. American Express views discrimination against Cardmembers as a breach of the Agreement.

If you are classified in the government, utilities, or education sectors, you may assess convenience fees on Charges, provided that they comply with the other requirements of this section.

You must clearly disclose the amount of convenience fees to the customer, which may include itemization on the customer receipt, invoice, or confirmation email, and give the customer the opportunity to cancel the Charge if the customer does not want to pay the convenience fee.

Any explanation, verbal or written, describing why the convenience fee is being assessed or how it is calculated, must characterize the convenience fee as an assessment to cover your administrative costs, and not as an assessment to cover your cost of accepting the Card.

Your Merchant Services Provider can only assess a convenience fee when it accepts the Card for the foregoing Charges in compliance with the requirements of this section.

12.7 Insurance

This section contains provisions specific to Merchants classified in the insurance industry.

American Express undertakes no responsibility on your behalf for the collection or timely remittance of premiums. American Express will not be subject to any liability, under any circumstances, for any claim arising from, or related to, any insurance policy you issued. You must indemnify, defend, and hold harmless American Express and its Affiliates, successors, assigns, and Issuers, from and against all damages, liabilities, losses, costs, and expenses, including legal fees, to Cardmembers (or former Cardmembers) arising or alleged to have arisen from your termination or other action regarding their insurance coverage; breach, negligent or wrongful act or omission; failure to perform under the Agreement; or failure in the provision of your or their goods or services.

If the Card is accepted as payment for fixed rate cash value life insurance policies or fixed rate annuities under the Agreement, you represent and warrant that the fixed rate cash value life insurance policies and fixed rate annuities for which the Card will be accepted for premium payments are not securities requiring registration under the Securities Act of 1933, and, in addition to your other indemnification obligations to American Express, you must further indemnify, defend, and hold harmless American Express and American Express' Affiliates, successors, assigns and Issuers from and against all damages, liabilities, losses, costs, and expenses, including legal fees, arising or alleged to have arisen from you or your Agencies breach of this representation and warranty.

12.8 Internet/Online Pharmacies

If you are classified or it is otherwise determined that you are an internet/online pharmacy Merchant that accepts the Card for sales of prescription medications (as defined by Applicable Law) in the Card Not Present environment:

- You must be certified by the Verified Internet Pharmacy Practice Sites program of the National Association of Boards of Pharmacy (www.nabp.net), or
- You or your authorized representative must attest that you comply with the licensing and inspection requirements of (i) federal, state, and/or provincial laws and the jurisdiction in which you are located and (ii) each jurisdiction to which you dispense pharmaceuticals.

Upon request, you or your Merchant Services Provider must promptly provide documentation that you fulfill the foregoing requirements. Failure to provide this documentation promptly may result in the cancellation or disentitlement of Card acceptance privileges.

Specific procedures exist for Transaction processing by internet/online Merchants. These procedures appear in Section 4.7, "Processing a Card Not Present Charge".

12.9 Oil/Petroleum

If you are classified in the oil and petroleum industry, your Merchant Services Provider may place you in the Fraud Full Recourse Program if you accept Charges originating at a CAT gas pump. For information about Customer Activated Terminals, see Section 4.6, "Customer Activated Terminals".

12.9.1 Requirements

You must:

- Obtain a unique Merchant Number from your Merchant Services Provider for your CAT gas pump sales. If you conduct any other business at your Establishment (e.g., convenience store sales, car washing services), you must obtain a unique Merchant Number for those lines of your business.
- Submit dealer location data along with each Authorization request and each Submission file. Dealer location data consists of your business:
  - dealer number (store number)
  - name
  - street address
  - city
  - postal code

12.9.2 Recommendations

American Express has implemented several policies and fraud prevention tools to assist in combating fraud at the gasoline pump. Work with your Merchant Services Provider for additional information on these policies and to determine which fraud prevention tools are supported.

American Express recommends that you:

- Set a pre-Authorization request of $100 at your CAT gas pumps.
- For higher Charges such as diesel, adjust the pre-Authorization amount to accommodate the higher Charges.
- Set your CAT gas pumps to shut off when they reach the pre-Authorization amount.
- Request a separate Authorization for purchases that exceed the original pre-Authorization amount.

12.10 Online/Mail Order Tobacco Retail

If you are classified or it is otherwise determined that you are an online or mail order (or both) tobacco or e-cigarette Merchant, then you must provide the website address of the online store from which you sell your tobacco products. If your website facilitates tobacco sales, you may be required on request to provide an executed and notarized Affidavit of Compliance with Laws - Online/Mail Order Tobacco. Failure to provide this documentation promptly may result in the cancellation or disentitlement of Card acceptance privileges. American Express may monitor your website. Contact your Merchant Services Provider for additional information.

12.11 Rental Establishments

This section applies to Merchants classified in the Rental Establishments industries.

Customers should feel free to use all forms of payment that you accept without being penalized for choosing a particular form of payment. To promote consumer choice, Merchants are generally prohibited from imposing any restrictions, conditions, or disadvantages when the Card is accepted that are not imposed equally on all Other Payment Products. See Section 3.2, "Treatment of the American Express Brand". You must not impose a higher convenience fee, whether in the form of a flat fee or as a percentage of the final Transaction amount, on Charges than you impose on Other Payment Products, except for automated clearing house funds transfers, cash, and checks.

If you are classified as a Rental Establishment, you may assess convenience fees on Charges, provided that you comply with the other requirements of Chapter 4, "Transaction Processing" and this section, as follows:

- You must clearly disclose the amount of convenience fees to the customer, which may include itemization on the customer receipt, invoice, or confirmation email, and give the customer the opportunity to cancel the Charge if the customer does not want to pay the convenience fee.
- Any explanation, verbal or written, describing why the convenience fee is being assessed, or how it is calculated, must characterize the convenience fee as an assessment to cover your administrative costs and not as an assessment to cover your cost of accepting the Card.

Your Merchant Services Provider can only assess a convenience fee when it accepts the Card for Charges in compliance with the requirements of this section.

12.12 Travel Industries

Additional policies and procedures are applicable to Merchants classified in the lodging and vehicle rental industries. In addition, the Assured Reservations Program is available to Merchants in the lodging, trailer park/campground, vehicle, aircraft, bicycle, boat, equipment, motor home, and motorcycle rentals (see Subsection 12.12.3, "Assured Reservations").

12.12.1 Lodging

This section applies to Merchants classified in the lodging industry. The Assured Reservations and CARDeposit® programs allow certain Charges to be submitted that would otherwise not be allowed by American Express.

12.12.1.1 Assured Reservations — Lodging

Assured Reservations means a Cardmember's accommodation is guaranteed by you to be held until the published check-out time on the date following the scheduled arrival date, as indicated by the Cardmember when making the Assured Reservation. You must honor Assured Reservations.

Lodging Merchants may submit "no show" charges, if they comply with the provisions of the Assured Reservations Program and the Cardmember does not use or cancel the reservation in accordance with program requirements.

Your Assured Reservations Program responsibilities include the following:

- When accepting an Assured Reservation, you must advise the Cardmember that, if the Cardmember does not claim the Assured Reservation, or cancel it within the time specified in your stated reservation policy, the Cardmember may be charged for one (1) night's lodging plus applicable taxes. If the Cardmember does not claim the Assured Reservation or cancel in accordance with your stated reservation policy, you may bill the Cardmember for a "no show" Charge.
- If the Cardmember cancels an Assured Reservation, you must provide a cancellation number to the Cardmember and maintain a record of the cancellation number.
- Use the proper "no show" indicator, when submitting a "no show" Charge. If you are unsure of how to transmit using this code, contact your Merchant Services Provider.

If you do not honor the Assured Reservations Program requirements your obligation to the Cardmember is the following:

- Pay for one (1) night's accommodation at a comparable property, located nearby.
- Pay for transportation to the alternate location.
- Pay for a three (3)-minute telephone call.
- Use good faith efforts to forward all communications to the Cardmember at the alternate location.

Failure to meet the previously-mentioned obligations may result in a Chargeback if the Cardmember disputes a "no show" Charge.

If American Express receives disproportionate numbers of Disputed "no show" Charges, you must work with your Merchant Services Provider to reduce the number of disputes. If such efforts fail to reduce the number of disputes, you may be placed in a Chargeback program.

12.12.1.2 CARDeposit Program

CARDeposit Program

A program that permits Cardmembers to charge the payment of an Advance Payment Charge to their Cards when a deposit is required.

As a lodging Merchant, if you require room deposits, you must participate in the CARDeposit program. You must accept the Card for payment of CARDeposits. Your CARDeposit program responsibilities include the following:

- Follow all requirements for an Advance Payment Charge, as described in Section 4.14, "Advance Payment Charges".
- Upon arrival, the Cardmember must show the Card. If the Cardmember does not have the Card, other identification must be shown.
- Ensure the Charge Record contains the words "CARDeposit" on the Cardmember signature line or, for Charge Records submitted electronically, the appropriate indicator on the Charge Data. If you are unsure of how to submit the Charge using the appropriate indicator, contact your Merchant Services Provider.

If	Then
The CARDeposit is canceled	You must send a written cancellation notice showing the cancellation number to the Cardmember within three (3) business days from the date of such cancellation. If a refund is due, pursuant to your advance deposit cancellation policy, you must include the appropriate indicator or submit a Credit form with the words "CARDeposit Cancellation" on the Cardmember signature line. If you are unsure of how to submit using the appropriate indicator, contact your Merchant Services Provider.
An arrival date of a CARDeposit is changed	You must send the Cardmember a written confirmation of the change within three (3) business days from the date the reservation was changed.
You are unable to honor a CARDeposit that was not previously canceled	Your obligation to the Cardmember includes the following: • You must issue a Credit for the CARDeposit. • You must pay for accommodations at a comparable location nearby, until the duration of the original reservation expires (up to fourteen (14) nights) or until accommodations become available at the original location, whichever occurs first. • You must provide transportation to and from the alternate location once a day until the original accommodations are available. • You must pay for one, three (3)-minute call to advise of the move to the alternate location, and one, three (3)-minute call to advise of the return to the original location.

CARDeposit Program

A program that permits Cardmembers to charge the payment of an Advance Payment Charge to their Cards when a deposit is required.

12.12.1.3 Emergency Check-in

If a Cardmember whose Card is lost or stolen requests check-in, you must call your Merchant Services Provider, request "Authorization for an Emergency Check-in," and follow the instructions.

12.12.2 Vehicle Rentals

This section applies to Merchants classified in the vehicle rental industry. When Cardmembers opt to pay for vehicle rentals (not to exceed four (4) consecutive months) on the Card, you must comply with these procedures.

12.12.2.1 Prepayment on Vehicle Rentals

If you permit Cardmembers to make Charges with the Card for vehicle rentals where Cardmembers elect to prepay for a vehicle rental over the phone, at the counter, and via your company websites (not on any other third-party reservation system) (Prepaid Rental), you must:

- Follow all requirements for an Advance Payment Charge, as described in Section 4.14, "Advance Payment Charges".
- Ensure that your vehicle rental contract with the Cardmember contains the terms and conditions of said reservation and cancellation policies.

12.12.2.2 Assured Reservations — Vehicle Rentals

Assured Reservations means a Cardmember's reservation is guaranteed by you to be held until the vehicle return time, as indicated by the Cardmember when making the Assured Reservation. You must honor Assured Reservations.

Vehicle Rental Merchants may submit "no show" charges, if they comply with the provisions of the Assured Reservations Program and the Cardmember does not use or cancel the reservation in accordance with program requirements. See Subsection 12.12.3, "Assured Reservations" for details.

12.12.2.3 Capital Damages

Merchants should provide the Cardmember with written documentation containing all of the Capital Damages details (e.g., incident report, damage estimate, photographs of the damages) when the Charge is submitted.

If a Cardmember voluntarily opts to use the Card to pay for property damage to a rented vehicle (Capital Damages), you may accept the Card, provided you have complied with all of the following conditions for payments of such items:

- The Card was used for the vehicle rental at the time the vehicle was checked out.
- You must provide in writing, to the Cardmember, an itemized list and description of specific damages which have occurred.
- Prior to submitting a Charge, you must obtain the Cardmember's agreement in writing* to:
  - Accept responsibility for the Capital Damages, and
  - Select American Express as the payment method for the Capital Damages, and
  - Accept the total estimated amount for which the Cardmember may be responsible, and that the final billed amount can be up to 15% more than the estimated amount. No amounts in excess of 115% of the disclosed amount shall be charged to the Cardmember's Card, without the express prior written consent of the Cardmember.

  * The Cardmember’s acknowledgment must be made after the damages have occurred and without any threat or duress.
- You must obtain Authorization for the amount of the Capital Damages each time a Capital Damages Charge is submitted.
- On each occasion the Cardmember has chosen to use the Card for Capital Damages, you must prepare a Charge Record separate from the Charge Record for the rental. You must adhere to all requirements outlined in Chapter 4, "Transaction Processing" for the completion of the Charge Record. In addition, you must observe the following:
  - After the exact amount of the Capital Damages has been determined and the Charge is ready for Submission, you must provide the Cardmember with an itemized notice of damages; insert the amount of the Capital Damages on the Charge Record (in no event in excess of the estimated amount plus 15% agreed to by the Cardmember in writing).
  - For Charge Records submitted on paper or by other non-electronic means, you must write "Capital Damages" on the signature line; for electronic Submission you must provide the indicator. For instructions on how to provide the indicator, contact your Merchant Services Provider.
  - In addition to the other Chargeback rights contained in the Agreement, American Express may exercise its Chargeback rights with respect to any Charge for Capital Damages which is not submitted in accordance with all the procedures contained within the Agreement, including the provisions of this Subsection 12.12.2.3, "Capital Damages".

You must never include the following in an Authorization Request or in a Charge Submission:

- Losses due to theft of the vehicle, or
- Loss of revenue incurred by you due to loss of use of the rental vehicle in question.

12.12.2.4 Capital Damages to Rental Vehicles – Documentation

You must comply with requests from the Cardmember or the Cardmember’s insurance adjustor to supply documentation related to the capital loss incident, if applicable.

12.12.3 Assured Reservations

Assured Reservations Program

The Assured Reservation Program allows Cardmembers to contact a participating property or rental agency to make an Assured Reservation and guarantee the reservation by giving their American Express Card. The Assured Reservation Program is available to the following industries: hotel, trailer park/campground, vehicle, aircraft, bicycle, boat, equipment, motor home, and motorcycle rentals.

Assured Reservations means:

- For accommodation reservations (including hotel and trailer park/campground): a Cardmember's accommodation is guaranteed by you to be held until the published check-out time on the date following the scheduled arrival date, as indicated by the Cardmember when making the Assured Reservation.
- For vehicle, aircraft, bicycle, boat, equipment, motor home, and motorcycle rentals: a Cardmember's reservation is guaranteed by you to be held until the return time, as indicated by the Cardmember when making the Assured Reservation.

You must honor Assured Reservations. You may submit "no show" Charges, if you comply with the provisions of the Assured Reservations Program and the Cardmember does not use or cancel the reservation in accordance with program requirements.

Your Assured Reservations Program responsibilities include the following:

- When accepting an Assured Reservation, you must advise the Cardmember that, if the Cardmember does not claim the Assured Reservation, or cancel it within the time specified in your stated reservation policy, you may bill the Cardmember for a "no show" Charge as follows:
  - For accommodation reservations (including hotel and trailer park/campground): one (1) night's accommodation plus applicable taxes.
  - For vehicle, aircraft, bicycle, boat, equipment, motor home, and motorcycle rentals: one (1) day’s rental or the daily/hourly incremental equivalent of the rental rate agreed upon in the rental agreement, plus applicable taxes.
- If the Cardmember cancels an Assured Reservation, you must provide a cancellation number to the Cardmember and maintain a record of the cancellation number.
- Use the proper "no show" indicator, when submitting a "no show" Charge. If you are unsure of how to transmit using this code, contact your Merchant Services Provider.

If you do not honor the Assured Reservation Program requirements, you must provide comparable accommodations, and/or services, when reasonably available, at no additional cost to the Cardmember, in accordance with the rental agreement. Merchants classified in the Lodging industry are also subject to the requirements set forth in Subsection 12.12.1.1, "Assured Reservations — Lodging".

Failure to satisfy the previously-mentioned obligations may result in a Chargeback if the Cardmember disputes a "no show" Charge.

If a disproportionate numbers of Disputed "no show" Charges are received, you must work to reduce the number of disputes. If such efforts fail to reduce the number of disputes, you may be placed in a Chargeback program.

12.13 Transit Contactless Transactions

12.13.1 Card Acceptance Requirements for Transit Contactless Transactions

When accepting and processing Transit Contactless Transactions you must:

- Be classified in one of the following MCCs: 4111, 4112, 4131, 4784, 7523 and pass that MCC in the Authorization and Submission
- Not accept expired Cards
- Flag all requests for Authorization and Submission with a transit indicator and meet additional transit technical requirements (see Section 2.5, "Compliance with the Technical Specifications"). Contact your Merchant Services Provider for further information about complying with these specifications.

12.13.2 Authorization and Submission Requirements

When accepting a Transit Contactless Transaction, you must obtain an Account Status Check Authorization for any amount up to the Chargeback Protection Threshold (as set forth in Subsection 12.13.3, "Transit Thresholds"). The following sets out how to proceed based on the response you receive to the Account Status Check.

If	Then
the Account Status Check or Authorization is declined	Place the Card on the Deny List. If the amount is less than or equal to the Declined Authorization Protection Threshold, submit a Transit Contactless Transaction as defined in Subsection 12.13.3, "Transit Thresholds". If the amount is greater than the Declined Authorization Protection Threshold, you must not submit a Transit Contactless Transaction. You may request a new Authorization as outlined in Section 12.13.5, "Transit Debt Recovery". **Note:** Authorizations for partial fares cannot be submitted. You must not split a Transaction with the intent of avoiding a single Authorization for the full amount of the purchase.
the Account Status Check Authorization is approved	Continue to accept taps and submit the Aggregated Transit Charge, until the first occurrence of either: • the combined taps since the most recent Approved Authorization exceed the Chargeback Protection Threshold, or • the time since the most recent Approved Authorization exceeds the Authorization Time Period (as set forth in Subsection 12.13.3, "Transit Thresholds").
the combined taps exceed the Chargeback Protection Threshold	you must obtain a new Authorization at the time of submission of an Aggregated Transit Charge if the combined taps since the most recent Approved Authorization exceed the Chargeback Protection Threshold. The amount to be Authorized is the Aggregated Transit Charge since the most recent submission, not to exceed the Chargeback Protection Threshold. **Note:** If the amount to be Authorized exceeds the Chargeback Protection Threshold, you must submit multiple Transactions where each Transaction amount is below or equal to the Chargeback Protection Threshold.
the time since the most recent Approved Authorization exceeds the Authorization Time Period	you must obtain a new Account Status Check Authorization for any amount below the Chargeback Protection Threshold.

Failure to satisfy the previously-mentioned obligations may result in a “No valid authorization” Chargeback.

12.13.3 Transit Thresholds

Chargeback Protection Threshold is $15.

Authorization Time Period is 7 days.

Declined Authorization Protection is $6.

12.13.4 Transit Charge Information

You must ensure the Cardmember has access to the following information for a minimum of 120 days:

- Name associated with the Merchant Number
- Total Transaction amount
- Date of travel
- Start time of each individual journey, if available
- End time of each individual journey, if available
- Final Transaction date

12.13.5 Transit Debt Recovery

If an Authorization is declined, you may attempt to recover any outstanding debt, providing all the following conditions are met:

- The value of the debt is greater than the Declined Authorization Protection Threshold.
- You obtain an approved Authorization for the full value of the debt owed.
- You do not attempt more than six (6) Authorizations after the initial Authorization was declined.
- No more than thirty (30) days have elapsed since the initial Authorization was declined.

12.13.6 Management of the Deny List

You must maintain a Deny List by adding or removing Card Numbers based on any new Authorization approval or decline. The Deny List must be updated at least once daily. We recommend that you update the Deny List more frequently when possible.

When a Card is tapped, you must immediately check the Deny List and refuse entry to any Cardmember when the Card Number of the Card used appears on the Deny List.

You must not submit Contactless Transit Transactions when the Card Number appears on the Deny List at the time of submission attempt. A Card Number must be removed from the Deny List if an Account Status Check or Authorization request is subsequently approved.

We may issue Chargebacks if you fail to comply with these requirements or the provisions of this Section 12.13, "Transit Contactless Transactions".

12.13.7 Pay-In-Advance Transit Passes

You may offer a pay-in-advance fare program, which allows Cardmembers to use their Card, Contactless Card or Mobile Device to purchase, in advance of travel:

a. time-based, unlimited travel passes, which allow the Cardmember to use their Contactless Card or Mobile Device to enter and/or use the transit system until the time limit for such pass expires, or

b. passes for a defined-dollar amount or defined number of trips, which allow the Cardmember to use their Contactless Card or Mobile Device to enter and/or use the transit system until the balance is used. Balances (dollar amount or number of trips, as applicable) on these passes are reduced as the Cardmember uses the transit system.

If the Cardmember uses a Pay-In-Advance Transit pass, you must:

- Limit the system functions to account identification and fare validation only, and
- Not process taps as Transit Contactless Transactions.

AMERICAN EXPRESS

Dispute Resolution

13

13.1 Arbitration Agreement (as to Claims involving American Express)

In the event that Merchant or Merchant Services Provider is not able to resolve a Claim against American Express, or a claim against Merchant Services Provider or any other entity that American Express has a right to join in resolving a Claim, this section explains how Claims can be resolved through arbitration. Merchant or American Express may elect to resolve any Claim by individual binding arbitration. Claims are decided by a neutral arbitrator.

If arbitration is chosen by any party, neither Merchant nor Merchant Services Provider nor American Express will have the right to litigate that Claim in court or have a jury trial on that Claim. Further, Merchant, Merchant Services Provider, and American Express will not have the right to participate in a representative capacity or as a member of any class pertaining or be a named party to a class-action with respect to any Claim for which any party elects arbitration. Arbitration procedures are generally simpler than the rules that apply in court, and discovery is more limited. The arbitrator's decisions are as enforceable as any court order and are subject to very limited review by a court. Except as set forth below, the arbitrator's decision will be final and binding. Other rights Merchant, Merchant Services Provider, or American Express would have in court may also not be available in arbitration.

i. **Initiation of Arbitration.** Claims will be referred to either JAMS or AAA, as selected by the party electing arbitration. Claims will be resolved pursuant to this Arbitration Agreement and the selected organization's rules in effect when the Claim is filed, except where those rules conflict with the Agreement. Contact JAMS or AAA to begin an arbitration or for other information. Claims may be referred to another arbitration organization if all parties agree in writing, or to an arbitrator appointed pursuant to section 5 of the Federal Arbitration Act, 9 U.S.C. §§ 1-16 (FAA). Any arbitration hearing that Merchant attends shall take place in New York unless all parties agree to an alternate venue.

ii. **Limitations on Arbitration. If any party elects to resolve a Claim by arbitration, that Claim will be arbitrated on an individual basis. There will be no right or authority for any Claims to be arbitrated on a class action basis or on bases involving Claims brought in a purported representative capacity on behalf of the general public, other merchants or other persons or entities similarly situated.** The arbitrator's authority is limited to Claims between Merchant, Merchant Services Provider, and American Express. Claims may not be joined or consolidated unless all parties to this agreement agree in writing. An arbitration award and any judgment confirming it will apply only to the specific case brought by Merchant, Merchant Services Provider or American Express and cannot be used in any other case except to enforce the award as between Merchant, Merchant Services Provider and American Express. This prohibition is intended to, and does, preclude Merchant from participating in any action by any trade association or other organization against American Express. Notwithstanding any other provision and without waiving the right to appeal such decision, if any portion of these *Limitations on Arbitration* is deemed invalid or unenforceable, then the entire Arbitration provision (other than this sentence) will not apply.

iii. **Previously Filed Claims/No Waiver.** Merchant, Merchant Services Provider, or American Express may elect to arbitrate any Claim that has been filed in court at any time before trial has begun or final judgment has been entered on the Claim. Merchant, Merchant Services Provider, or American Express may choose to delay enforcing or to not exercise rights under this arbitration provision, including the right to elect to arbitrate a Claim, without waiving the right to exercise or enforce those rights on any other occasion. For the avoidance of any confusion, and not to limit its scope, this section applies to any class-action lawsuit relating to the "Honor All Cards," "non-discrimination," or "no steering" provisions of the American Express Merchant Regulations, or any similar provisions of any prior American Express Card acceptance agreement, that was filed against American Express prior to the effective date of the Agreement.

iv. **Arbitrator's Authority.** The arbitrator shall have the power and authority to award any relief that would have been available in court, including equitable relief (e.g., injunction, specific performance) and cumulative with all other remedies, shall grant specific performance whenever possible. The arbitrator shall have no power or authority to alter the Agreement or any of its separate provisions, including this section, nor to determine any matter or make any award except as provided in this section.

v. **Split Proceedings for Equitable Relief.** Merchant, Merchant Services Provider, or American Express may seek equitable relief in aid of arbitration prior to arbitration on the merits to preserve the status quo pending completion of such process. This section shall be enforced by any court of competent jurisdiction, and the party seeking enforcement shall be entitled to an award of all reasonable attorneys' fees and costs, including legal fees, to be paid by the party against whom enforcement is ordered.

vi. **Small Claims Court.** American Express shall not elect to use arbitration under this section for any Claim Merchant properly files in a small claims court so long as the Claim seeks individual relief only and is pending only in that court.

vii. **Governing Law/Arbitration Procedures/Entry of Judgment.** This arbitration section is made pursuant to a transaction involving interstate commerce and is governed by the FAA. The arbitrator shall apply New York law and applicable statutes of limitations and shall honor claims of privilege recognized by law. The arbitrator shall apply the rules of the arbitration organization selected, as applicable to matters relating to evidence and discovery, not the federal or any state rules of civil procedure or rules of evidence, provided that any party may request that the arbitrator expand the scope of discovery by doing so in writing and copying any other parties, who shall have fifteen (15) days to make objections, and the arbitrator shall notify the parties of their decision within twenty (20) days of any objecting party's submission. If a Claim is for $10,000 or less, Merchant or American Express may choose whether the arbitration will be conducted solely on the basis of documents submitted to the arbitrator, through a telephonic hearing, or by an in-person hearing as established by the rules of the selected arbitration organization. At the timely request of a party, the arbitrator shall provide a written and reasoned opinion explaining their award. The arbitrator's decision shall be final and binding, except for any rights of appeal provided by the FAA. If a Claim is for $100,000 or more, or includes a request for injunctive relief, (a) any party to this Agreement shall be entitled to reasonable document and deposition discovery, including (x) reasonable discovery of electronically stored information, as approved by the arbitrator, who shall consider, *inter alia*, whether the discovery sought from one party is proportional to the discovery received by another party, and (y) no less than five depositions per party; and (b) within sixty (60) days of the initial award, either party can file a notice of appeal to a three-arbitrator panel administered by the selected arbitration organization, which shall reconsider de novo any aspect requested of that award and whose decision shall be final and binding. If more than sixty (60) days after the written arbitration decision is issued the losing party fails to satisfy or comply with an award or file a notice of appeal, if applicable, the prevailing party shall have the right to seek judicial confirmation of the award in any state or federal court where Merchant's headquarters or Merchant's assets are located.

viii. **Confidentiality.** The arbitration proceeding and all testimony, filings, documents, and any information relating to or presented during the proceedings shall be deemed to be confidential information not to be disclosed to any other party. All offers, promises, conduct, and statements, whether written or oral, made in the course of the Claim resolution process, including but not limited to any related negotiations, mediations, arbitration, and proceedings to confirm arbitration awards by either party, its agents, employees, experts or attorneys, or by mediator or arbitrator, including any arbitration award or judgment related thereto, are confidential and inadmissible for any purpose, including impeachment or estoppel, in any other litigation or proceeding involving any of the parties or non-parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the negotiation, mediation, or arbitration.

ix. **Costs of Arbitration Proceedings.** Merchant will be responsible for paying Merchant's share of any arbitration fees (including filing, administrative, hearing or other fees), but only up to the amount of the filing fees Merchant would have incurred if Merchant had brought a Claim in court. American Express will be responsible for any additional arbitration fees. At Merchant's written request, American Express will consider in good faith making a temporary advance of Merchant's share of any arbitration fees, or paying for the reasonable fees of an expert appointed by the arbitrator for good cause.

x. **Additional Arbitration Awards.** If the arbitrator rules in Merchant's favor against American Express for an amount greater than any final settlement offer American Express made before any arbitration award, the arbitrator's award will include: (1) any money to which Merchant is entitled as determined by the arbitrator, but in no case less than $5,000; and (2) any reasonable attorneys' fees, costs and expert and other witness fees incurred by Merchant.

xi. **Definitions.** For purposes of this Section 13.1, "Arbitration Agreement (as to Claims involving American Express)" only, (i) *American Express* includes any of its affiliates, licensees, predecessors, successors, or assigns, any purchasers of any receivables, and all agents, directors, and representatives of any of the foregoing, and (ii) *Merchant* includes Merchant's affiliates, licensees, predecessors, successors, or assigns, any purchasers of any receivables and all agents, directors, and representatives of any of the foregoing, and (iii) *Claim* means any allegation of an entitlement to relief, whether damages, injunctive or any other form of relief, against American Express or against Merchant Services Provider or any other entity that American Express has the right to join in resolving a Claim, including, a transaction using an American Express product or network or regarding an American Express policy or procedure.

Glossary of Terms

Account Status Check
A type of Authorization request that is used to ask an Issuer to indicate if the Card account represented by the Card Number on the message is valid. The Account Status Check is used, for example, by transit authorities to check the status of a Card account associated with a Transit Contactless Transaction at transit operator's terminal.

Advance Payment Charge
A Charge for which full payment is made in advance of Merchant providing the goods and/or rendering the services to the Cardmember.

Affiliate
Any Entity that controls, is controlled by, or is under common control with either party, including its subsidiaries. As used in this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an Entity, whether through ownership of voting securities, by contract, or otherwise. For the avoidance of doubt, but not by way of limitation, the direct or indirect ownership of more than 50% of (i) the voting securities or (ii) an interest in the assets, profits, or earnings of an Entity shall be deemed to constitute "control" of the Entity.

Agency
Any Entity or line of business that uses Merchant's Marks or holds itself out to the public as a member of Merchant's group of companies.

Aggregated Charge
A Charge that combines multiple small purchases or refunds (or both) incurred on a Card into a single, larger Charge before submitting the Charge for payment.

Aggregated Transit Charge
An Aggregated Charge that combines multiple small Transit Contactless Transactions incurred on a Card into a single, larger Charge before submitting the Charge for payment.

Agreement
The merchant processing agreement or sponsored merchant agreement, the *American Express Merchant Operating Guide*, and any accompanying schedules and exhibits, collectively, between Merchant and its Merchant Services Provider.

American Express
American Express Travel Related Services Company, Inc.

American Express Brand
The American Express name, trademarks, service marks, logos, and other proprietary designs and designations and the imagery owned by American Express or an American Express Affiliate and the goodwill associated with all of the foregoing and with all the goods and services now and in the future provided, marketed, offered, or promoted by American Express or an American Express Affiliate.

American Express Card or Cards
(i) any card, account access device, or payment device or service bearing an American Express or an American Express Affiliate's Marks and issued by an Issuer or (ii) a Card Number. Card also includes any card or other account access device or service issued by a Third Party Issuer and bearing such Third Party Issuer's name or Marks but not the Marks of American Express.

American Express Network or Network
The Network of Merchants that accept Cards and the operational, service delivery, systems, and marketing infrastructure that supports this Network and the American Express Brand.

American Express Quick Chip
A software solution that modifies the EMV transaction flow for processing of American Express Cards, which allows a Chip Card to be inserted before the final Transaction amount is known, and does not require the Card to remain in the reader during the online Authorization process.

Applicable Law (i) any law, statute, regulation, ordinance, or subordinate legislation in force from time to time to which Merchant or its Merchant Services Provider is subject, (ii) the common law as applicable to them from time to time, (iii) any court order, judgment, or decree that is binding on them, and (iv) any directive, policy, rule, or order that is binding on them and that is made or given by a regulator or other government or government agency of any Territory, or other national, federal, commonwealth, state, provincial, or local jurisdiction.

Application-initiated Transaction
A Transaction initiated by an electronic device (including but not limited to, a mobile telephone, tablet, or wearable device) utilizing a merchant software application within the electronic device.

Approval/Approved
A message granting an Authorization in response to a request for Authorization from a Merchant, consisting of an Approval or other indicator.

Assured Reservation Program
A program that allows Cardmembers to contact a participating property or rental agency to make an Assured Reservation and guarantee the hotel reservation by giving their American Express Card. The Assured Reservation Program is available to the following industries: hotel, trailer park/campground, vehicle, aircraft, bicycle, boat, equipment, motor home, and motorcycle rentals.

Authorization/Authorized
The process by which a Merchant obtains an Approval for a Charge in accordance with the Agreement.

Authorization Time Period
The number of days an approved Authorization is valid for a transit purchase, before another Account Status Check or Authorization is required.

Bank Account
An account that Merchant holds at a bank or other financial institution.

Batch
A group of Transactions, submitted to your Merchant Services Provider, usually on a daily basis.

Card—See American Express Card or Cards.

Card Data
Includes the following elements: Cardmember name, Card Number, Expiration Date, Charge date, the amount of the Charge, the Approval, description of goods and services, Merchant name, Merchant address, Merchant Number and if applicable the Establishment number, Cardmember signature (if obtained), 'No Refund' if you have a no refund policy, and all other information as required from time to time by your Merchant Services Provider, American Express, or Applicable Law.

Card Identification (CID) Number
A four-digit number printed on the Card. See Section 5.9, "Card Identification (CID) Number" for additional information.

Card Not Present Charge
A Charge for which the Card is not presented at the point of sale (e.g., Charges by mail, telephone, fax, or the internet).

Card Number
The unique identifying number that the Issuer assigns to the Card when it is issued.

Card Present Charge
A Charge for which the physical Card and Cardmember are present at the point of sale, including In-Person Charges and Charges made at CATs.

CARDeposit Program
A program that permits Cardmembers to charge the payment of an Advance Payment Charge to their Cards when a deposit is required. See Subsection 12.12.1.2, "CARDeposit Program" for additional information.

Cardmember (also referred to as Card Member)
An individual or Entity (i) that has entered into an agreement establishing a Card account with an Issuer or (ii) whose name appears on the Card.

Cardmember Information
Any information about Cardmembers and Transactions, including, but not limited to, Transaction Data, and Cardmember name, addresses, Card Numbers, and CID Numbers.

Charge
A payment or purchase made on the Card.

Charge Data
Data to be included in Submissions of Charge Records.

Charge Record
A reproducible (both paper and electronic) record of a Charge that complies with American Express' requirements and contains the Card Number, Transaction date, dollar amount, Approval, Cardmember signature (if applicable), and other information.

Chargeback
When used as a verb, means (i) your Merchant Services Provider's reimbursement from you for the amount of a Charge charged back to you, or (ii) your Merchant Services Provider's reversal of a Charge for which it has not paid you; when used as a noun, means the amount of a Charge subject to reimbursement from you or reversal.

Chargeback Protection Threshold
The maximum value of one or more aggregated transit Transactions that can be settled against an approved Authorization and protected from Chargebacks.

Chip
An integrated microchip embedded on a Card containing Cardmember and account information.

Chip Card
A Card that contains a Chip and could require a PIN as a means of verifying the identity of the Cardmember or account information contained in the Chip, or both, (sometimes called a "smart Card", an "EMV Card", or an "ICC" or "integrated circuit Card" in American Express' materials).

Chip Card Data
The information contained in the Chip on a Chip Card that is used to process Transactions.

Code 10
A phrase that a Merchant communicates to its Merchant Services Provider to alert of a possible suspicious Card and/or Transaction. Code 10 situations usually occur during Authorization.

Collusion
Any Transaction, activity, or agreement conducted by a Merchant or its agent with another party, including another Merchant or a Cardmember, which the Merchant knew or should have known was not legitimate, or carried out in violation of Chapter 10, "Risk Evaluation".

Compelling Evidence
Additional types of documentation provided by the Merchant to demonstrate the Cardmember participated in the Transaction, received goods or services, or benefited from the Transaction. Please contact your Merchant Services Provider for additional information regarding Compelling Evidence.

Consumer Device Cardholder Verification Method (CDCVM)
An Issuer approved, American Express recognized Cardholder Verification Method whereby the Cardmember's credentials are verified on a Mobile Device.

Contactless
Technology enabling a Card or Mobile Device embedded with a radio frequency component (currently, Expresspay) to communicate with a radio frequency-enabled POS System to initiate a Transaction. See also Expresspay.

Covered Parties
Any or all of your employees, agents, representatives, subcontractors, processors, Service Providers, providers of your point-of-sale (POS) equipment or systems, or payment processing solutions, Entities associated with your American Express merchant account, and any other party to whom you may provide Cardholder Data or Sensitive Authentication Data (or both) access in accordance with the Agreement.

Credit
The amount of the Charge that Merchant refunds to Cardmembers for purchases or payments made on the Card.

Credit Record
A record of Credit that complies with American Express' requirements.

Customer Activated Terminal (CAT)
An unattended POS System (e.g., gasoline pump, vending machine, check-out kiosk).

Data Security Requirements (DSR)
The American Express data security policy for Merchants, as described in Chapter 8, "Protecting Cardmember Information" of the *Merchant Operating Guide* and is also made available to Merchants at www.americanexpress.com/dsr.

Debit Card
A Card that accesses a demand deposit, current, savings, or similar account. A Transaction is settled from the accessed account. A Debit Card is not a Prepaid Card.

Decline
A message denying the Merchant's request for Authorization.

Declined Authorization Protection Threshold
The maximum amount that can be settled following a declined Authorization for a Transit Contactless Transaction.

Delayed Delivery Charge
A single purchase for which Merchant must create and submit two separate Charge Records. The first Charge Record is for the deposit or down payment and the second Charge Record is for the balance of the purchase.

Deny List
A list of Card Numbers that have received a declined Account Status Check or Authorization without a subsequent approved one that removes it from the list.

Digital Goods or Services
Digital merchandise or services downloaded or accessed via Internet or another file transfer process (e.g., movies, applications, games, virus scanning software).

Digital Wallet Application-initiated Transaction
An Application-initiated Transaction that is initiated by a digital wallet within a Mobile Device.

Digital Wallet Contactless-initiated Transaction
A contactless Transaction initiated by a digital wallet within a Mobile Device via the contactless interface.

Digital Wallet Magnetic Secure Transmission Transaction
A type of Digital Wallet Payment where a Transaction is initiated by a digital wallet within a Mobile Device via the magnetic stripe reader within a POS system.

Digital Wallet Payment
A Digital Wallet Contactless-initiated Transaction, Digital Wallet Application-initiated Transaction, and/or Digital Wallet Magnetic Secure Transmission (MST) Transaction conducted via a digital wallet, operated by an American Express approved third party wallet provider that resides on a Mobile Device.

Disputed Charge
A Charge about which a claim, complaint, or question has been brought.

E-commerce
Electronic commerce is the buying or selling of physical or Digital Goods or Services using the Internet or an electronic network.

E-commerce Transaction
The purchasing of physical or Digital Goods or Services using the Internet, an application, or electronic network on either a personal computer or Mobile Device including, but not limited to, Internet Transactions or Digital Wallet Application-initiated Transactions.

Entity
A corporation, partnership, sole proprietorship, trust, association, or any other legally recognized entity or organization.

Establishments
Any or all of your and your Affiliates' locations, outlets, websites, online networks, and all other methods for selling goods and services, including methods that you adopt in the future.

Estimated Authorization
An Authorization for an estimated amount that differs from the final submission amount.

Estimated Lodging Charge
The estimated amount of Charges based on the room rates and the number of days the Cardmember expects to stay, plus taxes and other known incidental amounts.

Estimated Vehicle Rental Charge
The rental rate multiplied by the rental period reserved by the Cardmember, plus taxes and any known incidental amounts.

Expiration Date
The month and year on which a Card expires (sometimes referred to as "valid thru" or "active thru" date).

Expresspay
An American Express program that enables Contactless transactions.

Floor Limit
A monetary threshold for a single Charge, at or above which Merchant must obtain an Authorization before completing the Charge.

Fraud Full Recourse Program
One of American Express' Chargeback programs.

High Risk Merchant
A Merchant designation indicating that certain fraud Transactions conducted at the Merchant may be issued as a Chargeback to the Merchant under American Express' Fraud Full Recourse Program.

Immediate Chargeback Program
One of American Express' Chargeback programs.

In-Person Charge
A Card Present Charge excluding Charges made at CATs (e.g., a Charge taken at a Merchant attended retail location where the Card is swiped, read by a contactless reader, inserted into a Chip Card reader, or manually key-entered).

Inquiry
A request for information about a Disputed Charge.

Internet Electronic Delivery
The delivery of Digital Goods or Services purchased on the internet via an internet or an electronic network download or another file transfer process (e.g., images or software download).

Internet Order
Card payment information that is taken via the World Wide Web, online (usually via a website payment page), email, intranet, extranet, or other similar network in payment for merchandise or services.

Introductory Offer
A free or reduced cost trial, promotion, or other similar offer for a limited period of time that allows Cardmembers to try a product or service before the Card is billed for the regular price of the product or service.

Issuer
Any Entity (including American Express and its Affiliates) licensed by American Express or an American Express Affiliate to issue Cards and to engage in the Card issuing business.

Magnetic Stripe
A stripe on the back of a Card that contains Cardmember and account information in machine readable form.

Marks
Names, logos, service marks, trademarks, trade names, taglines, or other proprietary designs or designations.

Merchant
Any seller of goods or services, non-profit, or government Entity that enters into an agreement with a Merchant Services Provider wherein the seller agrees to (i) permit any Cardmember to charge purchases of goods and services at or with such Merchant by means of the Card and (ii) transfer Transactions to American Express through Merchant Services Provider. Sponsored Merchants shall be included within the meaning of Merchants.

Merchant Account
An account established by Merchant Services Provider upon entering into an Agreement with a Merchant.

Merchant Category Code
The four (4) digit code used to identify the industry in which the Merchant is doing business.

Merchant Number
The unique merchant identification number (or MID) provided by Merchant Services Provider to Merchant for submitting transactions.

Merchant Operating Guide
The *American Express Merchant Operating Guide*, which is available at www.americanexpress.com/merchantopguide.

Merchant Services Provider
An Entity authorized under the American Express OptBlue® Program to accept Charges from a Merchant pursuant to an Agreement or a Payment Aggregator authorized to accept Charges from a Merchant. These services may include, but are not limited to, processing transactions, facilitating authorizations on purchases, and capturing data, merchant accounting, backroom operations (e.g., chargebacks and detecting fraud), provision of point of sale equipment, solutions, or systems, sales, or customer service.

Mobile Device
An Issuer approved and American Express recognized electronic device (including, but not limited to, a mobile telephone, tablet, or wearable device) that is enabled to initiate a Digital Wallet Payment Transaction.

Mobile Point of Sale (MPOS)
A generic term for a system comprising of a commercial off-the-shelf mobile computing device with cellular or Wi-Fi data connectivity (such as a phone, tablet, or laptop) that may be used in conjunction with a Card-reading peripheral to accept contact and/or Contactless Transactions.

Network—See American Express Network or Network.

No PIN Program
A program that allows an Establishment to not request a signature or PIN from Cardmembers. See Section 4.17, "No PIN Program" for additional information.

Other Payment Products
Any charge, credit, debit, stored value, prepaid, or smart cards, account access devices, or other payment cards, services, or products other than the Card.

Partial Immediate Chargeback Program
One of American Express' Chargeback programs.

Payment Aggregator
A provider of Payment Services (formerly referred to as "Payment Service Provider" or "PSP" and sometimes called an "aggregator" or "master merchant").

Payment Services
The provision of payment services in connection with Transactions between Cardmembers and Sponsored Merchants whereby the Entity providing such services (and not the Sponsored Merchant), is the Merchant of record, submits Transactions under its Merchant Number and receives payment from us for Charges (among other things).

Personal Identification Number (PIN)
A secret code for use with one or more American Express Network, Acquirer, or Issuer systems that is used to authenticate the user (e.g., a Cardmember) to that system.

Point of Sale (POS) System
An information processing system or equipment, including a terminal, personal computer, electronic cash register, contactless reader, Mobile Point of Sale (MPOS), or payment engine or process, used by a Merchant, to obtain Authorizations or to collect Transaction Data, or both.

Prepaid Card
A Card that is marked "Prepaid" or bearing such other identifiers used by American Express from time to time.

Proof of Delivery
A courier receipt which proves that the goods were delivered to the complete and valid shipping address provided by the Cardmember when the purchase was made.

Property Damage Fee
An additional sum of money that may be charged to a Cardmember in relation to property damage that has been sustained to the rental accommodation (or property therein) or rental equipment (or part thereof) during the stay or rental period for which the Merchant is able to demonstrate the genuine costs incurred or required to repair or replace the property or equipment.

Recurring Billing
An option offered to Cardmembers to make recurring Charges automatically on their Card (e.g., membership fees to health clubs, magazine subscriptions, and insurance premiums).

Rental Establishments
Long-term rentals used as primary residences.

Reloadable Prepaid
A Prepaid Card whereby once funds are depleted, it can be reloaded by adding funds to the Card.

Rights-holder
A natural or legal person or Entity having the legal standing and authority to assert a copyright or trademark right.

Settlement
The process by which your Merchant Services Provider compiles your debits and credits to calculate a net amount that will be applied to your Bank Account.

Split Tender
The use of multiple forms of payment (e.g., prepaid products, cash, American Express Card) for a single purchase.

Submission
The collection of Transaction Data sent to American Express.

System Outage
The interruption of either Merchant or Network systems or services (e.g., computer system failure, telecommunications failure, or regularly scheduled downtime).

Technical Specifications
The set of mandatory, conditional, and optional requirements related to connectivity to the Network and electronic Transaction processing, including Authorization and Submission of Transactions (sometimes called "specifications" in American Express' materials), which American Express may update from time to time.

Telecommunications
Communication services, including personal communication services; cellular, paging, long distance, etc.

Token
A surrogate value that replaces the Card Number.

Transaction
A Charge or Credit completed by the means of a Card.

Transaction Data
All information required by American Express, evidencing one or more Transactions, including information obtained at the point of sale, information obtained or generated during Authorization and Submission, and any Chargeback.

Transit Contactless Transaction
A Contactless (see also Expresspay) Transaction for entry into and/or use of a transit system.

Transmission
A method of sending Transaction Data to American Express whereby Transaction Data is transmitted electronically over communication lines.

Transmission Data
The same as Card Data except for the requirements to include: Cardmember name, Expiration Date, the Cardmember's signature (if obtained); and the words "No Refund" if the Merchant has a no refund policy.

URL
Uniform Resource Locator, a term used to identify an internet address.

United States (U.S.) Region
Consists of the 50 United States and the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands, but no other U.S. territory or possession.

Valid Dates
The dates on the Card that indicate the first and last date the Card can be used to make purchases.

We, our and us
American Express Travel Related Services Company, Inc.

You and your
The individual or Entity that executes the Agreement with a Merchant Services Provider (sometimes called the "Merchant" or "Establishment" in this *Merchant Operating Guide).*

AMERICAN EXPRESS

Merchant Operating Guide

United States Region

October 2021

This guide is intended for use by Merchants that have entered into a legally binding Agreement with a Merchant Services Provider based in the United States Region to accept the American Express® Card.

DON'T *do business* WITHOUT IT℠

This document was published electronically on October 15, 2021 and will become effective immediately upon publication unless otherwise specified herein.

AMERICAN EXPRESS

Summary of Changes

Change Bars

Change bars are vertical lines in the left margin that identify revised, added, or removed text. All changes in the *Merchant Operating Guide* are indicated with a change bar as shown here:

Summary of Changes Table

Important updates are listed in the following table and are also indicated in the *Merchant Operating Guide* with a change bar.

Chapter	Section/Subsection	Description of Change
Chapter 1, "Introduction"	Section 1.4, "Changes in the Merchant Operating Guide"	Clarified language.
Chapter 2, "Doing Business with American Express"	Subsection 2.5.1, "Merchant Category Codes"	Updated MCC requirements.
	Subsection 2.5.2, "Compliance with Payment Product Terms and Conditions"	Clarified language.
Chapter 4, "Transaction Processing"	Section 4.3, "American Express Payment Options"	Included Debit Cards in our list of payment options.
	Section 4.8, "Charge Records"	• Clarified Charge Record requirements. • Added exclusion for split shipment Transactions.
	Section 4.18, "Recurring Billing Charges"	Clarified Recurring Billing requirement.
	Section 4.19, "Processing Prepaid Cards"	Added Prepaid Cards' requirements.
	Section 4.22, "Split Shipment Transactions"	Added requirements for split shipment Transactions section.
Chapter 5, "Authorizations"	Section 5.5, "Estimated Authorization"	Increased the Estimated Authorization percentage from 20% to 30% for restaurant and bars.

Chapter	Section/Subsection	Description of Change
Chapter 8, "Protecting Cardmember Information"	Section 8.2, "Definitions"	Updated definitions.
	Section 8.3, "Targeted Analysis Program (TAP) Cardholder Data Compromise"	Revised existing policy around Targeted Analysis Program (TAP).
Chapter 10, "Risk Evaluation"	Section 10.2, "Prohibited Merchants"	Added/modified industries.
Chapter 12, "Specific Industries"	Subsection 12.12.1, "Lodging"	Relocated Estimated Authorization language to Section 5.5, "Estimated Authorization".
	Subsection 12.12.2, "Vehicle Rentals"	
Glossary of Terms		Added/modified definitions.

AMERICAN EXPRESS

Table of Contents

Introduction

1

1.1 About American Express

American Express was established more than 160 years ago and has undergone remarkable changes over the years. One characteristic has remained constant, however: our commitment to the core values of our founders. American Express is guided by a value system that is steadfastly focused on doing business in more than 130 countries around the globe with trust and integrity, delivering quality products and services to our valued customers.

The American Express Network operates worldwide, including in Territories where Applicable Law, or other considerations, may require that certain of our Affiliates or licensees act as Acquirers.

The Network also supports millions of Merchants globally and processes a vast number of Transactions daily, forging relationships between Cardmembers and Merchants. We help build the businesses of millions of Merchants, from neighborhood shops to multinational corporations.

1.2 About the Merchant Operating Guide

We are pleased to provide the *American Express Merchant Operating Guide*. It offers best practices, helpful tips, and available tools to assist your businesses. You can be more successful if you have access to and understand Card acceptance policies and procedures.

To serve all Merchants consistently, we require them to operate under the *Merchant Operating Guide*.

This *Merchant Operating Guide* sets forth the policies and procedures governing your acceptance of the American Express® Card. It is a part of, and is hereby incorporated by reference into, the Merchant Agreement with your Merchant Services Provider ("the Agreement"). You agree to be bound by and accept all provisions in the *Merchant Operating Guide* (as changed from time to time) as if fully set out in the Agreement and as a condition of your agreement to accept the Card.

You should consult with your Merchant Services Provider for further information about any policy or procedure contained in the *Merchant Operating Guide*.

1.2.1 Intended Audience for this Guide

This *Merchant Operating Guide* is intended for use by Merchants that have entered into a legally binding Agreement with a Merchant Services Provider based in the United States Region to accept the American Express® Card. While not an exhaustive list, qualifying Merchants:

- are physically located and maintain a bank account at a financial institution in the United States Region;
- have an estimated annual American Express Charge volume of less than USD $1,000,000; and,
- transact in U.S. currency (USD) only and receive payment from its Merchant Services Provider into a local bank account.

1.3 Organization of the Merchant Operating Guide

Information boxes like this one are displayed throughout the *Merchant Operating Guide* to highlight important information such as definitions, fraud alerts, helpful tips, and further information.

The *American Express Merchant Operating Guide* is designed to meet the needs of busy Merchants. The content is organized into:

- global policies that apply to your Establishment, and
- country-specific policies that apply to your Establishments located in the specific country listed.

You should read the global policies together with any country-specific policies that follow. The two sections are organized one after the other, making it easier to read and find the information you need.

In the event of any conflict between the global policies and country-specific policies, the requirements of the country-specific policies take precedence. In the event of any conflict between the Agreement and Applicable Law, the requirements of law govern.

The *Merchant Operating Guide* follows the flow of the Transaction process—from Card acceptance, to Authorization, to Submission, to Settlement, to Disputed Charges, to Chargebacks. To make it easier for you to locate the information you need quickly, the *Merchant Operating Guide* was designed with the following functionality:

- Important information is identified throughout the *Merchant Operating Guide* using the information boxes to the left of the main text.
- Point-and-click links to and from chapters are identified by blue underlined text when viewing the *Merchant Operating Guide* online.
- A table of contents and comprehensive glossary are provided in the *Merchant Operating Guide*.
- Capitalized terms used in the *Merchant Operating Guide* have the meanings ascribed to them in the Glossary of Terms. In addition, certain specialized terms also appear and are defined in the chapter or section in which they are used.
- All amounts referenced herein are stated in U.S. Dollars.

1.4 Changes in the Merchant Operating Guide

American Express reserves the right to make changes to the *Merchant Operating Guide* in scheduled changes and at any time in unscheduled changes as set forth in Subsection 1.4.1, "Scheduled Changes" and Subsection 1.4.2, "Unscheduled Changes" below. You agree to accept all such changes (and further to abide by the changed provisions of the *Merchant Operating Guide*) ~~as a condition of your agreement to accept the Card,~~ except where Applicable Law takes precedence.

1.4.1 Scheduled Changes

The *Merchant Operating Guide* is published ~~in electronic format on a scheduled basis,~~ twice each year, in April and October. You may obtain the latest version of the *Merchant Operating Guide* by visiting www.americanexpress.com/merchantopguide, or by contacting your Merchant Services Provider.

- a release of scheduled changes, to be published every April, with ~~which~~ changes that shall take effect in the following October or on such other date as we set forth in ~~(or in a later) edition of the *Merchant Operating Guide* or during the period between two editions of~~ the *Merchant Operating Guide*, and
- a release of scheduled changes, to be published every October, with ~~which~~ changes ~~that shall~~ take effect in the following April or on such other date as we set forth in ~~(or in a later) edition of the *Merchant Operating Guide* or during the period between two editions of~~ the *Merchant Operating Guide*.

Where a scheduled change is to take effect during the period between two editions of the *Merchant Operating Guide*, we will ~~shall~~ also include the change in the edition of the *Merchant Operating Guide* covering the period during which the change shall take effect, noting the effective date of the change ~~therein~~.

1.4.2 Unscheduled Changes

American Express may also ~~reserves the right, and hereby notifies you that we may,~~ change the provisions of the *Merchant Operating Guide* in separate unscheduled releases at any time which shall~~.~~

~~Provisions changed in unscheduled releases generally~~ take effect ten (10) days after notice to you and your Merchant Services Provider ~~(~~unless another effective date is specified in the notice~~)~~.

AMERICAN EXPRESS

Doing Business with American Express

2

2.1 Introduction

At American Express, we feel privileged to do business with Merchants like you and want to help make the process of accepting Cards as simple as possible. The *Merchant Operating Guide* explains the policies and procedures related to accepting American Express Cards. It also highlights some of the services and tools that can help your business. This chapter outlines some general concepts that relate to doing business with American Express.

2.2 Benefits of Accepting the American Express Card

The decision you have made to accept the American Express Card demonstrates a commitment to the millions of Cardmembers who carry the Card. Accepting the Card allows you to:

- offer your customers the convenience of paying with American Express Cards, and
- improve retention by allowing customers with recurring Charges to pay automatically.

2.3 Merchant Information

Incorrect information may result in servicing issues. For example, if your business name changes and American Express is not notified, your customers may not recognize the Charge on their statements. This could result in Disputed Charges. Please contact your Merchant Services Provider if your business information changes.

You agree that, upon providing contact information to your Merchant Services Provider, American Express may send you commercial marketing messages, including information on products, services, and resources available to your business. These messages may be sent to the mailing address, phone numbers, email addresses, or fax numbers you provide. If you provide a wireless phone number, you agree that American Express may contact you at that number and the communication American Express sends may include autodialed short message service (SMS or "text") messages or automated or prerecorded calls. If you provide a fax number, you agree that American Express may send you fax communications. American Express may otherwise use and share your information for business purposes and as permitted by Applicable Law. American Express uses reasonable administrative, technical, and physical security measures to protect Merchant information consistent with the sensitivity of the information.

You may opt out of receiving American Express commercial marketing communications about products and services by contacting your Merchant Services Provider directly via inbound telephone, email, website, or any other means identified by your Merchant Services Provider, or by exercising any opt-out option that American Express may describe or offer in emails, SMS messages, faxes, or other communications. If you have opted-out, you may continue to receive important transactional or relationship communications from American Express. In addition, you may continue to receive marketing communications from American Express while American Express updates its records to reflect your opt-out choice.

2.4 Use of Third Parties

As a Merchant, you make decisions and choices on behalf of your business each and every day. Some Merchants choose to deal directly with us for all aspects of the Transaction process; others enlist the assistance of various third parties to provide them with services. These third parties are your Covered Parties and may include:

- Merchant Services Provider/Service Providers/processors,
- Terminal Providers,
- Vendors, and
- Other agents contracted to operate on your behalf.

You may retain, at your expense, such third parties; however, you remain financially and otherwise liable for all obligations (including confidentiality obligations and compliance with the *Technical Specifications*), services, and functions they perform under the Agreement for you, such as the technical requirements of authorizing and submitting Transactions to us, as if you performed such obligations, services, and functions.

You are responsible and liable for all problems and expenses caused by your Merchant Services Provider and/or third parties, including any Settlement payments misdirected to other parties because of the misprogramming of your Point of Sale (POS) System by your Merchant Services Provider and/or third parties.

2.5 Compliance with the Technical Specifications

A vast number of Transactions traverse, and are processed by, the American Express Network. Merchants, processors, Terminal Providers, and others must conform to the *American Express Technical Specifications* in order to connect to and transact on the Network.

Each Authorization request and Transaction, including data contained therein, must comply with the *American Express Technical Specifications*, any other (or different) requirements of our local operating centers and Applicable Law. We reserve the right to modify the *American Express Technical Specifications* or requirements of our local operating centers.

You must ensure that you and any third parties you enlist to facilitate Transaction processing comply with the *American Express Technical Specifications* (valid and accurate data must be provided for all data elements in accordance with the *American Express Technical Specifications*).

Contact your Merchant Services Provider for further information about complying with these specifications.

2.5.1 Merchant Category Codes

If you are unsure of the MCC assigned to you, please contact your Merchant Services Provider. We also recommend that you review your Authorization and Submission data periodically to ensure it accurately represents your industry classification. If it is not accurate, please contact your Merchant Services Provider.

You must use the Merchant Category Code (MCC) that most closely represents your industry classification. If you have multiple, clearly distinct businesses, then those businesses should be segmented across the appropriate MCCs and Merchant Numbers. If you have multiple businesses, but a distinction between them is not clear or cannot reasonably be determined, then you should use the MCC which most closely represents your business's primary industry classification.

You must make sure your MCCs are accurate and provide the appropriate MCC in all Authorizations and Submissions. If the MCC used in the Submission does not match the MCC of the corresponding Authorization, you agree to remediate the mismatch as soon as possible, at your own expense and in accordance with any instructions you may receive from us or your Merchant Services Provider. Failure to comply with MCC data requirements may result in the assessment of non-compliance fees. Please work ~~Work~~ with your Merchant Services Provider if you have questions related to your MCC assignment.

2.5.2 Compliance with Payment Product Terms and Conditions

We offer various payment processing solutions and products. If you choose to utilize one or more such products, you and your Merchant Service Provider must comply with the corresponding terms and conditions, which we may update from time to time, and which are available at www.americanexpress.com/merchantspecs. In the event of any conflict between the terms and conditions of the payment processing product and the Merchant Operating Guide, the terms and conditions of the payment processing product will prevail. All products and services may not be available to all Merchants.

2.6 Establishment Closing

If you close any of your Establishments, you must follow these guidelines:

- Notify your Merchant Services Provider and follow their guidelines for notification of Establishment closing.
- Your policies must be conveyed to the Cardmember prior to completion of the Charge and printed on the copy of a receipt or Charge Record the Cardmember signs. See Section 4.11, "Return and Cancellation Policies" for additional information.
- If you are not providing refunds or exchanges, post notices indicating that all sales are final (e.g., at the front doors, by the cash registers, on the Charge Record and on your websites and catalogs).
- Your return and cancellation policies must be clearly disclosed at the time of sale.
- For Advance Payment Charges or Delayed Delivery Charges, you must either deliver the goods or services for which you have already charged the Cardmember or issue Credit for any portion of the Charge for which you have not delivered the goods or services.

2.7 Verification and Disclosure of Information

You acknowledge that when you provide information to your Merchant Services Provider that such information may be disclosed and shared with your Merchant Services Provider's agents, subcontractors, Affiliates, and other parties, including American Express, industry organizations, and reporting agencies, for any purpose permitted by Applicable Law. American Express collects and retains such information, shares such information with Affiliates and its other business lines, and may use such information to improve services, prevent fraud, and for other business purposes, including conducting analytics and making information available to certain third-parties, including for tax reconciliation or expense management services and their users.

You further acknowledge that, by entering into the Agreement with your Merchant Services Provider, you provide permission to obtain or disclose information in connection with the Agreement, consent to American Express' disclosure of such information for the foregoing purposes, and hereby release and waive any right or Claim arising out of or related to such disclosure, including defamation Claims, even if the information that is disclosed is incorrect or incomplete. You acknowledge that your business name and the name of your principals may be reported to the MATCH™ (Member Alert to Control High Risk Merchants) listing maintained by MasterCard. You hereby specifically consent to the reporting, and waive and hold American Express and your Merchant Services Provider harmless from all Claims and liabilities you may have as a result of such reporting.

2.8 Permitted Uses of Merchant Information

For the purpose of communicating your acceptance of the Card, American Express may use your name, address (including website addresses or URLs), customer service telephone numbers, and/or industry classification in any media at any time. The information is based on that what you have provided to your Merchant Services Provider or that is otherwise publicly available.

2.9 Cardmember Offers

American Express wants to help encourage Cardmembers to seek out and shop at small merchants that accept the American Express Card. From time to time, American Express may include small merchants in Cardmember offers. There is no additional cost to your business to be included in these offers.

For more information, visit www.americanexpress.com/us/small-business/shop-small and click on the Cardmember Offers tab. There you can view offer terms and conditions, determine if your business is an eligible small merchant that is included in any offers, and access any available signage to promote Cardmember offers, that you are included in, to your customers.

AMERICAN EXPRESS

Card Acceptance

3

3.1 Card Acceptance

You must accept the Card as payment for goods and services sold (other than those goods and services prohibited under Section 3.3, "Prohibited Uses of the Card"), or (if applicable) for charitable contributions made, at all of your Establishments, except as expressly permitted by Applicable Law. You are jointly and severally liable for the obligations of your Establishments under the Agreement.

By accepting the Card at your Establishment, you are providing your customers with convenience and flexibility in the choice of payment methods offered.

3.2 Treatment of the American Express Brand

You may issue policies related to customer identification, and define minimum Charge amounts, subject to Applicable Law and your Agreement with your Merchant Services Provider.

For the past 160 years, American Express has built a brand that is synonymous with trust, integrity, security, quality, and customer service. American Express works diligently to uphold its reputation, and restrict Merchants from engaging in activities that would harm American Express' business or brand.

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

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

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

3.2.1 Treatment of the American Express Marks

Whenever payment methods are communicated to customers, or when customers ask what payments are accepted, you must indicate your acceptance of the Card and display American

Express' Marks (including any Card application forms provided to you) as prominently and in the same manner as any Other Payment Products.

American Express' corporate logo, the "American Express® Blue Box" logo, is the strongest visual symbol of American Express' image. The "Blue Box" represents and reinforces the high quality service and values of American Express. The appropriate version of the "Blue Box" logo must be displayed on all point-of-purchase materials and signs. The following guidelines apply to your use of the "Blue Box" logo in communications:

- Maintain at least 1/3 "X" (where "X" is equal to the height of the Blue Box Logo) between the Logo and any accompanying element
- The "Blue Box" logo minimum size is 3/8" and 1/2" is the preferred size.
- The "Blue Box" logo must always be shown in the pre-approved "American Express blue" or, in one- or two-color communications, black.

You must not use American Express' Marks in any way that injures or diminishes the goodwill associated with the American Express Mark, nor in any way (without American Express' prior written consent) indicate that American Express endorses your goods or services. You shall only use American Express' Marks as permitted by the Agreement and shall cease using American Express' Marks upon termination of the Agreement.

For additional guidelines on the use of American Express' Marks, contact your Merchant Services Provider.

3.3 Prohibited Uses of the Card

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

- adult digital content sold via Internet Electronic Delivery,
- amounts that do not represent bona fide sales of goods or services (or, if applicable, amounts that do not represent bona fide charitable contributions made) at your Establishments; for example, purchases at your Establishments by owners (or their family members) or employees contrived for cash flow purposes, or payments that you have accepted in order to advance cash to Cardmembers in connection with the Transaction,
- amounts that do not represent bona fide, direct sales by your Establishment to Cardmembers made in the ordinary course of your business,
- cash or cash equivalent; for example, purchases of gold, silver, platinum, and palladium bullion and/or bars (collectible coins and jewelry are not prohibited), or virtual currencies that can be exchanged for real currency (loyalty program currencies are not prohibited),
- Charges that the Cardmember has not specifically approved,
- costs or fees over the normal price of the goods or services (plus applicable taxes) that the Cardmember has not specifically approved,
- damages, losses, penalties, or fines of any kind, except as provided in Section 4.21, "Property Damage to Accommodations and Other Rentals" and Subsection 12.12.2.4, "Capital Damages",
- gambling services (including online gambling), gambling chips, gambling credits, or lottery tickets,
- unlawful/illegal activities, fraudulent business transactions or when providing the goods or services is unlawful/illegal (e.g., unlawful/illegal online internet sales of prescription medications or controlled substances; sales of any goods that infringe the rights of a Rights-holder under laws applicable to American Express, you, or the Cardmember),
- overdue amounts or amounts covering returned, previously dishonored or stop-payment checks (e.g., where the Card is used as a payment of last resort),
- amounts that represent repayment of a cash advance including, but not limited to, payday loans, pawn loans, or payday advances,

An example of selling something that infringes the rights of a Rights-holder, is the sale of counterfeit goods.

- sales made by third parties or Entities conducting business in industries other than yours, or
- other items of which American Express or your Merchant Services Provider notifies you.

You must not use the Card to verify your customer's age.

For more information on prohibited industries, and on how American Express monitors such uses of the Card, see Chapter 10, "Risk Evaluation".

3.4 Prohibited Merchants

Some Merchants, and/or some of their Establishments, are not eligible (or may become ineligible) to accept the Card. Such Merchants or Establishments will be denied the privilege to accept the Card if it is determined that they meet one or more of the criteria for a prohibited Merchant, including the criteria set forth in Chapter 10, "Risk Evaluation". For additional information regarding Prohibited Merchants, contact your Merchant Services Provider directly.

3.5 Treatment of American Express Cardmember Information

> Remember, if the Agreement terminates, Cardmember Information can only be retained according to the Payment Card Industry Data Security Standard (PCI DSS), which is available at www.pcisecuritystandards.org.

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

Except as otherwise specified, you must not disclose Cardmember Information, nor use nor store it, other than to facilitate Transactions at your Establishments in accordance with the Agreement. For more information, see Section 4.4, "Completing a Transaction at the Point of Sale".

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

Transaction Processing

4

4.1 Introduction

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

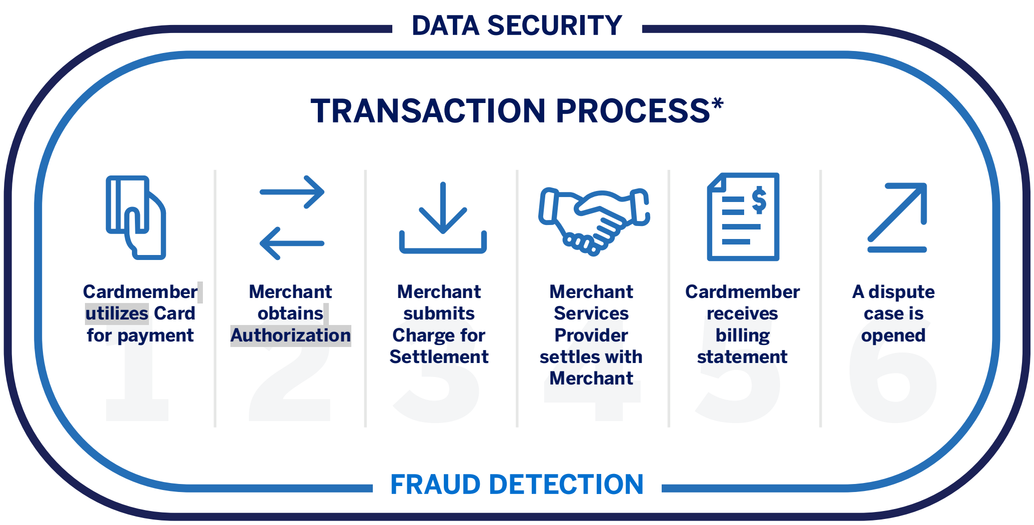
- in-store Transactions
- internet/e-commerce Transactions
- Application-initiated Transactions
- phone/mail order Transactions
- Customer Activated Terminal (CAT) Transactions

This chapter of the *Merchant Operating Guide* addresses Transaction processing and offers specific procedures and guidelines for dealing with various Transaction types. It covers Card Present, Card Not Present, the acceptance of Prepaid Cards, and more. In all situations, you should consult with your Merchant Services Provider's instructions for Transaction processing for additional information and guidance.

4.2 Transaction Process

The first step in understanding the Card acceptance process is to understand the American Express Transaction process.

The following graphic illustrates the high level phases that occur throughout the Transaction process. We will refer to this Transaction process at various points throughout the *Merchant Operating Guide*.



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

4.3 American Express Payment Options

In an ongoing commitment to offering a variety of products, American Express Issuers deliver a wide range of payment options.

Payment options available in your area may include:

Credit and Charge Cards

- Charge Cards and standard Credit Cards
- Cash Rewards Cards

- Small Business and Corporate Cards
- Many more

Additional products and services

- Prepaid Cards
- Debit Cards
- Travelers Cheques
- Gift Cheques
- Contactless (both physical Cards and Mobile Devices)

4.4 Completing a Transaction at the Point of Sale

When Cardmembers make an Application-initiated Transaction or pay using other mobile phone or tablet application based payments (which Cardmembers may have created by providing Cardmember Information when the account was established), the Transaction Data collected to facilitate the Card Not Present Charge has already been provided directly by the Cardmember. In this scenario, you are not required to have the Cardmember re-enter the Transaction Data.

Transaction Data

All information required by American Express evidencing one or more Transactions, including information obtained at the point of sale, information obtained or generated during Authorization and Submission, and any Chargeback.

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

To accept the Card for Charges at your Establishments, at the point of sale, you must:

- clearly and conspicuously, disclose all material terms of sale prior to obtaining an Authorization, and
- clearly and conspicuously inform Cardmembers at all points of interaction (e.g., sales conducted in person, over the internet, mobile or via mail or telephone order) what Entity is making the sales offer, so that the Cardmember can clearly distinguish you from any other party involved in the interaction (e.g., a vendor of goods or provider of services you may engage, or another Merchant seeking to conduct business with the Cardmember).

The Transaction Data you collect to facilitate the Charge must be, or have been, provided directly to you by the Cardmember.

You must not accept or have accepted Transaction Data from, nor shall you provide or have provided Transaction Data to, any third parties other than your Covered Parties. If you fail to comply with this requirement, you may be assessed non-compliance fees and/ or have your Card acceptance privileges at your Establishments suspended or disentitled.

4.5 Processing an In-Person Charge

American Express offers a variety of fraud prevention solutions that can be enabled at the point of sale. Contact your Merchant Services Provider for information related to fraud prevention solutions that may be available for your use.

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

For all In-Person Charges, the Card must be presented. There are several ways in which an In-Person Charge can be conducted. The steps taken vary according to how the following two types of In-Person Charges are conducted:

- electronic Charges
- key-entered Charges

4.5.1 Electronic Charges

Electronic POS Systems automatically capture required information from the Card so it can be used to request Authorization for the Charge. Electronic charges can be conducted in a variety of ways depending on the type of Card presented.

- Magnetic Stripe Cards – contain Cardmember and Card account information on the stripe on the back of the Card, or in a contactless Chip embedded in the Card.
- Chip Cards – contain a Chip on which data is stored (including Cardmember and Card account information), which the POS System can read in order to guide the processing of the Transaction.
- Mobile Devices – An Issuer approved and American Express recognized electronic device (including but not limited to, a mobile telephone, tablet, or wearable device) that is enabled to initiate a Digital Wallet Payment Transaction.

Some Magnetic Stripe, Chip Cards, and Mobile Devices may be read over the contactless interface of the POS System. The Charge Record is then created from the information captured during the electronic Charge.

You must work with your Merchant Services Provider if you have questions about your POS System's capabilities.

4.5.1.1 Magnetic Stripe Card Charges

Only the person whose name appears on an American Express Card is entitled to use it. Cards are not transferable.

When presented with a Card at the point of sale, you must:

1. Verify that the Card is not visibly altered or mutilated (see Chapter 9, "Fraud Prevention" for additional information),
2. Capture Magnetic Stripe data by swiping the Card (unless the Charge was already initiated by waving the contactless Chip Card in close proximity to the POS System as described in Subsection 4.5.1.3, "Contactless Chip Card Charges"),
3. Obtain an Authorization Approval,
4. Verify the Card's Expiration Date,
5. Match the Card Number and the Expiration Date on the Card to the same information on the Charge Record, and
6. Ensure the name that prints on the Charge Record matches the name on the front of the Card.*
7. If you choose or are required by Applicable Law to obtain a Cardmember signature, see Subsection 4.5.1.2.1, "Obtaining Signature for In-Person Charges".

* Except when the Cardmember name is not captured on the Charge Record or for Prepaid Cards that do not show a name on their face.

If you encounter an In-Person Transaction that raises concern, refer to Subsection 4.5.3, "Actions for In-Person Charges" and proceed accordingly.

4.5.1.2 Contact Chip Card Charges

When presented with a Chip Card to be inserted into a Chip Card reader, you must:

1. Verify that the Card is not visibly altered or mutilated (see Chapter 9, "Fraud Prevention" for additional information).
2. Capture Chip Card Data by inserting the Card into the Chip Card reader.

   The POS System will advise Cardmembers to enter their PIN (a Chip and PIN Charge) or complete the Transaction without a PIN. You can also set your POS System to prompt the Cardmember to sign for the Charge (a Chip and signature Charge). See Subsection 4.5.1.2.1, "Obtaining Signature for In-Person Charges".

   For Chip and PIN Charges: Cardmembers will enter their PIN into the POS System using the keypad. If the Chip and PIN Charge is unable to be completed due to a technical problem, the POS System will show an error message. Follow the procedures for a swiped Charge in Subsection 4.5.1.1, "Magnetic Stripe Card Charges". Failure to validate the PIN, when required, can render you liable for Chargebacks if the Cardmember disputes the Charge. Validating a PIN may not be required if your Establishment and the Charge qualify for the No PIN Program (see Section 4.17, "No PIN Program" for additional information).
3. Obtain an Authorization Approval.
4. Verify the Card's Expiration Date.
5. Match the Card Number and the Expiration Date on the Card to the same information on the Charge Record, and
6. Ensure the name that prints on the Charge Record matches the name on the front of the Card.*
7. If you choose or are required by Applicable Law to obtain a Cardmember signature, see Subsection 4.5.1.2.1, "Obtaining Signature for In-Person Charges".

   * Except when the Cardmember name is not captured on the Charge Record or for Prepaid Cards that do not show a name on their face.

In the case of Chip and PIN Transactions, if the PIN is not validated, you may be liable for Chargebacks unless your Establishment and the Charge qualify for the No PIN Program (see Section 4.17, "No PIN Program".

Transactions that are manually key-entered when a Chip Card is presented may be subject to counterfeit, lost/stolen and non-received Chargebacks in the event of a fraud dispute. To minimize your risk of Chargebacks, we recommend that you avoid manually key-entered Transactions.

Ensure that you comply with *Technical Specifications* and submit your MCC code accurately in the Authorization and Submission Transaction. See Section 2.5, "Compliance with the Technical Specifications" for additional details.

For Merchants who choose to implement American Express Quick Chip and the No PIN program, please refer to Subsection 4.5.1.2.2, "American Express Quick Chip" for more information about potential fraud liability shift impacts.

If you use Enabled Chip and PIN POS Systems to process a Chip Transaction for Other Payment Products, then you must configure those Enabled Chip and PIN POS Systems for American Express Chip Cards in accordance with the Technical Specifications and other requirements American Express makes available.

To avoid Chip Card fraud liability shift, you must use an Enabled Chip and PIN POS System that can process Chip Cards at the time of the Transaction, and you must comply with all applicable Card acceptance procedures. Chip Card fraud liability shift does not apply to contactless Transactions or Digital Wallet Payments.

Chip Card fraud liability shift applies to all industries. Chip Card fraud liability applies to CATs attached to automated fuel dispensers - MCC 5542.

If your POS System is not an Enabled Chip and PIN POS System that can process Chip Cards, and a Chip Card is presented, Chargeback may be exercised for counterfeit, lost, stolen, or non-received fraud.

If your POS System is a Capable Chip and PIN POS System that can process Chip Cards and a Chip Card is presented:

- Chargeback may be exercised for counterfeit, lost, stolen, or non-received fraud if a Chip Card with PIN functionality is presented and the Charge is not submitted as a Chip and PIN Charge because at the time of the Transaction, your Capable Chip and PIN POS System was not configured to process the Chip and PIN Charge.
- Chargeback will not be exercised for counterfeit, lost, stolen, or non-received fraud for Fallback Transactions, if after inserting the Chip Card, your POS System prompts you to complete the Transaction by swiping the Magnetic Stripe of the Card, provided you follow

all applicable Card acceptance steps as outlined in Subsection 4.5.1.1, "Magnetic Stripe Card Charges".

If you are presented with a Chip Card and manually key-enter the Transaction, you may be subject to counterfeit, lost/stolen and non-received Chargebacks in the event of a fraud dispute. Refer to your Merchant Services Provider's information on Disputes and Chargebacks for further information.

4.5.1.2.1 Obtaining Signature for In-Person Charges

If you choose or are required by Applicable Law to obtain signature on a manual imprint, printed, or electronic Card Present Charge, you must:

1. Obtain signature and verify that the signature is identical to the name on the Card*, and
2. Compare the signature (when obtained) on the Charge Record with the signature on the Card.

* Except when the Cardmember name is not captured on the Charge Record or for Prepaid Cards that do not show a name on their face.

4.5.1.2.2 American Express Quick Chip

For more information on American Express Quick Chip, please work with your Merchant Services Provider to determine which implementation approach best meets your business needs.

Chargeback may be exercised for EMV®[1] counterfeit or EMV lost, stolen or non-received fraud if you implement American Express Quick Chip and the following applies:

- You implement the No PIN program, and
- You are using a POS device which supports a provisional transaction amount, and
- The final transaction performed is over the No PIN threshold.

For more information on American Express Quick Chip, please work with your Merchant Services Provider to determine which implementation approach best meets your business needs.

4.5.1.3 Contactless Chip Card Charges

Some Chip Card Charges involve transmission of payment information when the Card is waved in close proximity to a contactless reader. Merchants that choose to accept Contactless payments must comply with the current American Express contactless POS System requirements. Work with your Merchant Services Provider if you have questions related to Contactless Chip Card acceptance.

When presented with a Chip Card to be read via a contactless reader, and the Charge qualifies for the No PIN Program, you must:

1. Capture Magnetic Stripe or Chip Card Data using the contactless reader, and
2. Obtain an Authorization Approval.

For Charges that do not qualify under the No PIN Program, follow the Card acceptance procedures outlined in either Subsection 4.5.1.1, "Magnetic Stripe Card Charges", Subsection 4.5.1.2, "Contact Chip Card Charges", or Subsection 4.5.1.4, "Digital Wallet Payments".

See Section 4.17, "No PIN Program" for additional information.

1. EMV® is a registered trademark in the U.S. and other countries and an unregistered trademark elsewhere. The EMV trademark is owned by EMVCo, LLC.

4.5.1.4 Digital Wallet Payments

Mobile Devices do not have the same security features as a traditional plastic Card. For instance, the screens on the Mobile Device may not display all the digits of the Card Number and expiration date, or the Cardmember name. Likewise, there may not be a CID visible on the handset screen.

Digital wallets within a Mobile Device facilitate Transactions as follows:

- For a Digital Wallet Contactless-initiated Transaction, the Mobile Device completes a Card Present Charge by waving the device in close proximity to a contactless-enabled POS System.
- For a Digital Wallet Magnetic Secure Transmission Transaction, the Mobile Device completes a Card Present Charge by waving the device in close proximity to the magnetic swipe-enabled POS System.
- For a Digital Wallet Application-initiated Transaction, the Mobile Device completes a Card Not Present Charge (typically made online) using a software application within the Mobile Device and not the contactless payment application.

When presented with a Mobile Device for a Card Present Charge, you should:

1. Capture Magnetic Stripe or Chip Card data by having the Cardmember wave the Mobile Device in close proximity to the contactless reader or magnetic swipe-enabled POS System. If you choose to accept contactless payments, you should consult with your Merchant Services Provider to ensure compliance with the current American Express contactless POS System requirements.
2. Obtain an Authorization Approval.
3. If you choose or are required by Applicable Law, obtain a signature, see Subsection 4.5.1.2.1, "Obtaining Signature for In-Person Charges".
4. If applicable, have the Cardmember complete a Consumer Device Cardholder Verification Method (CDCVM) on contactless initiated Transactions.
5. Continue to include an indicator in the Authorization that the Transaction is a contactless Transaction, if applicable.
6. If a Mobile Device initiated Transaction cannot be processed for any reason, you should request that the Cardmember provide the companion physical Card and complete the Transaction by following the relevant Card acceptance procedures outlined in:
   - Subsection 4.5.1.1, "Magnetic Stripe Card Charges", or
   - Subsection 4.5.1.2, "Contact Chip Card Charges".

For Application-initiated Transactions, you should follow Card Not Present Charge policy as described in Section 4.7, "Processing a Card Not Present Charge".

For a Transaction to be recognized as Digital Wallet Application-initiated Transaction, you should:

1. Consult with your Merchant Services Provider to arrange for certification for Digital Wallet Application-initiated Transactions.
2. Include appropriate indicators in the Authorization and Submission that the Transaction is a Digital Wallet Application-initiated Transaction (see Section 2.5, "Compliance with the Technical Specifications").

4.5.2 Key-Entered Charges

Only the person whose name appears on an American Express Card is entitled to use it. Cards are not transferable.

In-Person Charges that must be key-entered because the Magnetic Stripe cannot be read are more likely to be fraudulent. See Chapter 9, "Fraud Prevention" to learn how to inspect the Card and for procedures to follow when you suspect fraud. Transactions that are manually key-entered when a Chip Card is presented may be subject to counterfeit, lost/stolen and non-received Chargebacks in the event of a fraud dispute. To minimize your risk of Chargebacks, avoid manually key-entered Transactions whenever possible.

There are instances when you may need to key-enter an In-Person Charge. This occurs most often when the POS System cannot read the Card.

If the Card cannot be read electronically, and you wish to key-enter the Transaction, then you must:

1. Verify that the Card is not visibly altered or mutilated,
2. Key-enter the data,
3. Obtain an Authorization Approval,
4. Verify the Card's Expiration Date,
5. Match the Card Number and the Expiration Date on the Card to the same information on the Charge Record, and
6. Validate the Card's presence by taking an imprint of the Card (the imprint is for your records). Failure to validate the Card's presence by taking an imprint of the Card can render you liable for Chargebacks if the Cardmember disputes the Charge.

* Except when the Cardmember name is not captured on the Charge Record or for Prepaid Cards that do not show a name on their face.

You may still be subject to other fraud Chargebacks, including counterfeit, lost, stolen, and non-received for manually key-entered Transactions.

You may also validate the Card's presence by performing Card Identification (CID) verification. See Subsection 9.10.1, "Card Not Present Fraud Tools" for additional information.

If you are presented with a Card and manually key-enter the Transaction, you may be subject to counterfeit, lost/stolen and non-received fraud Chargebacks.

Charges initiated with a contactless-enabled mobile device must not be key-entered.

Contact your Merchant Services Provider for additional guidance or to obtain information on fees assessed on Key-entered Charges.

4.5.3 Actions for In-Person Charges

The following table describes the course of action required during an In-Person Transaction process:

If	Then
The Card is obviously altered or counterfeit.	Do not accept the Card.
The Cardmember is attempting to use the Card outside of its Valid Dates. **Note:** Cards are valid through the last day of the month on the front of the Card.	Do not accept the Card. Advise the Cardmember to contact the customer service number on the back of the Card.
It appears that someone other than the Cardmember is attempting to use the Card.	Do not accept the Card. Indicate that the Cards are non-transferable and that only the Cardmember is permitted to use the Card.
The signature does not match the name on the Card.	Contact your Merchant Services Provider with a Code 10.
You are unable to obtain Authorization electronically.	Contact your Merchant Services Provider to obtain an Authorization.

<table>
<tr><th>If</th><th>Then</th></tr>
<tr><td>The Authorization is Declined.</td><td>Do not accept the Card and follow your internal policies for handling various Authorization responses. See Section 5.8, "Possible Authorization Responses".</td></tr>
<tr><td>The customer presents an unsigned Card.</td><td>An unsigned Card is invalid. Show customer that the Card is not signed. Ask the customer to sign the Card and also request photo identification (ID) such as a valid driver's license or passport to compare the signatures.</td></tr>
<tr><td>The customer's signature on the Charge Record does not appear to match the customer's signature on the Card.</td><td rowspan="4">Contact your Merchant Services Provider with a Code 10, or if you prefer, simply decline to accept the Card.</td></tr>
<tr><td>The Card Numbers and Valid Dates on the Card do not match the Charge Record.</td></tr>
<tr><td>The name on the Charge Record does not match the name on the Card (except in the case of a Prepaid Card which may not show a name on its face).</td></tr>
<tr><td>The appearance of the Card, or the actions of the customer appear suspicious.</td></tr>
</table>

4.6 Customer Activated Terminals

Charges for purchases at Customer Activated Terminals (CATs) will be accepted provided you meet the requirements for Charge Records as detailed in Section 4.8, "Charge Records" as well as comply with the *Technical Specifications* (see Section 2.5, "Compliance with the Technical Specifications"). You must also follow any additional requirements in order for us to accept Charges for purchases at your CATs. Please contact your Merchant Services Provider for additional information on CAT requirements.

You must include:

- Full Magnetic Stripe data stream or Chip Card Data in all Authorization requests, and
- a CAT indicator on all Authorization requests and Submissions.

American Express will not be liable for actual or alleged fraudulent Charges occurring through CATs and American Express will have the right to Chargeback for those Charges.

4.7 Processing a Card Not Present Charge

> In situations where goods are ordered through a Card Not Present channel and the goods are picked up at a physical location by the Cardmember, we recommend that you ask to see the Card used to make the purchase, obtain a Cardmember signature on the pick-up form, and obtain proof verifying the Cardmember's identity before releasing the goods. For other Fraud Prevention strategies, see Chapter 9, "Fraud Prevention".

Mail orders, telephone orders, and Internet Orders increase your business opportunities, but such Card Not Present Charges do not provide you the opportunity to inspect the physical Card. For these Card Not Present Charges, fraud might be difficult for you to detect.

You must:

Obtain Cardmember Information as described below | **Obtain an Authorization Approval** | **Submit the Charge to American Express**

For Card Not Present Charges, you must create a Charge Record as described in Section 4.8, "Charge Records". The information you must obtain in order to proceed with the Transaction includes:

- Card Number or Token, and
- Card or Token Expiration Date.

In addition, it is recommended that you ask for:

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

American Express has the right to Chargeback for any Card Not Present Charge that the Cardmember denies making or authorizing. American Express will not Chargeback for such Charges based solely upon a Cardmember claim that he or she did not receive the disputed goods if you have:

- verified the address to which the goods were shipped was the Cardmember's full billing address, and
- provided Proof of Delivery signed by the Cardmember or an authorized signer of the Card indicating the delivery of the goods or services to the Cardmember's full billing address.

American Express will not be liable for actual or alleged fraudulent Transactions over the internet and American Express will have the right to Chargeback for those Charges.

For Internet Orders, you must:

- use any separate Merchant Numbers established by your Merchant Services Provider for Internet Orders in all your requests for Authorization and Submission of Charges, and
- provide your Merchant Services Provider written notice of any change in your internet address, in accordance with your Merchant Services Provider's instructions.

> If you ship goods to an alternate address, we recommend that you keep a record of this. Then you can show a record of previous undisputed Transactions which were shipped to this address.

Additionally, if a Disputed Charge arises involving a Card Not Present Charge that is an Internet Electronic Delivery Charge, American Express may exercise Chargeback for the full amount of the Charge.

Ensure that your Proof of Delivery includes a courier receipt with the following information at minimum:

- date merchandise was delivered,
- full name of recipient, and
- full shipping address (e.g., suite or apartment number, city, state/province, zip/postal code, country).

When providing Proof of Delivery, a signature from the Cardmember or an authorized signer of the Card is not required.

Contact your Merchant Services Provider for additional information and guidance on processing Card Not Present Charges.

4.8 Charge Records

You must create a Charge Record for every Charge. For each Charge submitted electronically, you must create an electronically reproducible Charge Record, that complies with the *Technical Specifications*. See Section 2.5, "Compliance with the Technical Specifications".

The Charge Record (and a copy of the customer's receipt) must disclose the Authorization Approval code and your return and/or cancellation policies. See Section 4.11, "Return and Cancellation Policies" for additional information.

If the Cardmember wants to use different Cards for payment of a purchase, you may create a separate Charge Record for each Card used. However, if the Cardmember is using a single Card for payment of a purchase, you must not divide the purchase into more than one Charge, nor create more than one Charge Record except in the case of Split Shipment Transactions. See Section 4.22, "Split Shipment Transactions".

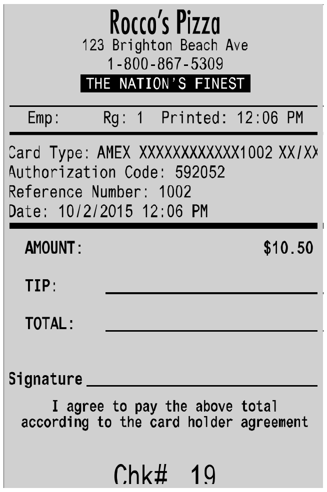
For all Charge Records, you must:

1. Submit the Charge to your Merchant Services Provider for payment.
2. Retain the original Charge Record (as applicable) and all documents evidencing the Charge, or reproducible records thereof, for twenty-four (24) months. See Chapter 8, "Protecting Cardmember Information" for additional information.
3. Provide a copy of the Charge Record to the Cardmember.

You may be able to create more than one Charge Record if the purchase qualifies for a Delayed Delivery Charge. See Section 4.16, "Delayed Delivery Charges".

For Transit Contactless Transactions, a Charge Record is not required for every Charge. Please refer to Section 12.13.4, "Transit Charge Information" for more information.

Pursuant to Applicable Law, truncate the Card Number and do not print the Card's Expiration Date on the copies of Charge Records delivered to Cardmembers. Truncated Card Number digits must be masked with replacement characters such as "x," "*," or "#," and not blank spaces or numbers. Here is an example of a Charge Record with a truncated Card Number.



4.8.1 Substitute Charge Records

In some cases, you may provide a Substitute Charge Record as supporting documentation for Card Not Present Charges in place of the original Charge Record. You must also provide any additional information requested in the Inquiry. Substitute Charge Records may be used in response to the following Inquiry reasons:

- Does Not Recognize/Remember/No Knowledge
- Fraudulent Transactions
- Cardmember Requests Support

See Section 11.6, "Inquiry Reasons" for additional information regarding Inquiry reasons.

The Substitute Charge Record must include the following:

- Card Number
- Cardmember name
- Merchant name
- Merchant location
- Transaction date/date goods or services were shipped or provided
- Transaction amount
- Authorization Approval
- description of goods/services

Additionally, the following optional information should be included, if available, on Substitute Charge Record:

- date goods/services were ordered
- website address
- your customer service's telephone number/email address
- "ship to" name and address
- Automated Address Verification response code
- order confirmation number
- electronically captured Cardmember signature

Contact your Merchant Services Provider for additional guidance or to obtain information on Substitute Charge Records.

4.9 Processing a Credit

A Credit may occur when a Merchant processes a refund for purchases or payments made on the Card.

Follow these steps to issue a Credit:

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

You must submit Credits to your Merchant Services Provider within seven (7) days of determining that a Credit is due and create a Credit Record that complies with your Merchant Services Provider's requirements (see Section 4.10, "Credit Records" for additional information). You must not issue a Credit when there is no corresponding Charge, nor issue a Credit in exchange for cash or other consideration from a Cardmember.

You must submit all Credits under the Merchant Number of the Establishment where the Charge originated.

A Credit must be issued in the currency in which the original Charge was submitted to your Merchant Services Provider.

You must issue Credits to the Card used to make the original purchase; however, if the Credit is for the return of a gift by someone other than the Cardmember who made the original purchase, apply your usual refund policy.

If the Cardmember indicates that the Card on which the purchase was originally made is no longer active or available, do the following:

- For all Cards except Prepaid Cards, advise the Cardmember that you must issue the Credit to that Card. If the Cardmember has questions, advise him or her to call the customer service number on the back of the Card in question.
- If the inactive or unavailable Card is a Prepaid Card, apply your usual refund policy for returns.

Contact your Merchant Services Provider for additional information and guidance on processing Credits.

4.10 Credit Records

You must create a Credit Record for any Credit that you issue. For each Credit submitted electronically, you must create an electronically reproducible Credit Record, and the Credit must comply with the *Technical Specifications*. See Section 2.5, "Compliance with the Technical Specifications".

If you submit Credits on paper, you must create a Credit Record containing all of the following required data:

- full Card Number and Expiration Date (pursuant to Applicable Law), and if available, Cardmember name,
- the date the Credit was issued,
- the amount of the Credit,
- your Establishment name and address and, if applicable, store number, and
- your Merchant Number.

For all Credit Records, you must:

1. Submit the Credit through your Merchant Services Provider.
2. Retain the original Credit Records (as applicable) and all documents evidencing the Transaction, or reproducible records thereof, for twenty-four (24) months from the date you submitted the corresponding Credit.
3. Provide a copy of the Credit Record to the Cardmember.

The retention time frame for Credit Records is twenty-four (24) months from the date you submitted the corresponding Credit to your Merchant Services Provider.

Pursuant to Applicable Law, truncate the Card Number and do not print the Card's Expiration Date on copies of Credit Records delivered to the Cardmember.

Contact your Merchant Services Provider for additional information and guidance on submission of Credit Records.

4.11 Return and Cancellation Policies

Post your return, exchange, and cancellation policies in various places at your Establishment, including:

- signs near the cash registers,
- on the Charge Record/ sales slip the customer signs,
- in any contract the Cardmember signs, and
- in terms and conditions of purchase on your website with "I accept" functionality.

For example, if your return policy is that the customer can return merchandise accompanied by a receipt for a full refund within thirty (30) days of the purchase, ensure this policy is coded to print on all receipts and copies of Charge Records.

It is recommended that you submit Credits the day the cancellation is received from the Cardmember.

Your return and cancellation policies must be fair and clearly disclosed at the time of sale in compliance with Applicable Law. Your policies must be conveyed to the Cardmember prior to completion of the Charge and printed on a copy of a receipt, Charge Record, or otherwise provided to a Cardmember in writing.

You must not give cash refunds to Cardmembers for goods or services they purchase on the Card, unless required by Applicable Law. Your refund policy for purchases on the Card must be at least as favorable as your refund policy for purchases made with Other Payment Products or other payment methods.

Return Policy recommendations:

Provide clear return instructions for your customers, including the following information:

- customer service telephone number,
- reference number for the return,
- expected processing time for the Credit, and
- return address, preferably on a pre-formatted shipping label (if applicable).

Cancellation Policy recommendations:

Document cancellation policy and terms and conditions on the contract the Cardmember signs, or on your website, as applicable. Provide Cardmember with a cancellation number that can be tracked in your records.

4.11.1 Return Policy for Prepaid Products

An example of a prepaid product return policy that is different from your standard return policy is if you allow returns or exchanges on store merchandise but sales of prepaid products are final.

This section applies to Merchants who accept the Card for the purchase of any prepaid product (Prepaid Cards, non-American Express branded stored value or gift cards, or both). If your return policy for the purchase of prepaid products is different from your standard return policy, notwithstanding the requirements listed in Section 4.11, "Return and Cancellation Policies", you must ensure that such prepaid product-specific return policy is clearly disclosed to the Cardmember at the time of purchase and also coded to print on all receipts and copies of Charge Records you provide to Cardmembers.

4.12 Processing Transactions for Specific Industries

Most policies and procedures in the *Merchant Operating Guide* are applicable to all Merchants, regardless of industry. Some Merchants classified in specific industries, however, are subject to additional policies and procedures. These policies and procedures are contained in Chapter 12, "Specific Industries".

4.13 Reserved

4.14 Advance Payment Charges

Advance Payment Charge

A Charge for which full payment is made in advance of a Merchant providing the goods and/or rendering the services to a Cardmember.

Purchases involving Advance Payment Charges generally carry a higher level of risk than other Charges, due to the fact that goods and services are not provided at the time the Charge is processed.

Check your Merchant Services Provider's policies for withholding settlement for part or all of such Charges until it is determined that the risk has diminished.

To minimize your risk of a Disputed Advance Payment Charge, always:

- clearly disclose all reservation, sales, cancellation, and refund policies (see Section 4.11, "Return and Cancellation Policies"), and
- retain a copy of the Cardmember's written consent, including a detailed description and expected delivery date of the goods and/or services to be provided in a format that easily allows you to respond to an Inquiry.

You must follow these procedures if you offer Cardmembers the option or require them to make Advance Payment Charges for the following types of goods and/or services:

- Custom-orders (e.g., orders for goods to be manufactured to a customer's specifications)
- Entertainment/ticketing (e.g., sporting events, concerts, season tickets)
- Tuition, room and board, and other mandatory fees (e.g., library fees) of higher educational institutions
- Travel-related services (e.g., tours, guided expeditions)

For an Advance Payment Charge, you must:

- State your full cancellation and refund policies, clearly disclose your intent and obtain written consent from the Cardmember to bill the Card for an Advance Payment Charge before you request an Authorization. The Cardmember's consent must include:
  - his or her agreement to all the terms of the sale (including price and any cancellation and refund policies), and
  - a detailed description and the expected delivery date of the goods and/or services to be provided.
- Obtain an Authorization Approval.
- Complete a Charge Record. If the Advance Payment Charge is a Card Not Present Charge, you must also:
  - ensure that the Charge Record contains the words "Advance Payment" (see Section 4.8, "Charge Records"), and
  - within twenty-four (24) hours of the Charge being incurred, provide the Cardmember written confirmation (e.g., email or facsimile) of the Advance Payment Charge, the amount, the confirmation number (if applicable), a detailed description and expected delivery date of the goods and/or services to be provided and details of your cancellation/refund policy.

If you cannot deliver goods and/or services (e.g., because custom-ordered merchandise cannot be fulfilled), and if alternate arrangements cannot be made, you must immediately issue a Credit for the full amount of the Advance Payment Charge which cannot be fulfilled.

In addition to other Chargeback rights, American Express may exercise Chargeback for any Disputed Advance Payment Charge or portion thereof if, in American Express' sole discretion, the dispute cannot be resolved in your favor based upon unambiguous terms contained in the terms of sale to which you obtained the Cardmember's written consent.

4.15 Aggregated Charges – Internet

Aggregated Charge

A Charge that combines multiple small purchases or refunds (or both) incurred on a Card into a single, larger Charge before submitting the Charge for payment.

To minimize your risk of a Disputed Charge with Aggregated Charges, always:

- confirm to the Cardmember the Aggregated Charge amount and individual purchase details (and/or refund as applicable) at check-out, and
- in the email confirmation, advise where the Cardmember can find additional information about their purchases (and/or refunds as applicable).

If you are classified in an internet industry, you may process Aggregated Charges provided the following criteria are met:

- Clearly disclose your intent and obtain written consent from the Cardmember that their purchases or refunds (or both) on the Card may be aggregated and combined with other purchases or refunds (or both) before you request an Authorization.
- Each individual purchase or refund (or both) that comprises the Aggregated Charge must be incurred under the same Merchant Number and on the same Card.
- Obtain a pre-Authorization of no more than $15. See Section 5.13, "Authorization Time Limit" for additional information.
- Create a Charge Record for the full amount of the Aggregated Charge. For more information on Charge Records, see Section 4.8, "Charge Records".
- The amount of the Aggregated Charge must not exceed $15 or the amount for which you obtained pre-Authorization.
- Submit each Charge Record in accordance with Section 6.5, "Submission Requirements – Electronic". For the purposes of Section 6.5, "Submission Requirements – Electronic", a Charge will be deemed "incurred" on the date of the first purchase (and/or refund as applicable) that comprises the Aggregated Charge.
- Provide the Cardmember with an email containing:
  - the date, amount, and description of each individual purchase (and/or refund as applicable) that comprises the Aggregated Charge, and
  - the date and the amount of the Aggregated Charge.

4.16 Delayed Delivery Charges

To minimize your risk of a Disputed Charge with Delayed Delivery Charges, always:

- clearly disclose all sales and refund policies (see Section 4.11, "Return and Cancellation Policies"), and
- retain a copy of the Cardmember's written consent in a format that easily allows you to respond to an Inquiry.

To accept the Card for Delayed Delivery Charges, you must:

- Clearly disclose your intent and obtain written consent from the Cardmember to perform a Delayed Delivery Charge before you request an Authorization,
- Obtain a separate Authorization Approval for each of the two Delayed Delivery Charges on their respective Charge dates,
- Clearly indicate on each Delayed Delivery Charge Record that the Charge is either for the deposit or for the balance of the Delayed Delivery Charge,
- Submit the Delayed Delivery Charge Record for the balance of the purchase only after the goods have been shipped, provided or services rendered,
- Submit each Delayed Delivery Charge Record in accordance with Section 6.5, "Submission Requirements – Electronic". For the purposes of Section 6.5, "Submission Requirements – Electronic", the Charge will be deemed "incurred":
  - for the deposit – on the date the Cardmember agreed to pay the deposit for the purchase.
  - for the balance – on the date the goods are shipped, provided or services are rendered.
- Submit and Authorize each Delayed Delivery Charge under the same Merchant Number, and
- Treat deposits on the Card no differently than you would treat deposits on all Other Payment Products.

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4.17 No PIN Program

The No PIN Program does not provide protection against all Chargebacks. Even if an Establishment and Charge qualify under the No PIN Program, you may still be subject to Chargeback for reasons unrelated to your failure to obtain a PIN from the Cardmember at the point of sale. Consult with your Merchant Services Provider for more information about Disputed Charges and Chargebacks.

For Merchants who choose to implement American Express Quick Chip and the No PIN program, please refer to Subsection 4.3.1.2.2, "American Express Quick Chip" for more information about potential fraud liability shift impacts.

You may participate in American Express' No PIN Program. The No PIN Program allows Merchants not to request a signature or a PIN from Cardmembers on the Charge Record.

To qualify for the No PIN Program, both the Establishment and each Charge must meet the following criteria:

Merchant criteria:

If you are classified in an industry that accepts In-Person Charges, then you may participate in the No PIN Program with the exception of the following categories:

- Merchants who do not conduct In-Person Charges (i.e., internet, mail order or telephone order).
- Prohibited Merchants or prohibited Transactions (or both) as defined in Chapter 10, "Risk Evaluation". See also Section 3.3, "Prohibited Uses of the Card".
- High Risk Merchants (e.g., internet electronic services or nightclubs/lounges) as defined in Section 10.3.1, "High Risk Merchants".
- Merchants placed in American Express' Fraud Full Recourse Program.

Charge criteria:

- The amount or Charge must meet the established threshold.
- The Charge submission must include the appropriate indicator to reflect that the Card and the Cardmember were present at the point of sale.
- The Charge submission must include a valid Approval.

Under the No PIN Program, American Express will not exercise Chargeback for such Charges based solely on your Establishment's failure to obtain the Cardmember's PIN at the point of sale.

If disproportionate amounts or number of Disputed Charges are received under the No PIN Program, you must work to reduce the amount or number of Disputed Charges. If such efforts fail, American Express may place you in a Chargeback program and your Merchant Services Provider and/or American Express may modify participation in the No PIN Program or revoke or terminate your participation in the No PIN Program.

The established threshold for Charges to qualify under the No PIN Program is $200 or less for Contactless and for all other In-Person Charges.

~~The established threshold for Charges to qualify under the No PIN Program is USD $200 or less for Contactless and USD $50 (or its equivalent in local currency) or less for all other In-Person Charges.~~

Note: Obtaining Cardmember signature on Card Present Transactions is optional to complete a Charge Record, and at your discretion, unless required by Applicable Law.

4.18 Recurring Billing Charges

To minimize your risk of Chargeback with Recurring Billing Charges, always:

- ensure updates are applied in a timely manner when notified of Cardmember cancellation or Card Number update, and
- obtain express consent from the Cardmember to continue billing after the end date of the contract.

For more tips on reducing Chargebacks, see Chapter 11, "Chargebacks and Inquiries".

Recurring Billing Charges can either be for a fixed or varying amount.

- Fixed amount—the dollar amount does not change from one payment to the next (e.g., monthly magazine subscription).
- Varying amount—the dollar amount changes from one payment to the next (e.g., monthly utility bill).

Recurring Billing is an option offered to Cardmembers to make recurring Charges automatically on their Card. The Recurring Billing Charges are for a product or service the Cardmember agrees to pay periodically and automatically (e.g., membership fees to health clubs, magazine subscriptions, and insurance premiums).

If you offer Cardmembers the option to make Recurring Billing Charges, you must:

- obtain the Cardmember's express consent for you to bill the Card before submitting the first Recurring Billing Charge, and
- notify the Cardmember that he or she can cancel such consent at any time and provide contact details for canceling recurring billing.

In addition to other Chargeback rights, American Express may exercise Chargeback for any Charge which does not meet the requirements listed in this section. American Express may also exercise Chargeback, prior to sending you an Inquiry, if you process Recurring Billing Charges after having previously been notified that the Cardmember has canceled their consent for Recurring Billing Charges.

The method you use to secure such consent must contain a disclosure that you may receive updated Card account information from the Issuer.

Before submitting a Recurring Billing Charge, you must obtain Authorization and complete a Charge Record (see Section 4.8, "Charge Records"), except with the words "signature on file," if applicable, on the signature line and the appropriate electronic descriptor on the Charge Record. You must flag all requests for Authorization with a Recurring Billing indicator. For complete Authorization requirements, see Chapter 5, "Authorizations".

If the Agreement terminates for any reason, then you must notify all Cardmembers for whom you have submitted Recurring Billing Charges that you no longer accept the Card.

You must fulfill Cardmembers' requests that you discontinue the Recurring Billing Charges immediately and provide cancellation numbers to Cardmembers as proof of the cancellation.

The cancellation of a Card constitutes immediate cancellation of that Cardmember's consent for Recurring Billing Charges. You will not be notified of such cancellation, nor will your Merchant Services Provider or American Express have any liability to you arising from such cancellation.

If a Card is canceled, or if a Cardmember cancel consent to Recurring Billing Charges, you are responsible for arranging another form of payment (as applicable) with the Cardmember.

You must retain evidence of consent to receive updated Card account information from the Issuer for twenty-four (24) months from the date you submit the last Recurring Billing Charge.

If you offer Cardmembers the option to make Recurring Billing Charges, you must:

- ensure that your process for cancellation of Recurring Billing is simple and expeditious,
- clearly and conspicuously disclose all material terms of the option, including, if applicable, an initial notice of recurring billing, and the fact that Recurring Billing will continue until the option is canceled by the Cardmember,
- within twenty-four (24) hours of incurring the first Recurring Billing Charge, provide the Cardmember written confirmation (e.g., email or facsimile) of such Charge, including all material terms of the option and details of your cancellation/refund policy, and
- where the material terms of the option change after submission of the first Recurring Billing Charge, promptly notify the Cardmember in writing of such change and obtain the Cardmember's express written consent to the new terms prior to submitting another Recurring Billing Charge.

If your Recurring Billing Charge amounts vary, you must offer the Cardmember the right to receive written notification of the amount and date of each Recurring Billing Charge:

- at least ten (10) days before submitting each Charge, or
- whenever the amount of the Charge exceeds a maximum Recurring Billing Charge amount specified by the Cardmember.

We may exercise Chargeback for any Charge of which you have notified the Cardmember and to which the Cardmember does not consent.

4.18.1 Introductory Offers

If you offer Cardmembers an option to make Recurring Billing Charges that include an Introductory Offer, you must comply with all requirements set forth in this Section 4.18, "Recurring Billing Charges" policy in addition to the following requirements:

- Clearly and conspicuously disclose all material terms of the Introductory Offer to the Cardmember, including a simple and expeditious cancellation process that allows the Cardmember to cancel before submitting the first Recurring Billing Charge.
- Obtain the Cardmember's express consent to accept the terms and conditions of the Introductory Offer.
- Send Cardmember a confirmation notification in writing upon enrollment in the Introductory Offer.
- Send Cardmember a reminder notification in writing before submitting the first Recurring Billing Charge, that allows the Cardmember a reasonable amount of time to cancel.

4.19 Processing Prepaid Cards

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

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

- Instruct Cardmembers that, before making a purchase, they may check their remaining funds by:
  - calling the twenty-four (24) hour, toll-free number on the back of the Card,
  - checking online, or
  - using the mobile app offered by their Issuer (where available).
- Because Prepaid Cards are pre-funded, if you receive a Decline when seeking Authorization, ask the customer to go online, use their mobile app, or call the toll-free number on the back of the Card to confirm that the purchase price does not exceed the available funds on the Prepaid Card.
- If the Prepaid Card does not have enough funds to cover the purchase price, process a Split Tender Transaction or request an alternative form of payment. ~~See Section 5.16, "Additional Authorization Requirements".~~
- You must create a Charge Record for a Prepaid Card as you would any other Card.
- You may follow your policy on combining payment on Prepaid Cards with any Other Payment Products or methods of payment. If the other payment method is an American Express Card then you are required to follow all provisions of the Agreement.
- Check with your Merchant Services Provider to determine if your POS System is set up for Split Tender functionality.

For information about processing Prepaid Cards, call the customer service number on the back of the Card in question.

4.20 Processing Travelers/Gift Cheques

American Express Travelers Cheques, Cheques for Two, and Gift Cheques are easy to accept provided that the cheque is an authentic American Express Travelers Cheque. See Subsection 4.20.1, "Acceptance Procedures".

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

Travelers Cheques

American Express Travelers Cheques are a widely used and recognized travel currency. If they are ever lost or stolen, they can be replaced quickly and easily, almost anywhere in the world, usually within twenty-four (24) hours.

Travelers Cheques come in various denominations and currencies.

Gift Cheques

American Express Gift Cheques function like Travelers Cheques, and are available in $10, $25, $50, and $100 denominations only. Any Gift Cheque presented that is greater than $100 is counterfeit. If you receive a Gift Cheque greater than $100, do the following:

- Contact Travelers Cheque/Gift Cheque Customer Service at 1-866-296-5198.
- Do not accept it.

- Write the word "VOID" across the front of the counterfeit Cheque.

For further information, see Chapter 9, "Fraud Prevention".

Travelers Cheques in circulation come in denominations ranging from $20 to $1000. Be cautious when presented with an American Express Travelers Cheque in a denomination of $500 or greater. These higher-denominated Travelers Cheques are rarely sold, and therefore are more likely to be counterfeit. For information on how to perform a "smudge test," which is designed to test the authenticity of the Travelers Cheques, see Section 9.9, "Travelers Cheque and Gift Cheque Security Features".

4.20.1 Acceptance Procedures

Accepting American Express Travelers and Gift Cheques is easy:

- Watch your customer countersign in the lower left corner of the cheque, and compare the countersignature to the signature in the upper left corner for American Express Travelers Cheques and Gift Cheques. For Cheques for Two, the customer's countersignature must match either one of the two signatures on top.
- Validate Security Features – Validating these features will help reduce the acceptance of counterfeit cheques. See Section 9.9, "Travelers Cheque and Gift Cheque Security Features".
- Obtain authorization – American Express recommends obtaining an authorization to reduce the chances of accepting fraudulent cheques. American Express offers a variety of authorization tools. See authorization methods in the following table to determine your course of action:

If	Then
The signature and countersignature are a reasonable match (they look alike, but may not be identical)	Accept the cheque. There is no need to obtain any identification.
You suspect that the countersignature may be false, or you did not watch the customer countersign	Ask the customer to turn the cheque over and sign again across the left-hand side (in the same manner one typically endorses a cheque). Then take the cheque and fold up the bottom right-hand corner so that you can compare the original signature with the new one.
The signatures are not the same, or if there is a question regarding the validity of the cheque	Call the Travelers Cheque/Gift Cheque Customer Service at 1-866-296-5198.
You suspect that the Travelers cheque being presented is fraudulent	Use any of the following methods to verify that the cheque you are accepting is authentic: • Perform a smudge test (see Chapter 9, "Fraud Prevention" for details). • Obtain online Authorization at www.americanexpress.com/verifyamextc.

4.21 Property Damage to Accommodations and Other Rentals

If a Cardmember expressly consents to use the Card to pay for Property Damage Fees and/or smoking fees to a rented accommodation or equipment, you may accept the Card, provided you have complied with following conditions for payment for such fees, and we classify the rental as one of the following:

- Lodging accommodations
- Trailer parks and campground rental
- Motor home rental
- Boat rental
- Bicycle rental
- Motorcycle rental
- Equipment rental

Conditions for Payment for such fees:

- The Card was used as the original payment method for the accommodations or rental.
- You must provide in writing, to the Cardmember, an itemized list and description of the property and/or smoke damage which has occurred.
- Prior to submitting a Charge, you must obtain the Cardmember's agreement in writing[1] to:
  - Accept responsibility for the fees associated with the property and/or smoke damage.
  - Select American Express as the payment method for the fees associated with the property and/or smoke damage.
  - Accept the total amount for which the Cardmember is responsible, and that the final billed amount can be up to 15% more than the estimated amount. No amounts in excess of 115% of the disclosed amount shall be charged to the Cardmember's Card, without the express prior written consent of the Cardmember.
- You must obtain Authorization for the amount of the fees associated with the property and/or smoke damage each time a Charge is submitted.
- You must prepare a Charge Record separate from the Charge Record for the rental or lodging stay. You must adhere to all requirements outlined in Chapter 4, "Transaction Processing" for completion of the Charge Record. In addition, you must observe the following:
  - After the exact fee associated with the property and/or smoke damage has been determined and the Charge is ready for Submission, you must provide the Cardmember with an itemized summary; insert the amount on the Charge Record (in no event in excess of the estimated amount plus 15% agreed to by the Cardmember).
- In addition to the other Chargeback rights contained in the Agreement, we may exercise Chargeback rights with respect to any Charge for damages which is not submitted in accordance with all the procedures contained within the Agreement, including the provisions of this Section 4.21, "Property Damage to Accommodations and Other Rentals".
- You must not include the following in an Authorization Request or in a Charge Submission:
  - Losses due to theft of the equipment.
  - Losses due to theft of property or equipment from within a rental accommodation.
  - Loss of revenue due to the loss of use of the rental equipment or lodging accommodations.
- You must submit the Charge to us within 90 calendar days of check-out or rental return date.

4.22 Split Shipment Transactions

A split shipment Transaction occurs when a Cardmember makes a single purchase of multiple individually priced goods and the goods are delivered to the Cardmember in multiple shipments. Unit prices and items sold as a set must not be billed as separate Charges. You may obtain a single Authorization and submit multiple Charge Records for the purpose of

1. The Cardmember's consent must be provided in writing after the damages have occurred and without any threat or duress.

completing a split shipment Transaction. The Authorization will be valid for up to seven (7) days after the Authorization date. Section 5.4, "Authorization Time Limit".

To accept the Card for split shipment Transactions, you must:

- State your full cancellation and refund policies;
- Advise the Cardmember of the Authorization amount that will be requested;
- Disclose and obtain the Cardmember's consent that the items from the purchase will be delivered separately and billed as separate Charges;
- Provide the estimated delivery date(s);
- Submit a Charge Record only after each item has shipped.

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Authorizations

5

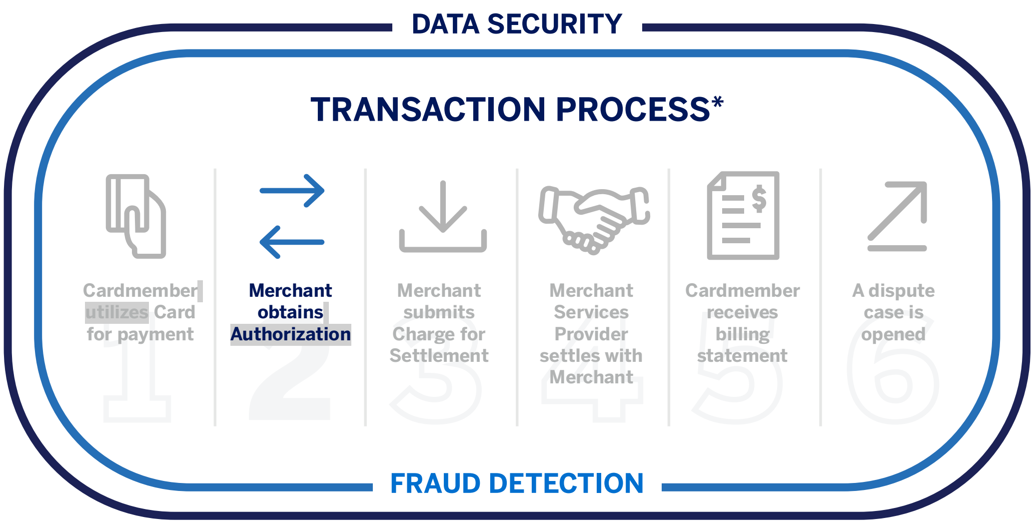
5.1 ~~Introduction~~

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

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

5.2 Transaction Process

The Authorization process begins when you provide an Authorization request to your Merchant Services Provider. After requesting Authorization, you receive an Authorization response, which you use, in part, to determine whether to proceed with the Charge.



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

5.3 The Purpose of Authorization

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

For every Charge, you are required to obtain an Authorization Approval except for Charges under a Floor Limit (see Section 5.6, "Floor Limit").

The Authorization Approval must be for the full amount of the Charge except for Merchants and/or Transaction types that we classify in the industries listed in Section 5.5, "Estimated Authorization".

~~For every Charge, you are required to obtain an Authorization Approval for the full amount of the Charge except for Merchants and/or Transaction types that are classified in the industries listed in Subsection 5.5, "Estimated Authorization".~~

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

5.4 Authorization Time Limit

Authorization Approvals for Charges are valid for seven (7) days after the Authorization date~~, except for certain Charges from Merchants that are classified in the lodging and vehicle rental industries~~. You must obtain a new Approval if you submit the Charge to your Merchant Services Provider more than seven (7) days after the original Authorization date.

For Charges of goods or services that are shipped or provided more than seven (7) days after an order is placed, you must obtain an Approval for the Charge at the time the order is placed and again at the time you ship or provide the goods or services to the Cardmember.

The new Approval must be included in the Charge Record. If either of the Authorization requests is Declined, do not provide the goods or services or submit the Charge. If you do, you will be subject to a Chargeback.

For Estimated Authorization time frames see Section 5.5, "Estimated Authorization".

5.5 Estimated Authorization

If you are classified or it is determined that you operate in one of the following industries, then the following Estimated Authorization procedures apply where the final Charge amount is not known at the time of Authorization.

You may only obtain an Estimated Authorization in the industries listed below. Do not overestimate the Authorization amount. You must obtain the Cardmember's consent to such estimated amount prior to requesting the Authorization.

You must submit the corresponding Charge as soon as you become aware of the full amount to be charged. For any amount of the Charge that exceeds the amount for which you obtained an Authorization you must obtain the Cardmember's consent.

If the final amount of the Charge is:

- no greater than the amount for which you obtained Authorization plus the applicable Estimate Authorization percentage listed below of that amount, no further Authorization is necessary; or
- greater than the amount for which you obtained Authorization by more than the applicable Estimated Authorization percentage listed below of that amount, you must obtain a new Authorization. If you fail to obtain such Authorization, or your request for such Authorization is declined, American Express will have Chargeback rights for the amount in excess of the original Authorization amount plus the applicable Estimated Authorization percentage of that amount. For the avoidance of doubt, American Express will have Chargeback rights for the final amount of the Charge for reasons other than the failure to obtain an approved Authorization.

An Estimated Authorization is valid for the applicable Estimated Authorization time frame listed below. You must obtain a new Approval if you do not submit the Charge to us within the Estimated Authorization time frame.

Industry	Estimated Authorization Percentage	Estimated Authorization Time frame
Grocery (Card Not Present)	15%	Seven (7) days

We recommend that you perform an additional Authorization as soon as the Charge amount exceeds the original Authorization by the Estimated Authorization percentage in the table in this section as follows:

- For Authorizations obtained intermittently – at least once per day.
- For Authorizations for estimated amounts at the point the amount of costs incurred exceeds the Authorization for estimated amounts by more than Estimated Amount percentage.

For example, in the lodging industry:

If the Authorization was for $1,000, and the total of purchases was no more than $1,150, no further Authorization is necessary. However, if the total purchases were $1,200, and you did not obtain additional Authorization, then we have Chargeback rights up to $50.

For example, in the lodging industry:

If the Authorization was for $1,000, and the total of purchases was no more than $1,150, no further Authorization is necessary. However, if the total purchases were $1,200, and you did not obtain additional Authorization, then we have Chargeback rights up to $50.

Industry	Estimated Authorization Percentage	Estimated Authorization Time frame
Lodging (See Subsection 12.12.1)	15%	Duration of the stay plus seven (7) days
Restaurants and Bars*	30% ~~20%~~	Seven (7) days
Retail (Card Not Present)	15%	Seven (7) days
Taxicabs and Limousines	20%	Seven (7) days
Vehicle Rentals (See Subsection 12.12.2)	15%	Duration of the rental agreement, plus seven (7) days

* The Estimated Authorization percentage for Prepaid Card and Debit Card Charges at Restaurants and Bars is 20%.

5.6 Floor Limit

American Express maintains a zero-dollar Floor Limit on all Charges regardless of the amount. If any one Charge, or series of Charges, made on the same day by any one Cardmember at the Establishment, is equal to or greater than this Floor Limit, the Establishment must request Authorization. ~~You must obtain an Authorization on all purchases, regardless of the amount, as a zero-dollar Floor Limit applies for all Charges.~~

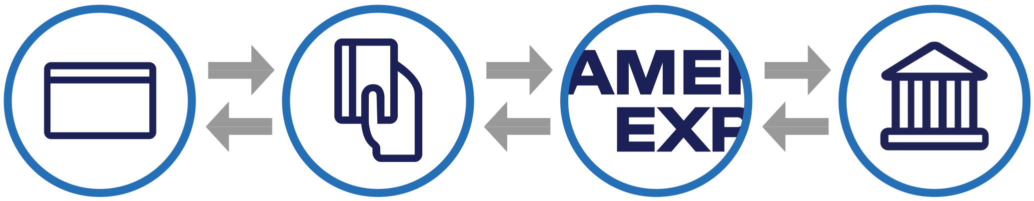
5.7 Authorization Process

The Cardmember provides you with the Card or the Card Information.

The POS System captures the Card Information and transfers it to the American Express Network.

The Network sends the Approval request to the Issuer.

The Issuer Approves or declines the request.



Cardmember

Upon receiving the decision of the Approval or decline of the request, you will be able to complete or deny the Transaction and inform the Cardmember.

Transaction

The POS System displays the Approval or decline of the request.

Network

The American Express Network relays the information back to the POS System.

Issuer

The Issuer communicates the Approval or decline back to the American Express Network.

5.8 Possible Authorization Responses

Responses to your requests for Authorization are generated by Issuers and transmitted to you. The following are among the most commonly generated responses to your request for Authorization. The exact wording may vary so check with your Merchant Services Provider to determine what Authorization responses will display on your equipment.

Authorization Response	What It Means
Approved	The Charge is approved.
Partially Approved (for use with Prepaid Cards only)	The Charge is approved. The Approval is for an amount less than the value originally requested. The Charge must only be submitted for the approved amount. Collect the remaining funds due from the Cardmember via another form of payment. For Split Tender, you may follow your policy on combining payment on Prepaid Cards with any Other Payment Products or methods of payment. ~~See Section 5.16, "Additional Authorization Requirements" for more information about split tender.~~
Declined or Card Not Accepted	The Charge is not approved. Do not provide the goods or services or submit the Charge. Inform the Cardmember promptly that the Card has been Declined. If the Cardmember has questions or concerns, advise the Cardmember to call the customer service telephone number on the back of the Card. Never discuss the reason for the Decline. If you submit the Charge after receiving a Decline, American Express may reject the Charge or you will be subject to a Chargeback. ~~The Charge is not approved. Do not submit the Charge. If you nevertheless choose to submit the Charge, you will be subject to a Chargeback or we may reject the Charge. Inform the Cardmember promptly that the Card has been Declined. If the Cardmember has questions or concerns, advise the Cardmember to call the customer service telephone number on the back of the Card. Never discuss the reason for the Decline.~~
Pick up	You may receive an Issuer point of sale response indicating that you must pick up the Card. Follow your internal policies when you receive this response. Never put yourself or your employees in unsafe situations. Contact your Merchant Services Provider for further information regarding a Pick Up Card response.

5.9 Obtaining an Electronic Authorization

Failure to comply with the *American Express Technical Specifications* for Authorization may impact your ability to successfully process Transactions. For example, we may not be able to issue an Authorization response or process the Charge at Submission (see Section 6.5, "Submission Requirements – Electronic").

~~Generally, Establishments must obtain an electronic Authorization.~~

You must ensure that all Authorization requests comply with the *Technical Specifications* (see Section 2.5, "Compliance with the Technical Specifications"). If the Authorization request does not comply with the *Technical Specifications*, the Authorization was Declined, or for which no Approval code was obtained, American Express may reject the Submission or American Express may exercise a Chargeback ~~the submission may be rejected or you may be subject to a Chargeback~~. Contact your Merchant Services Provider for information about your obligations to comply with the *Technical Specifications*.

If the Card is unreadable and you have to key-enter the Charge to obtain an Authorization then you must follow the requirements for key-entered Charges. See Subsection 4.5.2, "Key-Entered Charges" for additional information.

If you use an electronic POS System to obtain Authorization, the Approval must be printed automatically on the Charge Record.

Occasionally, obtaining an electronic Authorization may not be possible (e.g., due to POS System problems, System Outages, or other disruptions of an electronic Charge). ~~In these instances, you must obtain a Voice Authorization (see Section 5.10, "Obtaining a Voice Authorization Reserved").~~ In these instances, please work with your Merchant Services Provider.

5.10 ~~Obtaining a Voice Authorization Reserved~~

~~When Authorization is required, if your electronic POS System is unable to reach American Express' Authorization system, or you do not have an electronic POS System, you must seek Authorization using the following steps:~~

1. ~~Call your Merchant Services Provider's Authorization department.~~
2. ~~The following minimum information will be requested:~~
   - ~~Card Number~~
   - ~~Merchant Number~~
   - ~~Charge amount~~

   Note: ~~In some situations, you may be asked for additional information such as Expiration Date or CID Number.~~
3. ~~A response will be provided. If the request for Authorization is approved, capture the Approval for submission.~~
4. ~~If you are submitting electronically, you must enter the Approval into your POS System. For instructions on how to complete this type of Charge, refer to your Merchant Services Provider's operating instructions or contact them directly.~~

5.11 Card Identification (CID) Number

Card Identification (CID) Number

CID is a four-digit number printed on the face of the Card.

The Card Identification (CID) Number provides an extra level of Cardmember validation and is part of the Authorization process. The CID Number is printed on the Card.

If, during the Authorization, a response is received that indicates the CID Number given by the person attempting the Charge does not match the CID Number that is printed on the Card, re-prompt the customer at least one more time for the CID Number. If it fails to match again, follow your internal policies.

Note: CID Numbers must not be stored for any purpose. They are available for real time Charges only. See Chapter 8, "Protecting Cardmember Information".

See Chapter 9, "Fraud Prevention" for more information on CID Numbers and CID Verification.

5.12 Authorization Reversal

It is a good practice to reverse an Authorization for an Approved Charge if you do not intend to submit a Charge to your Merchant Services Provider within the Authorization time limits. See Section 5.15, "Pre-Authorization" ~~See Section 5.13, "Authorization Time Limit"~~. You may reverse an Authorization for a corresponding Charge by:

- initiating an Authorization reversal message, or
- Contacting your Merchant Services Provider for instructions on how to reverse an Authorization.

After a Charge Record has been submitted, an Authorization cannot be canceled or changed. For example, if you make an error in a Charge but have already submitted the Charge Record, you cannot systematically request a change in the Charge. You must instead, follow the procedures for Processing a Credit, as defined in Section 4.9, "Processing a Credit".

5.13 ~~Authorization Time Limit~~

~~Authorization Approvals are valid for seven (7) days after the Authorization date, except for certain Charges from Merchants that are classified in the lodging and vehicle rental industries. You must obtain a new Approval if you submit the Charge to your Merchant Services Provider more than seven (7) days after the original Authorization date.~~

~~For Charges of goods or services that are shipped or provided more than seven (7) days after an order is placed, you must obtain an Approval for the Charge at the time the order is placed and again at the time you ship or provide the goods or services to the Cardmember.~~

~~The new Approval must be included in the Charge Record. If either of the Authorization requests is Declined, do not provide the goods or services or submit the Charge. If you do, you will be subject to a Chargeback.~~

5.14 ~~Floor Limit~~

~~American Express maintains a zero-dollar Floor Limit on all Charges regardless of the amount. If any one Charge, or series of Charges, made on the same day by any one Cardmember at the Establishment, is equal to or greater than this Floor Limit, the Establishment must request Authorization. You must obtain an Authorization on all purchases, regardless of the amount, as a zero-dollar Floor Limit applies for all Charges.~~

AMERICAN EXPRESS

5.15 Pre-Authorization

A pre-Authorization is an Authorization request that you submit in advance of providing the goods or services, allowing you then to submit the Approved Charge (e.g., fuel pump CATs).

5.16 ~~Additional Authorization Requirements~~

~~There are instances, which are outlined in the following table, when additional Authorization requirements apply.~~

~~Merchants classified in certain industries are also subject to additional specific Authorization requirements. See Chapter 12, "Specific Industries".~~

~~Topic~~	~~Additional Requirements~~
~~Recurring Billing~~	~~You must flag all requests for Authorization with a Recurring Billing indicator. To improve the likelihood of obtaining an Approval to an Authorization request, it is recommended that you periodically verify with Cardmembers that all their information (e.g., Card Number, Expiration Date, and billing address) is still accurate. See Section 4.18, "Recurring Billing Charges".~~
~~American Express Gift Cheques and American Express Travelers Cheques~~	~~You are not required to obtain Authorization prior to accepting Gift and Travelers Cheques. You must, however, follow the appropriate procedures outlined in Section 4.20, "Processing Travelers/Gift Cheques". Questions concerning the validity of Gift or Travelers Cheques can be addressed by calling the Travelers Cheque/Gift Cheque Customer Service at 1-866-296-5198.~~
~~Split Tender~~	~~During a Split Tender Transaction, the Cardmember uses multiple forms of payment for a single purchase (e.g., Prepaid Cards, cash, American Express Card).~~ ~~You may follow your policy on combining payment on Prepaid Cards with any Other Payment Products or methods of payment. If the other payment method is a Card then you are required to follow all provisions of the Agreement.~~ ~~Check with your Merchant Services Provider to determine if your POS System is set up for Split Tender functionality.~~

AMERICAN EXPRESS

Submissions

6

6.1 Introduction

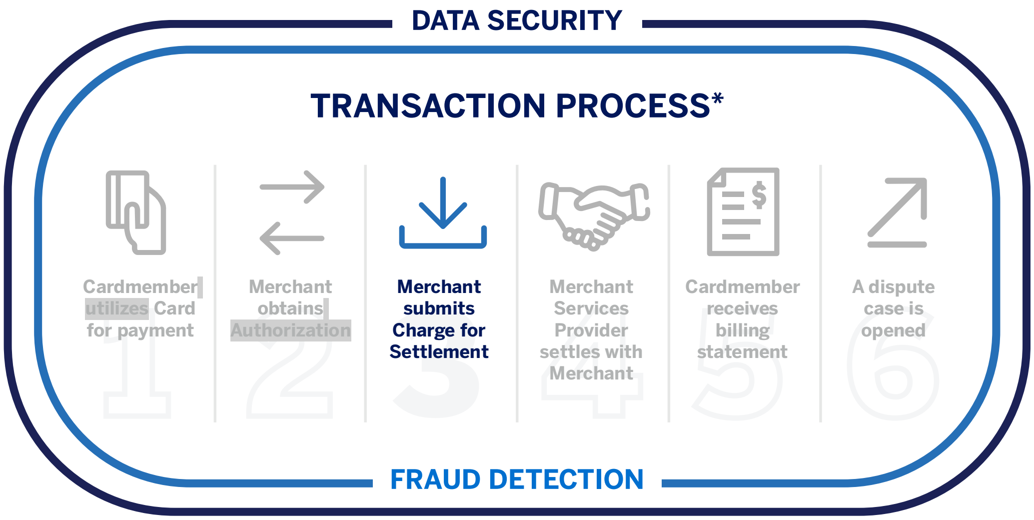
Merchants are familiar with commitments that keep their business running smoothly. One such commitment is to submit Transactions conducted at your Establishments to your Merchant Services Provider for payment.

Since payment cannot occur until the Transactions are submitted, you are encouraged to submit Transactions daily even though you have up to seven (7) days to do so.

See Section 4.5, "Processing an In-Person Charge" and Section 4.9, "Processing a Credit" for additional information.

6.2 Transaction Process

Collect Transactions during the business day and submit them to us, through your Merchant Services Provider, usually at the end of a day. If you have any Submission problems, contact your Merchant Services Provider.



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

6.3 Purpose of Submission

After we receive the Submission, we process it and settle with your Merchant Services Provider. Your Merchant Services Provider will then settle directly with you in accordance with the payment plan, speed of payment, and payment method, you have arranged with them.

Transactions will be deemed accepted on a given business day if processed by us before the close of business.

Please contact your Merchant Services Provider for additional information on submitting Transactions, processing cutoff times, and payment procedures.

6.4 Submission Process

After you collect the Transactions during your business day, we encourage you to submit them to your Merchant Services Provider daily.

Following the instructions displayed in your POS System, you can submit your Transactions to be processed and Settled.

Payments cannot occur until the Transactions are Submitted, received, and processed through your Merchant Services Provider.

6.5 Submission Requirements – Electronic

For additional information about retaining information, see Section 4.8, "Charge Records" and Section 8.4, "Standards for Protection of Cardmember Information".

Besides impacting your Transaction processing, failure to comply with the *Technical Specifications* may increase your Disputed Charges. For instance, for a Card Not Present Charge, if you do not provide a customer service telephone number or web address, Cardmembers who do not recognize Charges, may initiate "no knowledge" Inquiries rather than contact you directly to identify the Charge.

You must submit Transactions electronically in accordance with your Merchant Services Provider's instructions.

When you transmit Charge Data and Transmission Data electronically, you must still complete and retain Charge Records and Credit Records.

A Submission or Batch must comply with the *American Express Merchant Operating Guide*, including the *Technical Specifications* (see Section 2.5, "Compliance with the Technical Specifications"). Failure to follow these requirements could result in a rejection of your Submission or Batch or delay in your payment (or both). If a Submission or Batch rejects, you may not be paid until the Submission or Batch is corrected and resubmitted. You must work with your Merchant Services Provider to correct the error, then resubmit. For Submissions which fail to comply with the *Technical Specifications*, American Express has the right to Chargeback.

You must submit Charges and Credits only in U.S. Dollars.

6.5.1 Charge Submissions

You must submit all Charges to your Merchant Services Provider within seven (7) days of the date they are incurred. Charges are deemed "incurred" on the date the Cardmember indicates to you that they will pay for the goods or services purchased with the Card. Charges must not be submitted to your Merchant Services Provider until after the goods are shipped, provided, or the services are rendered. You must submit all Charges under the Establishment where the Charge originated.

For Aggregated Charges, the Charge must be submitted within seven (7) days of the date of the last purchase (and/or refund as applicable) that comprises the Aggregated Charge. See Section 4.15, "Aggregated Charges – Internet" for additional information.

Delayed Delivery Charges and Advance Payment Charges may be submitted before the goods are shipped, provided, or the services are rendered. See Section 4.16, "Delayed Delivery Charges" and Section 4.14, "Advance Payment Charges" for additional information.

6.5.2 Credit Submissions

You must submit all Credits to your Merchant Services Provider within seven (7) days of determining that a Credit is due. You must submit each Credit under the Establishment where the Credit originated. Please contact your Merchant Services Provider for additional information regarding Credit submission requirements.

6.6 Submission Requirements – Paper

If, under extraordinary circumstances, you need to submit Transactions on paper, you must do so in accordance with instructions provided by your Merchant Services Provider.

6.7 How to Submit

Many POS Systems are equipped with a "batch out" key or similar functionality. Contact your Merchant Services Provider for information on the best way to submit a batch.

In many cases, your POS System automatically processes the Transactions in Batches at the end of the day. On busy days, your Transaction volume may be greater than your POS System's storage capability.

Consult information provided by your Merchant Services Provider to determine POS storage capacity and whether it's necessary to submit multiple Batches (e.g., submit a Batch at mid-day and again in the evening).

Contact your Merchant Services Provider for additional information regarding submission requirements.

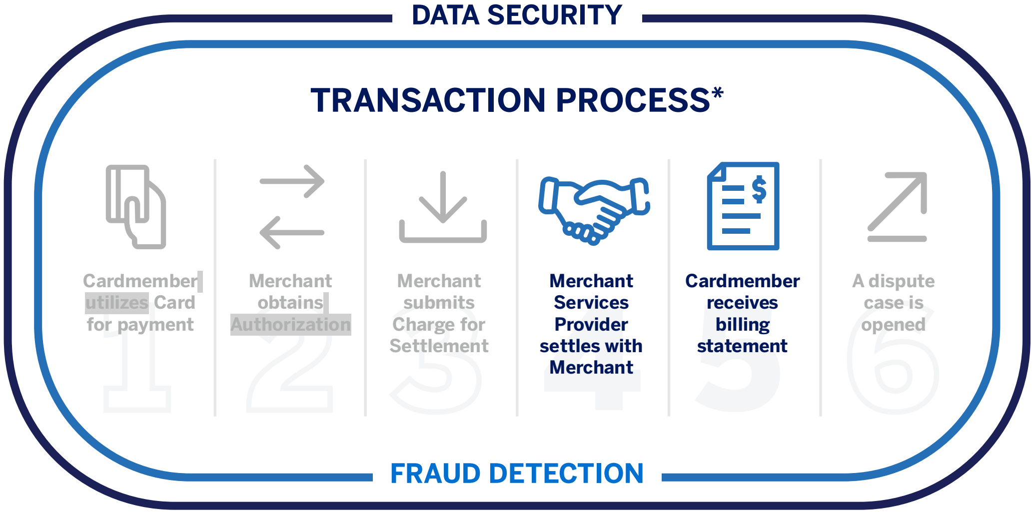
AMERICAN EXPRESS

Settlement

7

7.1 Transaction Process

After we receive a Submission file, we begin the process of settling. Settlement of payment from American Express will be made directly to your Merchant Services Provider.



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

7.2 Settlement Amount

All settlement activity to you is the responsibility of your Merchant Services Provider and any questions or concerns should be directed to them for resolution.

7.3 Payment Errors or Omissions

Immediately notify your Merchant Services Provider of any error or omission in respect to your transactions or other fees or payments for Charges, Credits, or Chargebacks.

7.4 Collecting from Cardmembers

You must not bill or collect from any Cardmember for any purchase or payment made on the Card unless:

- Chargeback was exercised for such Charge,
- You have fully paid your Merchant Services Provider for such Charge, and
- You otherwise have the right to do so.

AMERICAN EXPRESS

Protecting Cardmember Information

8

8.1 Data Security Requirements

As a leader in consumer protection, American Express has a long-standing commitment to protect Cardholder Data and Sensitive Authentication Data, ensuring that it is kept secure.

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

American Express knows that you share American Express' concern and requires, as part of your responsibilities, that you comply with the data security requirements in the Agreement with your Merchant Services Provider and these ~~the American Express~~ Data Security Requirements ~~(DSR), which we may amend from time to time and which is available electronically at www.americanexpress.com/dsr~~.

These requirements apply to all your equipment, systems, and networks (and their components) on which encryption keys, Cardholder Data, or Sensitive Authentication Data (or a combination of each) are stored, processed, or transmitted.

8.2 Definitions

For the purposes of this Chapter 8, "Protecting Cardmember Information", the following definitions apply:

Approved Scanning Vendors (ASVs) – An Entity that has been qualified by the Payment Card Industry Security Standards Council, LLC to validate adherence to certain PCI DSS requirements by performing vulnerability scans of internet facing environments. See Section 8.7, "Periodic Validation of Merchant Systems".

Attestation of Compliance (AOC) – A declaration of the status of your compliance with the PCI DSS, in the form provided by the Payment Card Industry Security Standards Council, LLC.

Attestation of Scan Compliance (AOSC) – A declaration of the status of your compliance with the PCI DSS based on a network scan, in the form provided by the Payment Card Industry Security Standards Council, LLC.

Card Number – The unique identifying number that the Issuer assigns to the Card when it is issued.

Cardholder Data – Has the meaning given in the then-current Glossary of Terms for the PCI DSS.

Cardholder Data Environment (CDE) – The people, processes, and technology that store, process, or transmit cardholder data or sensitive authentication data.

Compromised Card Number – An American Express Card account number related to a Data Incident.

Covered Parties – Any or all of your employees, agents, representatives, subcontractors, processors, Service Providers, providers of your point-of-sale (POS) equipment or systems, or payment processing solutions, Entities associated to your American Express merchant account, and any other party to whom you may provide Cardholder Data or Sensitive Authentication Data (or both) access in accordance with the Agreement.

Data Incident – An incident involving the compromise or suspected compromise of American Express encryption keys, or at least one American Express Card account number, in which there is:

- unauthorized access or use of Encryption Keys, Cardholder Data, or Sensitive Authentication Data (or a combination of each) that are stored, processed, or transmitted on your equipment, systems, and/or networks (or the components thereof) of yours or the use of which you mandate or provide, or make available;

- use of such Encryption Keys, Cardholder Data, or Sensitive Authentication Data (or a combination of each) other than in accordance with the Agreement; and/or
- suspected or confirmed loss, theft, or misappropriation by any means of any media, materials, records, or information containing such Encryption Keys, Cardholder Data, or Sensitive Authentication Data (a combination of each).

Data Incident Event Window – The period that begins as of the date of compromise, if known, or 365 days prior to the Notification Date if the actual date of compromise is not known. The Data Incident Event Window ends 30 days after the Notification Date.

Data Security Requirements (DSR) – The American Express data security policy, as described in Chapter 8, "Protecting Cardmember Information" of the *Merchant Operating Guide*.

EMV Specifications – The specifications issued by EMVCo, LLC, which are available at www.emvco.com.

Encryption Key – All keys used in the processing, generation, loading and/or protection of Account Data. This includes, but is not limited to, the following:

- Key Encrypting Keys: Zone Master Keys (ZMKs) and Zone PIN Keys (ZPKs)
- Master Keys used in secure cryptographic devices: Local Master Keys (LMKs)
- Card Security Code Keys (CSCKs)
- PIN Keys: Base Derivation Keys (BDKs), PIN Encryption Keys (PEKs), and ZPKs

Forensic Incident Final Report Template – Means the template available from the PCI Security Standards Council, which is available at www.pcisecuritystandards.org.

Issuer – Any Entity (including American Express and its Affiliates) licensed by American Express or an American Express Affiliate to issue Cards and to engage in the Card issuing business.

Level 1 Merchant – 2.5 million American Express Card Transactions or more per year; or any Merchant that American Express otherwise deems a Level 1 Merchant.

Level 2 Merchant – 50,000 to 2.5 million American Express Card Transactions per year.

Level 3 Merchant – 10,000 to 50,000 American Express Card Transactions per year.

Level 4 Merchant – Less than 10,000 American Express Card Transactions per year.

Merchant – The Merchant and all of its affiliates that accept American Express Cards under a Merchant processing agreement or sponsored Merchant agreement, the American Express *Merchant Operating Guide,* and any accompanying schedules and exhibits, collectively, between Merchant and its Merchant Services Provider.

Merchant Level – The designation assigned to Merchants related to their PCI DSS compliance validation obligations, as described in Section 8.7, "Periodic Validation of Merchant Systems".

Notification Date – The date that American Express provides Issuers with final notification of a Data Incident. Such date is contingent upon American Express' receipt of the final forensic report or internal analysis and shall be determined in American Express' sole discretion.

Payment Application – Has the meaning given to it in the then-current Glossary of Terms for Payment Card Industry Payment Application Data Security Standard, which is available at www.pcisecuritystandards.org.

Payment Card Industry Data Security Standard (PCI DSS) – The Payment Card Industry Data Security Standard, which is available at www.pcisecuritystandards.org.

Payment Card Industry Security Standards Council (PCI SSC) Requirements – The set of standards and requirements related to securing and protecting payment card data, including the PCI DSS and PA DSS, available at www.pcisecuritystandards.org.

PCI-Approved – A PIN Entry Device or a Payment Application (or both) that appears at the time of deployment on the list of approved companies and providers maintained by the PCI Security Standards Council, LLC, which is available at www.pcisecuritystandards.org.

PCI Forensic Investigator (PFI) – An Entity that has been approved by the Payment Card Industry Security Standards Council, LLC to perform forensic investigations of a breach or compromise of payment Card Data.

PCI PIN Security Requirements – The Payment Card Industry PIN Security Requirements, which are available at www.pcisecuritystandards.org.

PIN Entry Device – Has the meaning given to it in the then-current Glossary of Terms for the Payment Card Industry PIN Transaction Security Requirements, Point of Interaction Modular Security Requirements, which is available at www.pcisecuritystandards.org.

Point-to-Point Encryption (P2PE) – A solution that cryptographically protects account data from the point where a Merchant accepts the payment card to the secure point of decryption.

Point of Sale (POS) System – An information processing system or equipment, including a terminal, personal computer, electronic cash register, contactless reader, or payment engine or process, used by a Merchant, to obtain Authorizations or to collect Transaction data, or both.

Qualified Security Assessors (QSAs) – Entities that have been qualified by the Payment Card Industry Security Standards Council, LLC to validate adherence to the PCI DSS. See Section 8.7, "Periodic Validation of Merchant Systems".

Security Technology Enhancement Program (STEP) – American Express' program in which Merchants are encouraged to deploy technologies that improve data security. To qualify for STEP, Merchants must not have had a Data Incident in the twelve (12) months prior to submitting the Annual Attestation of Compliance and conducted at least 75% of all Transactions using Point-to-Point Encryption or face to face Transactions using EMV Chip Enabled Devices.

Self-Assessment Questionnaire (SAQ) – A self-assessment tool created by the Payment Card Industry Security Standards Council, LLC, intended to evaluate and attest to compliance with the PCI DSS.

Sensitive Authentication Data – Has the meaning given in the then-current Glossary of Terms for the PCI DSS.

Targeted Analysis Program (TAP) – A program that provides early identification of a potential Cardholder data compromise in your Cardholder Data Environment (CDE). See Section 8.3, "Targeted Analysis Program (TAP) Cardholder Data Compromise".

Validation Documentation – The AOC rendered in connection with an Annual Onsite Security Assessment or SAQ, the AOSC and executive summaries of findings rendered in connection with Quarterly Network Scans, or the annual STEP Attestation.

8.3 Targeted Analysis Program (TAP) ~~Cardholder Data Compromise~~

Cardholder Data compromises may be caused by data security gaps in your Cardholder Data Environment (CDE). ~~You must, and you must cause your Covered Parties to, evaluate and remediate security gaps in your Cardholder Data Environment (CDE) upon notification, from American Express or your Merchant Services Provider, of a potential Cardholder Data compromise~~ Examples of Cardholder Data compromise include, but are not limited to:

- **Common Point of Purchase (CPP)**: American Express Cardmembers report fraudulent Transactions on their Card accounts and are identified and determined to have originated from making purchases at your Establishments.
- **Card Data found**: American Express Card and Cardholder Data found on the world wide web linked to Transactions made at your Establishments.
- **Malware suspected**: American Express suspects that your business is using software infected with or vulnerable to malicious code.

TAP is designed to identify potential Cardholder Data compromises.

You must, and you must cause your Covered Parties to, comply with the following requirements upon notification from American Express or your Merchant Service Provider, of a potential Cardholder Data compromise. ~~Your Cardholder Data compromise obligations are:~~

- You must promptly review your CDE for data security gaps and remediate any findings.
  - You must cause your third-party vendor(s) to conduct a thorough investigation of your CDE if outsourced.
- You must provide a summary of action taken or planned after your review, evaluation, and/or remediation efforts upon notification from American Express or your Merchant Services Provider.
- You must provide updated PCI DSS validation documents in accordance with Section 8.7, "Periodic Validation of Merchant Systems" ~~Section 8.7.1 "Periodic Validation of Merchant Systems", Action 3, below~~.
- As applicable, you must engage a qualified PCI Forensic Investigator (PFI) to examine your CDE if you or your Covered Party:
  - Cannot resolve the Cardholder Data compromise within a reasonable period of time, as determined by American Express, or
  - Confirm that a Data Incident has occurred and comply with the requirements set forth in Section 8.5, "Data Incident Management Obligations". ~~As applicable, you must engage a qualified PCI Forensic Investigator (PFI) to examine your CDE if you or your third-party vendor(s) is unable to resolve the Cardholder Data compromise within a reasonable period of time, as determined by American Express.~~

If you cannot meet these obligations, your Merchant Services Provider may have the right to terminate the Agreement in accordance with its terms as well as impose non-validation fees on you.

8.4 Standards for Protection of Cardmember Information

Remember if the Agreement terminates, Cardholder Data can only be retained according to the PCI DSS which is available at pcisecuritystandards.org

You must, and you must cause your Covered Parties, to:

- store Cardholder Data only to facilitate American Express Card Transactions in accordance with, and as required by, the Agreement,
- comply with the current PCI DSS and other PCI SSC Requirements applicable to your processing, storing, or transmitting of Cardholder Data or Sensitive Authentication Data no later than the effective date for implementing that version of the applicable PCI SSC Requirement, and
- use, when deploying new or replacement PIN Entry Devices or Payment Applications (or both), in attended locations, only those that are PCI-Approved.

You must protect all Charge Records and Credit Records retained pursuant to the Agreement in accordance with these data security provisions; you must use these records only for purposes of the Agreement and safeguard them accordingly. You are financially and otherwise liable to your Merchant Services Provider for ensuring your Covered Parties' compliance with this Chapter 8, "Protecting Cardmember Information" (other than for demonstrating your Covered Parties' compliance with this policy under Section 8.7, "Periodic Validation of Merchant Systems" except as otherwise provided in this section).

8.5 Data Incident Management Obligations

Data Incident

An incident involving unauthorized access or use of encryption keys, Cardholder Data, or Sensitive Authentication Data (or a combination of each) that are stored, processed, or transmitted on equipment, systems, and/or networks (or the components thereof).

You must notify your Merchant Services Provider immediately after discovery of a Data Incident. In addition:

- You must conduct a thorough forensic investigation of each Data Incident.
- For Data Incidents involving 10,000 or more unique Card Numbers, you must engage a PCI Forensic Investigator (PFI) to conduct this investigation within five (5) days following discovery of a Data Incident.
- The *unedited* forensic investigation report must be provided to your Merchant Services Provider in accordance with their time frame for completing such information.
- You must promptly provide to your Merchant Services Provider all Compromised Card Numbers. American Express reserves the right to conduct its own internal analysis to identify Card Numbers involved in the Data Incident.

Forensic investigation reports must be completed using the current Forensic Incident Final Report Template available from PCI. Such report must include forensic reviews, reports on compliance, and all other information related to the Data Incident; identify the cause of the Data Incident; confirm whether or not you were in compliance with the PCI DSS at the time of the Data Incident, and confirm your commitment to prevent future Data Incidents by providing a plan for remediating all PCI DSS deficiencies, and confirm your participation in the American Express compliance program (as described below). Upon your Merchant Services Provider's request, you shall provide validation by a QSA that the deficiencies have been remediated.

Notwithstanding the foregoing paragraphs of this Section 8.5, "Data Incident Management Obligations":

- American Express may, in its sole discretion, require you to engage a PFI to conduct an investigation of a Data Incident for Data Incidents involving less than 10,000 unique Card Numbers. Any such investigation must comply with the requirements set forth above in this Section 8.5, "Data Incident Management Obligations", and must be completed within the time frame required by American Express.
- American Express may, in its sole discretion, separately engage a PFI to conduct an investigation for any Data Incident and may charge the cost of such investigation to you.

You must work with your Merchant Services Provider and American Express to rectify any issues arising from the Data Incident, including consultations about your communications to Cardmembers affected by the Data Incident and providing (and obtaining any waivers necessary to provide) to your Merchant Services Provider all relevant information to verify your ability to prevent future Data Incidents in a manner consistent with the Agreement.

Notwithstanding any contrary confidentiality obligation in the Agreement, American Express has the right to disclose information about any Data Incident to Cardmembers, Issuers, other participants on the American Express Network, and the general public as required by Applicable Law; by judicial, administrative, or regulatory order, decree, subpoena, request, or other process; in order to mitigate the risk of fraud or other harm; or otherwise to the extent appropriate to operate the American Express Network.

8.6 Reserved

8.7 Periodic Validation of Merchant Systems

You must take the following actions to validate under PCI DSS annually and quarterly the status of your equipment, systems and/or networks (and their components) on which encryption keys, Cardholder Data, or Sensitive Authentication Data (or a combination of each) are stored, processed or transmitted.

There are four actions required to complete validation:

Action 1 – Participate in American Express' compliance program under this policy.

Action 2 – Understand your Merchant Level and Validation Requirements.

Action 3 – Complete the Validation Documentation that you must send to American Express.

Action 4 – Send the Validation Documentation to American Express through your Merchant Service Provider.

Action 1 - Participate in American Express' Compliance Program under this Policy

Level 1 Merchants and Level 2 Merchants, as described below, must participate in American Express' PCI Compliance Program under this policy by providing the full name, email address, telephone number, and physical mailing address of an individual who will serve as their general data security contact. You must submit this information to your Merchant Services Provider. You must notify your Merchant Services Provider if this information changes, providing updated information where applicable. Your failure to provide such contact information may result in the assessment of non-compliance fees. Please contact your Merchant Services Provider for more information regarding its data security compliance requirements.

American Express may designate, at our sole discretion, certain Level 3 and Level 4 Merchants' participation in American Express' compliance program under this policy by sending them written notice. Any such Merchant must enroll in the compliance program no later than ninety (90) days following receipt of the notice.

Action 2 - Understand Your Merchant Level and Validation Requirements

Most Merchant Levels are based on the volume of Transactions submitted by all of your Establishments. You will fall into one of the Merchant Levels specified in the following table.

	Validation Documentation		
Merchant Level/ Annual American Express Transactions	On-Site Assessment Report on Compliance (ROC)	Self-Assessment Questionnaire (SAQ) AND Quarterly Network Scan	STEP Attestation for eligible Merchants
Level 1/ 2.5 million or more	Mandatory	Not applicable	Optional (replaces ROC)
Level 2/ 50,000 to 2.5 million	Optional	SAQ mandatory (unless submitting an On-Site Assessment) scan mandatory with certain SAQ types	Optional (replaces SAQ and network scan or ROC)
Level 3/* 10,000 to 50,000	Optional	SAQ optional (mandatory if required by American Express) scan mandatory with certain SAQ types	Optional (replaces SAQ and network scan or ROC)
Level 4/* 10,000 or less	Optional	SAQ optional (mandatory if required by American Express) scan mandatory with certain SAQ types	Optional (replaces SAQ and network scan or ROC)

* For the avoidance of doubt, Level 3 and Level 4 Merchants need not submit Validation Documentation unless required at American Express' discretion, but nevertheless must comply with, and are subject to liability under all other provisions of these Data Security Requirements.

American Express reserves the right to verify the accuracy and appropriateness of the PCI validation documentation provided as needed, including by engaging, at American Express' expense, a QSA or PFI of our choice.

Determine your Merchant Level and the Validation Documentation that you must send to American Express.

Validation Documentation		
Annual Onsite Security Assessment	Annual Self Assessment Questionnaire (SAQ)	Quarterly Network Scans
The annual onsite security assessment is a detailed onsite examination of your equipment, systems, and networks (and their components) where encryption keys, Cardholder Data, or Sensitive Authentication Data (or a combination of each) are stored, processed, or transmitted. It must be performed by: • a QSA, or • you and attested by your chief executive officer, chief financial officer, chief information security officer, or principal. The annual onsite security assessment must be submitted annually to your Merchant Services Provider on the applicable AOC. To fulfill validation obligations under this policy, the AOC must support compliance with all requirements of the PCI DSS and, upon request, include copies of the full report on compliance.	The annual self assessment is a process using the PCI DSS SAQ that allows self-examination of your equipment, systems, and networks (and their components) where encryption keys, Cardholder Data, or Sensitive Authentication Data (or a combination of each) are stored, processed, or transmitted. It must be performed by you and certified by your chief executive officer, chief financial officer, chief information security officer, or principal. The AOC section of the SAQ must be submitted annually to your Merchant Services Provider. To fulfill validation obligations under this policy, the AOC section of the SAQ must certify your compliance with all requirements of the PCI DSS and include full copies of the SAQ on request.	The quarterly network scan is a process that remotely tests your internet-connected computer networks and web servers for potential weaknesses and vulnerabilities. It must be performed by an ASV. On a quarterly basis, you must complete and submit the ASV Scan Report AOSC or executive summary of findings of the scan (and copies of the full scan, upon request) to your Merchant Services Provider. The AOSC or executive summary must certify that the results satisfy the PCI DSS scanning procedures, that no high risk issues are identified, and that the scan is passing or compliant (all Merchants except those who also submit an Onsite Security Assessment Report, and STEP-eligible Merchants). For the avoidance of doubt, Quarterly Network Scans are mandatory if required by the applicable SAQ.

Visit pcisecuritystandards.org for:

- Lists of Qualified Security Assessors (QSAs) and Approved Scanning Vendors (ASVs)
- Self Assessment Questionnaires (SAQs)
- The Attestation of Compliance (AOC) and Attestation of Scan Compliance (AOSC)

Action 3 - Complete the Validation Documentation that you must send to American Express

Level 1, Level 2, and certain Level 3 and Level 4 Merchants must submit the Validation Documentation marked "mandatory validation documentation" in the table in Action 2.

- Level 1 Merchants' Validation Documentation must include the AOC from the annual onsite security assessment report.
- Level 2 Merchants' Validation Documentation must include the AOC from the SAQ and the AOSC or the executive summaries of findings of the Quarterly Network Scans, as described in the table above. Level 2 Merchants may choose to submit the AOC from the annual onsite security assessment report if preferred.
- Level 3 Merchants and Level 4 Merchants are not required to submit Validation Documentation unless requested by American Express (but must comply with, and are subject to liability under, all other provisions of this policy).
- STEP-eligible Merchants may submit the STEP Annual Attestation in place of other Validation Documentation.

Action 4 – Send the Validation Documentation to American Express through your Merchant Service Provider

All Merchants required to participate in the American Express PCI Compliance Program must submit the Validation Documentation marked "mandatory" in the tables in Action 2.

You must submit your Validation Documentation to your Merchant Services Provider as instructed by them. If you have general questions about the program or the process of submitting Validation Documentation, please contact your Merchant Services Provider.

Compliance and validation are completed at your expense. By submitting Validation Documentation to your Merchant Services Provider, you represent and warrant that you are authorized to disclose the information contained therein to your Merchant Services Provider and to American Express, and are providing the Validation Documentation without violating any other party's rights.

8.7.1 Merchants Not Compliant with PCI DSS

If you are not compliant with the PCI DSS, then you must submit one of the following documents:

- An Attestation of Compliance (AOC) including "Part 4. Action Plan for Non-Compliant Status"
- A PCI Prioritized Approach Tool Summary and Attestation of Compliance (PASAOC)
- A Project Plan Template (available from your Merchant Services Provider)

Each of the above documents must designate a remediation date, not to exceed twelve (12) months following the document completion date, in order to achieve compliance. You must submit the appropriate document(s) to your Merchant Services Provider. You shall provide your Merchant Services Provider with periodic updates of your progress toward remediation under the "Action Plan for Non-Compliant Status".

For the avoidance of all doubt, Merchants that are not compliant with PCI DSS are not STEP eligible.

8.7.2 Non-Validation Fees and Termination of Agreement

American Express and your Merchant Services Provider have the right to impose non-validation fees and terminate the Agreement if you do not fulfill these requirements or fail to submit the mandatory Validation Documentation by the applicable deadline.

Your Merchant Services Provider will notify you separately of the applicable deadline for each annual and quarterly reporting period.

If your Merchant Services Provider does not receive your mandatory Validation Documentation, then your Merchant Services Provider may have the right to terminate the Agreement in accordance with its terms as well as impose non-validation fees on you.

8.7.3 Periodic Validation of STEP-eligible Merchants

Merchants that are compliant with PCI DSS may also, at American Express' discretion, qualify for American Express' STEP if they deploy certain additional security technologies throughout their Card processing environments.

Merchants may be STEP eligible only if the Merchant has not experienced a Data Incident in the previous twelve (12) months and if 75% of all merchant Card transactions are performed using:

- EMV – on an active Chip-Enabled Device having a valid and current EMVCo (www.emvco.com) approval/certification and capable of processing AEIPS compliant Chip Card Transactions, or
- Point-to-Point Encryption (P2PE) – communicated to the Merchant's processor using a PCI-SSC-approved or QSA-approved Point-to-Point Encryption system.

If you are classified as a STEP-eligible Merchant, you may submit a declaration of the status of your compliance with the PCI DSS, in the form which is available through your Merchant Services Provider (*Annual STEP Attestation*) instead of other Validation Documentation. It must be performed by you and certified by your chief executive officer, chief financial officer, chief information security officer, or principal. You must complete the process by submitting the STEP Attestation annually to your Merchant Services Provider (See Section 8.7, "Periodic Validation of Merchant Systems", Action 3).

8.8 Reserved

8.9 Disclaimer

AMERICAN EXPRESS HEREBY DISCLAIMS ANY AND ALL REPRESENTATIONS, WARRANTIES, AND LIABILITIES WITH RESPECT TO THESE DATA SECURITY REQUIREMENTS, THE PCI DSS, THE EMV SPECIFICATIONS, AND THE DESIGNATION AND PERFORMANCE OF QSAs, ASVs, OR PFIs (OR ANY OF THEM), WHETHER EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Issuers are not third-party beneficiaries under these Data Security Requirements.

For further information about American Express Data Security requirements, please visit www.americanexpress.com/dsr

For information about PCI Security Standards, LLC:

- PCI Data Security Standards
- Self Assessment Questionnaire
- List of Qualified Security Assessors
- List of Approved Scanning Vendors
- List of PCI Forensic Investigators

www.pcisecuritystandards.org

AMERICAN EXPRESS

Fraud Prevention

9

9.1 Introduction

You work hard to protect the interests of your business and Cardmembers. Unfortunately, fraudulent Card use can undermine your best efforts. Millions of dollars are lost each year because of such fraud.

American Express offers a full suite of tools and programs that can help to mitigate the chances of fraud on American Express Cards and reduce this cost to your business.

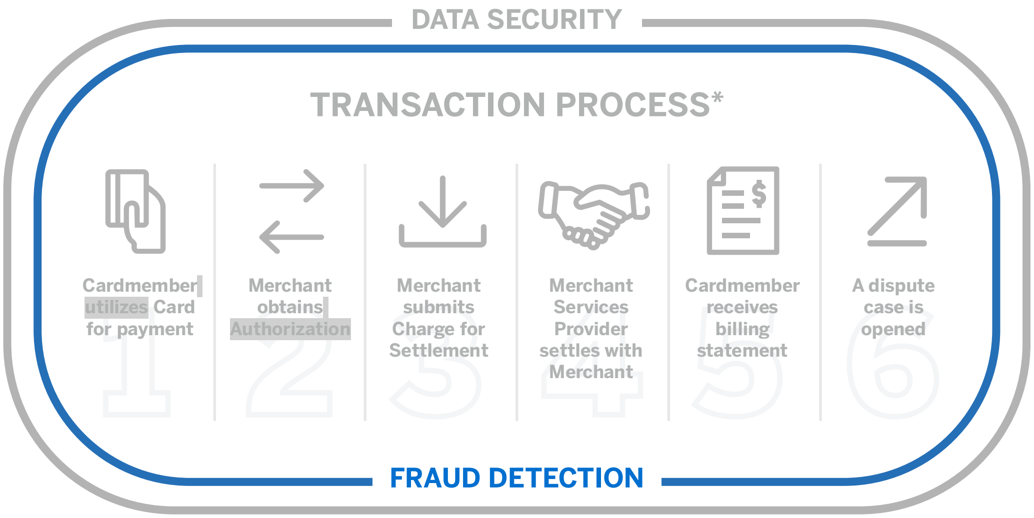
Some Merchants may not be eligible to participate in the full suite of fraud tools and fraud liability shift programs offered. Additionally, American Express may, in our sole discretion, immediately suspend or terminate a Merchant from using any fraud tool or participation in any fraud liability shift program and American Express may suspend or terminate any fraud tool or fraud liability shift program at any time.

This chapter of the *Merchant Operating Guide* offers fraud mitigation tips for both Card Present and Card Not Present Transactions. Contact your Merchant Services Provider for information related to fraud mitigation tools and resources that may be available for your use.

9.2 Transaction Process

Our primary strategy for combating fraudulent Card use is to address it at the point of Authorization. To accomplish this, we work with Merchants and their Merchant Services Providers to implement best practices and fraud mitigation tools.

While fraud usually is thought of as a deceptive act at the point of sale, detection can actually occur during any stage in the Transaction process. For this reason, "fraud detection", as depicted in the following graphic, applies throughout the entire Transaction process.



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

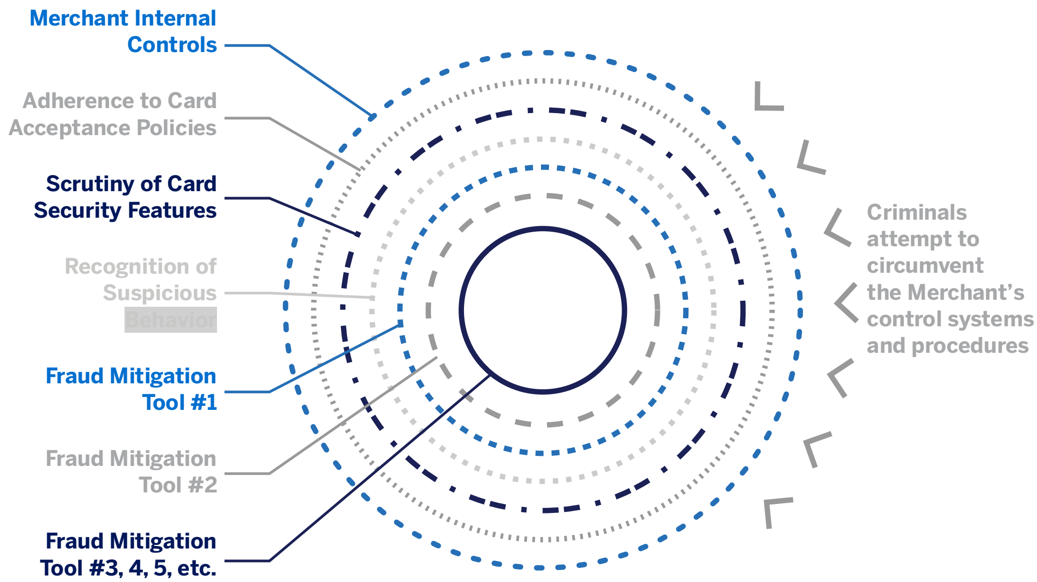
9.3 Strategies for Deterring Fraud

Implementing multiple layers of fraud protection to help secure your business is recommended. These layers may include a combination of your point of sale procedures and controls as well as implementation of fraud mitigation tools.

Layers of Protection

Your first layer for mitigating fraud is to follow the Card acceptance policies and procedures, as outlined in Chapter 4, "Transaction Processing". Other fraud mitigation strategies that you choose to implement may include any combination of:

- recognition of suspicious behaviors or circumstances that may signal fraudulent activity
- implementation of fraud mitigation tools that take advantage of American Express' risk controls to identify fraudulent activity
- additional risk models or controls that you can develop internally or obtain externally from third parties



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

The following illustration compares data captured during a standard Card Not Present Charge (left) with the amount of data that can be captured when fraud mitigation tools are implemented (right).

DATA CAPTURED

Card Not Present Charge: **Standard**	Card Not Present Charge: **Our Suite of Fraud Mitigation Used**
Card: 37XXXXXXXXX2009 **Amount:** $257 **Merchant:** Internet Merchant XXXXXXXX01	**Card:** 37XXXXXXXXX2009 **Name:** C.F. Frost **Amount:** $257 **Merchant:** Internet Merchant XXXXXXXX01 **CID Number:** XXXX **AAV:** 2213 E Main, 85021 **AAV Name:** C.F. Frost **AAV Phone:** 814-880-1234 **Email:** cffrost@ispprovider.net **IP Address:** 122.22.15.18 **Host Name:** PHX.QW.AOL.COM **Ship to Address:** 995 Sansone St, 94116 **Ship to Phone:** 415.555.5555 **Ship to Country:** USA

9.4 Card Acceptance Policies

A critical component in your overall fraud mitigation strategy is to follow your Merchant Services Provider's operating instructions, including our Card acceptance procedures as defined in Chapter 4, "Transaction Processing". These procedures can also serve as a your first line of defense against potential fraud. The additional layers of fraud mitigation mentioned previously can supplement this line of defense.

9.5 Card Security Features

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

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

The following picture is just one example of an American Express Card as a number of different Cards are offered. These are some things you must look for:

1. Pre-printed CID Numbers usually appear above the Card Number, on either the right or the left edge of the Card.
2. All American Express Card Numbers start with "37" or "34." The Card Number appears embossed on the front of the Card. Embossing must be clear, and uniform in sizing and spacing. Some Cards also have the Card Number printed on the back of the Card in the signature panel. These numbers, plus the last four digits printed on the Charge Record, must all match.
3. Do not accept a Card outside the Valid Dates.

Further Information

The four-digit CID Number is located on the front of the Card where the three-digit CSC is located on the back of the Card. These codes are considered Card security features and can validate that the Card is present for a Charge. You should prompt your customers for the four-digit CID Number.

4. Only the person whose name appears on an American Express Card is entitled to use it. Cards are not transferable.
5. Some Cards contain a holographic image on the front or back of the plastic to determine authenticity. Not all American Express Cards have a holographic image.
6. Some Cards have a Chip on which data is stored and used to conduct a Charge.
7. The signature on the back of the Card must match the Cardmember's signature on the Charge Record, and must be the same name that appears on the front of the Card. The signature panel must not be taped over, mutilated, erased, or painted over. Some Cards also have a three-digit Card Security Code (CSC) number printed on the signature panel.

   Note: The security features for Prepaid Cards and Travelers Cheques are listed in Section 9.7, "Prepaid Card Security Features" and Section 9.9, "Travelers Cheque and Gift Cheque Security Features".

9.5.1 Compromised Card Security Features

In this example of an altered Card, the signature panel has been painted white under the signature. In addition, the Card Number has been erased from the back panel.

Do not accept a Card if:

Altered Magnetic Stripe

- The Magnetic Stripe has been altered or destroyed.
- The Card Number on the front of the Card does not match the number printed on the back (when present), or the last four digits printed on the Charge Record (or both).

Altered Front of the Card

- The Card Number or Cardmember name on the front of the Card appears out of line, crooked, or unevenly spaced.
- The ink on the raised Card Number or Cardmember name is smudged or messy.
- The Card Number or Cardmember name is not printed in the same typeface as the American Express typeface.

Altered Back of the Card

- The Card Number printed on the back of the Card (when present) is different from the Card Number on the front.
- The Card Number on the back of the Card (when present) has been chipped off or covered up.
- The signature panel has been painted-out, erased, or written over.

Altered Appearance of the Card

- There are "halos" of previous embossing or printing underneath the current Card Number and Cardmember name.
- A portion of the surface looks dull compared with the rest of the Card. Valid American Express Cards have a high-gloss finish.
- The Card has a bumpy surface or is bent around the edges.
- You suspect any Card security features have been compromised.

- The Card appears physically altered in any way.

If you suspect Card misuse, follow your internal store policies, and, if directed to do so, call your Merchant Services Provider and state that you have a Code 10. **Never put yourself or your employees in unsafe situations, nor physically detain or harm the holder of the Card.**

Often, you can look closely at Cards to determine if they're altered or counterfeit. As another layer in your internal fraud prevention program, educate yourself and all your personnel on how to identify a potentially altered Card.

9.6 Recognizing Suspicious Activity

No single factor by itself is indicative of risk; however, when a combination of factors is present during a Transaction, additional scrutiny is warranted. If you have any doubts of suspicious activity call in a Code 10.

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

As a prudent Merchant, you must always be aware of circumstances that may indicate a fraudulent scheme or suspicious behaviors that may flag a fraudulent customer.

Suspicious Behavior

A suspicious situation may arise, causing you to question the authenticity of the Card, or the legitimacy of the person presenting it. Any single behavior may not be risky. However, when customers exhibit more than one of the following behaviors, your risk factor may increase:

- larger-than-normal Transaction dollar amounts,
- orders containing many of the same items,
- orders shipped to an address other than a billing address,
- orders using anonymous/free email domains,
- orders sent to postal codes or countries where you show a history of fraudulent claims,
- orders of a "hot" product (i.e., highly desirable goods for resale),
- customer is a first-time shopper,
- customer is purchasing large quantities of high-priced goods without regard to color, size, product feature, or price,
- customer comes in just before closing time and purchases a large quantity of goods,
- customer wants to rush or overnight the order,
- customer has a previous history of Disputed Charges,
- customer is rude or abusive toward you; wanting to rush or distract you,
- customer frequents your Establishment to make small purchases with cash, then returns to make additional purchases of expensive items with a Card.

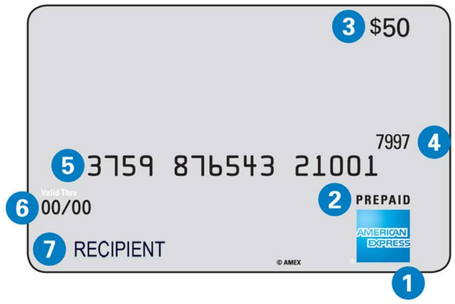
If you suspect Card misuse, follow your internal store policies, and immediately call your Merchant Services Provider with a Code 10. **Never put yourself or your employees in unsafe situations, nor physically detain or harm the holder of the Card.**

9.7 Prepaid Card Security Features

You are responsible for following all our Prepaid Card acceptance procedures in Section 4.19, "Processing Prepaid Cards". Although there are a number of unique Prepaid Cards, all Prepaid Cards share similar features, except that:

- Prepaid Cards may or may not be embossed, and

- The following features may appear on the front or back of the Card (or a combination of both):



1. The American Express logo generally appears in the bottom right corner.
2. The words PREPAID or INCENTIVE will generally be shown above the American Express logo.
3. Cards pre-loaded with funds may show the dollar amount or the total points (reloadable Cards generally will not show a number).
4. The CID Number will appear usually above the Card Number or above the logo.
5. The Card Number appears on the Card.
6. The Valid Date or Expiration Date appears on the Card.
7. The recipient's name or company name may appear on the Card; otherwise a generic "Recipient" or "Traveler" may appear, or this area might be blank.

9.8 Recognizing Suspicious Activity for Prepaid Cards

American Express recommends that you follow the procedures in the preceding Section 9.6, "Recognizing Suspicious Activity" in addition to being vigilant for the following suspicious behaviors related specifically to Prepaid Cards:

- Customer frequently makes purchases and then returns goods for cash. (To avoid being the victim of this scheme, you should follow your internal store procedures when you cannot issue a Credit on the Card used to make the original purchase.)
- Customer uses Prepaid Cards to purchase other Prepaid Cards.
- Customer uses large numbers of Prepaid Cards to make purchases.

9.9 Travelers Cheque and Gift Cheque Security Features

We offer a variety of cheque verification solutions to help you avoid accepting fraudulent cheque products. For more details about Authorization solutions, contact us via email at tconlineAuthorizations@aexp.com.

Even though American Express' Travelers Cheques and Gift Cheques offer more convenience and security, counterfeit products circulate worldwide. You must verify all cheque products presented at your Establishment and contact the Travelers Cheque/Gift Cheque Customer Service with questions or suspicions.

One of the easiest and most effective tests to determine authenticity is the smudge test:

1. Turn the cheque over (non-signature side).
2. Locate the denomination on the right side of the cheque. Wipe a moistened finger across the denomination. The ink should not smudge.
3. Wipe a moistened finger across the denomination on the left side of the cheque. The ink should smudge.

The following shows an example of a smudge test:

For Travelers and Gift Cheque acceptance procedures, see Section 4.20, "Processing Travelers/Gift Cheques". American Express also recommends that you follow the procedures in the preceding Section 9.6, "Recognizing Suspicious Activity" to assist you in the mitigation of fraud.

As another layer of protection, there are a number of security features inherent in American Express' Travelers Cheque and Gift Cheque products. Following are a few security features to help you recognize an authentic Cheque.

9.10 Fraud Mitigation Tools

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

For optimal use of the tools, it is critical that:

- you comply with the applicable sections of the *Technical Specifications* (see Section 2.5, "Compliance with the Technical Specifications"), and
- you provide high quality data in the Authorization request.

American Express offers strategies and tools for preventing fraud. For more information about what you and your business can do, review the tools listed below and contact your Merchant Services Provider to determine what tools are supported.

9.10.1 Card Not Present Fraud Tools

	Card Identification (CID) Verification Tool	Automated Name and Address Verification	Email Verification	Billing Phone Number Verification	Enhanced Authorization
Description	You request the four-digit CID number printed on the Card from the Cardmember and send it with the Authorization request to the Issuer. Issuer compares the CID number provided with that on file for the Card and, based on the comparison, returns a match code to you.	You request name and address information from the Cardmember at the point of sale, and provide this information electronically during Authorization, through your POS terminal. Issuer compares the name and address information you provided with Cardmember's billing records and provides a response code indicating full, partial, or no match.	You request email address from the Customer at the point of sale, and provide this information electronically during an Authorization. Issuer compares the email address you provided with email addresses on file at American Express and returns a match result.	You request billing phone number from the Customer at the point of sale, and provide this information electronically during an Authorization. Issuer compares the phone number you provided with Cardmember billing phone number and returns a match result.	Provides additional data elements in Authorization requests describing the transaction and enabling a more informed Authorization decision.
Purpose	Helps to ensure that the person placing the order actually has the Card in his or her possession and is not using a stolen Card Number.	Helps Issuer evaluate Cardmember identity by comparing information provided by the Cardmember at the point of sale with Cardmember billing information not available on the Card.	Email Address Verification helps evaluate Cardmember identity by comparing information provided by the customer during the check-out process with Cardmember information not available on the Card.	Billing Phone Number Verification helps evaluate Cardmember identity by comparing information provided by the customer during the check-out process with Cardmember information not available on the Card.	Helps mitigate fraud before a Transaction is authorized by analyzing key data elements submitted with Authorization requests. Data elements include shipping address, transaction origin, and airline ticket details.
How To Implement	Contact your Merchant Services Provider	Contact your Merchant Services Provider	Contact your Merchant Services Provider	Contact your Merchant Services Provider	Contact your Merchant Services Provider

9.10.2 Card Present Fraud Tools

	Card Identification (CID) Verification Tool	Track 1	Chip	Terminal ID	Code 10
Description	You request the four-digit CID number printed on the Card from the Cardmember and send it with the Authorization request to the Issuer. Issuer compares the CID number provided with that on file for the Card and, based on the comparison, returns a match code to you.	POS terminal captures data encoded in the Track 1 of the Magnetic Stripe and sends it to the Issuer with the Authorization request. Issuer compares information in track to information on file and sends approval decision.	Chip technology uses an embedded microchip to encrypt card information, making it more difficult for unauthorized users to copy or access the data. Data can only be accessed when the Card is inserted into a chip-enabled terminal.	Captures a numeric identifier uniquely assigned to each POS device and sends it to the Issuer with each Authorization request.	A special phrase you use to indicate to your Merchant Services Provider that you have suspicions concerning the Cardmember, the Card, the CID, and/or the circumstances of the sale.
Purpose	Helps to ensure that the person making the purchase is not using an altered or duplicated Card.	Can signal tampering and alteration of the Card's Magnetic Stripe.	Provides enhanced protection against fraud from lost, stolen, and counterfeit Cards.	Helps detect high risk patterns of a particular POS device.	Enables your Merchant Services Provider to speak with an American Express Authorizer on a card present transaction they assess as high risk.
How To Implement	Contact your Merchant Services Provider	Contact your Merchant Services Provider	Contact your Merchant Services Provider	Contact your Merchant Services Provider	If you suspect Card misuse, follow your internal store policies, and, if directed to do so, call your Merchant Services Provider with a Code 10 Authorization Request. Only pick up a Card if directed to do so by your Merchant Services Provider or the Issuer. Never put yourself or your employees in unsafe situations.

AMERICAN EXPRESS

Risk Evaluation

10

10.1 Introduction

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

10.2 Prohibited Merchants

Some Merchants are not eligible (or may become ineligible) to accept the Card. American Express may terminate Card acceptance (including immediate termination without prior notice) if we determine or have reason to believe, in our sole discretion, that you meet any of the following criteria:

- Participation as a Merchant on our Network or acceptance of Cards (or both) by you or any of your Establishments may cause us not to be in compliance with Applicable Laws, regulations, or rules.
- You do not have a verifiable physical address and can only be reached by telephone.
- You or any of your Establishments are involved (or knowingly participate or have participated) in a fraudulent or illegal activity.
- You or any of your Establishments are identified as a sponsor of international terrorism as warranting special measures due to money laundering concerns, or as non-cooperative with international anti-money laundering principles or procedures.

Additionally, American Express may terminate acceptance of Cards by you or any of your Establishments if:

- You are listed on the U.S. Department of Treasury, Office of Foreign Assets Control, Specially Designated Nationals and Blocked Persons List (available at www.treas.gov/ofac).
- You are listed on the U.S. Department of State's Terrorist Exclusion List (available at www.state.gov).
- You are located in or operating under license issued by a jurisdiction identified by the U.S. Department of State as a sponsor of international terrorism, by the U.S. Secretary of the Treasury as warranting special measures due to money laundering concerns, or as noncooperative with international anti-money laundering principles or procedures by an intergovernmental group or organization of which the United States is a member.
- Your verifiable physical address is not located in the United States Region.
- You or any of your Establishments fall into one of the following categories and/or accept Transactions for the prohibited activities displayed in the following table:

Prohibited Category	Description	MCC
Airlines & air carriers (including charter airlines)	All airline and air carrier merchants, including charter airlines.	3000-3300; 4511
Bail/bail bond	A sum of money paid by a criminal defendant to be released from jail under the condition that they appear for court appearances. **This does not include a bail bond fee (MCC 9223).**	—

Prohibited Category	Description	MCC
Bankruptcy services	A company or agency that is in the business of recovering money owed on delinquent accounts or supporting the bankruptcy process.	—
Bullion	Bulk metal in bars or ingots. Examples include: • Gold, silver, platinum, palladium bullion • Gold, silver, platinum, palladium bars • Precious metals	—
Car rental agencies	Branded car rental agencies (e.g., Avis, Budget, Hertz).	3351-3441
Cash at Point of Sale/Cash on Card	Cash-like transactions from financial and non-financial institutions.	6010 6011 6051
Check cashing/guarantee	A business that provides customers with a way to turn a check into cash without having to rely on a bank account.	—
Child pornography	An individual or entity providing or associated with the visual depiction of a minor engaged in obscene or sexually explicit conduct, whether made or produced by electronic, mechanical, or other means.	—
Collection agencies	A company that lenders use to recover funds that are past due.	7322
Commercial leasing	A business that conveys land, real estate, equipment, or other property to another for a specified time in return for regular periodic payment. Examples include commercial real estate and commercial vehicles, such as trucks and marine vessels. **This does not include residential Real Estate Agents and Managers – Rentals (MCC 6513).**	—
Credit financing	A merchant that provides financing to customers, earning revenue on that financing via fees and/or interest.	6010 6011 6012 6051
Credit restoration	A service aimed at improving credit ratings by disputing errors and outdated claims with credit bureaus.	—

Prohibited Category	Description	MCC
Debt repayment (past due or defaulted)	A company collecting payment of overdue debt.	7322
Door-to-door sales	Unsolicited individual (who may go from door to door) selling goods and/or services with immediate payment expected.	5963
Escort services	A business, agency, or person who, for a fee, provides or offers to provide a companion.	—
Foreign exchange	A business or financial institution that has the legal right to exchange one currency for another currency.	6051
Gambling	The wagering of money or something of value on an event with an uncertain outcome, with the primary intent of winning money or material goods. Examples include: • Regulated (real money) betting, including casino, poker, sports betting, lottery tickets • Advance-deposit wagering, including horse/dog racing • Fantasy sports • Skill-based, pay-to-play games that award monetary prizes • Games of chance that are not free to enter and award monetary prizes • Government-owned and other lotteries • Gambling chips • Gambling credits	7800 7801 7802 7995
Investments	A purchase made for speculative purposes, or with the intent of future profit or appreciation. Examples include, but are not limited to securities (stocks, bonds, commodities, and mutual funds) wine with delivery that exceeds one (1) year from purchase, and investment on futures.	—
Licensed insolvency practitioners	A professional intermediary in insolvency procedures.	—

Prohibited Category	Description	MCC
Lodging – Hotels, Motels, Resorts (including "branded" Central Reservation Services)	Branded lodging establishments (e.g., Best Western, Hilton, Marriott).	3501-3999
Marijuana-related businesses	Any individual or entity that manufactures, processes, distributes, or dispenses marijuana, or byproducts or derivatives of marijuana, whether for recreational or medicinal purposes, and whether or not subject to a governmental licensing regime.	—
Marketplaces	A business that brings together consumers and retailers selling a range of goods or services under different industry categories, on a single e-commerce platform, under a single brand used to identify itself to consumers.	5262
Mortgage payments	A payment which includes principal and interest paid by borrower to lender of a home loan.	6012 6051
Multi-level marketing / pyramid selling (also referred to as Direct Marketing – Inbound/Outbound Telemarketing)	A sales system that uses one or more of the following practices: • Participants pay money for the right to receive compensation for recruiting new participants. • A participant is required to buy a specific quantity of products, other than at cost price for the purpose of advertising, before the participant is allowed to join the plan or advance within the plan. • Participants are knowingly sold commercially unreasonable quantities of the product or products (this practice is called inventory loading). • Participants are not allowed to return products on reasonable commercial terms.	5966 5967
Online adult entertainment	A business or entity that provides internet adult digital content.	—
Payday lending	A company that lends customers money at high interest rates on the agreement that the loan will be repaid when the borrower receives their next pay-check.	—

Prohibited Category	Description	MCC
Person-to-Person Payments	A service that allows customers to transfer funds from their bank account or credit card to another individual's account via the Internet or a mobile device.	6538
Postal Services – Government Only	Government-owned postal offices that provide a variety of services such as accepting and processing packages and mail for delivery and selling postage stamps.	9402
Prostitution	A person or business providing sexual services in return for payment.	—
Real Estate Down Payments	An initial payment when the real estate is bought on credit.	6012 6051
Steamships & cruise lines (incl. onboard cruise shops)	Steamship and cruise line merchants.	4411
Telemarketing – travel related	A business that telemarkets travel related products or services or other travel arrangements.	5962
Timeshares	Selling partial ownership of a property for use as a holiday home, whereby a Cardmember can buy the rights to use the property for the same fixed period annually.	7012
Top-up wallet	Functionality that provides a Stored Value Digital Facility (SVDF), a feature that allows funds to be loaded into a digital wallet for subsequent payments, including purchases of goods and services, at single or multiple payment acceptors. Using the Card to fund purchases completed using a payment credential provided by other general purpose card networks is also prohibited. This restriction does not apply to funding Prepaid Card purchase and loading.	—
Virtual currency/ cryptocurrency	Digital money not authorized or adopted by a government. Issued and controlled by its developers and used and accepted among members of a specific virtual community.	6051
Wire transfers in-person (not online)	A business that specializes in the transfer of money from one location to another.	4829

~~Prohibited Business Type~~	~~Description~~
~~**Bail/bail bond**~~	~~Bail – A sum of money paid by a criminal defendant to be released from jail under the condition that they appear for court appearances.~~ ~~This does not include a bail bond fee.~~
~~**Bankruptcy services**~~	~~A company or agency that is in the business of recovering money owed on delinquent accounts or supporting the bankruptcy process.~~
~~**Cash at Point of Sale from a non-financial institution**~~	~~A cash advance from a non-financial institution.~~
~~**Check cashing/ guarantee**~~	~~A business that provides customers with a way to turn a check cheque into cash without having to rely on a bank account.~~
~~**Child pornography**~~	~~An individual or Entity providing or associated with the visual depiction of a minor engaged in obscene or sexually explicit conduct, whether made or produced by electronic, mechanical, or other means.~~
~~**Commercial leasing merchants**~~	~~A business that conveys land, real estate, equipment, or other property to another for a specified time in return for regular periodic payment. Examples include commercial real estate and commercial vehicles, such as trucks and marine vessels.~~ ~~**This does not include residential Real Estate Agents and Managers – Rental (MCC 6513).**~~
~~**Condo (real estate) down payments**~~	~~Down payments for purchase of a condominium.~~
~~**Credit restoration**~~	~~A service aimed at improving credit ratings by disputing errors and outdated claims with credit bureaus.~~
~~**Debt collection**~~	~~The process of pursuing payments of debts owed by individuals and/or businesses.~~
~~**Door-to-door sales**~~	~~Unsolicited individual (who may go from door to door) selling goods and/or services with immediate payment expected.~~
~~**Escort services**~~	~~A business, agency, or person who, for a fee, provides or offers to provide an escort.~~
~~**Foreign exchanges**~~	~~A business or financial institution that has the legal right to exchange one currency for another currency.~~
~~**Gambling**~~	~~The wagering of money or something of value on an event with an uncertain outcome, with the primary intent of winning money or material goods.~~ ~~Examples include:~~ • ~~Betting, including lottery tickets, casino gaming chips, offtrack betting, and wagers at race tracks~~ • ~~Government-licensed online casinos (online gambling)~~ • ~~Government-licensed horse/dog racing~~ • ~~Government-owned and other lotteries~~

~~Prohibited Business Type~~	~~Description~~
~~Investment on futures~~	~~A legal agreement to buy or sell something at a predetermined price at a specified time in the future, between parties not known to each other. Examples include, but are not limited to, gold, silver, platinum, and palladium bullion and/or bars, precious metals, securities (stocks, bonds, commodities, and mutual funds), timber, and wine futures.~~
~~Licensed insolvency practitioners~~	~~A professional intermediary in insolvency procedures.~~
~~Marijuana/cannabis-related businesses~~	~~Any individual or Entity that manufactures, processes, distributes, or dispenses marijuana, or byproducts or derivatives of marijuana, whether for recreational or medicinal purposes, and whether or not subject to a governmental licensing regime.~~
~~Mortgage payments~~	~~A payment which includes principal and interest paid by borrower to lender of a home loan.~~
~~Multi-level marketing/pyramid selling~~	~~A sales system that uses one or more of the following practices:~~ • ~~participants pay money for the right to receive compensation for recruiting new participants.~~ • ~~a participant is required to buy a specific quantity of products, other than at cost price for the purpose of advertising, before the participant is allowed to join the plan or advance within the plan.~~ • ~~participants are knowingly sold commercially unreasonable quantities of the product or products (this practice is called inventory loading).~~ • ~~participants are not allowed to return products on reasonable commercial terms.~~
~~Online adult entertainment~~	~~A business that primarily sells digital content via Internet Electronic Delivery.~~
~~Payday lending~~	~~A company that lends customers money at high interest rates on the agreement that the loan will be repaid when the borrower receives their next pay-check.~~
~~Pharmacies (card not present)~~	~~Online pharmacies selling prescription drugs / products. Online sale of prescription drugs to U.S. consumers by a pharmacy that is not:~~ • ~~Certified by VIPPS® (Verified Internet Pharmacy Practice Sites); or~~ • ~~Licensed by a board of pharmacies (or its equivalent) in the jurisdiction in which it is located.~~
~~Prostitution~~	~~A person or business providing sexual services in return for payment.~~
~~Telemarketing travel related~~	~~A business that telemarkets travel related products or services or other travel arrangements.~~

~~Prohibited Business Type~~	~~Description~~
~~**Timeshares**~~	~~Selling partial ownership of a property for use as a holiday home, whereby a Cardmember can buy the rights to use the property for the same fixed period annually.~~
~~**Tobacco and smokeless tobacco retailers (card not present)**~~	~~Merchants who sell tobacco, smokeless tobacco, and e-cigarettes online. Online sale of tobacco and smokeless tobacco products to U.S. consumers by a retailer that is not:~~ • ~~Certified to pay state taxes; and/or~~ • ~~Preventing sale of tobacco products to underage consumers.~~
~~**Top-up wallet**~~	~~Functionality that provides a Stored Value Digital Facility (SVDF), a feature that allows funds to be loaded into a digital wallet for subsequent payments, including purchases of goods and services, at single or multiple payment acceptors.~~
~~**Unregulated charities**~~	~~A non-profit, non-political organization that collects donations, including fundraising that is not registered with a governing body.~~
~~**Unregulated massage parlours**~~	~~A massage parlour that is not registered with a governing body.~~
~~**Virtual currency/ cryptocurrency**~~	~~Digital money not authorized or adopted by a government. Issued and controlled by its developers and used and accepted among members of a specific virtual community.~~
~~**Wire transfers in-person (not online)**~~	~~A business that specializes in the transfer of money from one location to another.~~

This list is not exhaustive and American Express may, in its sole discretion, consider other prohibited merchant categories and modify this list accordingly.

Please contact your Merchant Services Provider for more information on prohibited merchant categories and activities.

Mixed Business

If any segment of your or any of your Establishments business falls into any of the aforementioned business types, you and your Establishments must not accept the Card for those Transactions. If you or any of your Establishments accept the Card for these Transactions, American Express will exercise Chargeback. American Express may also place you or any of your Establishments in one of American Express' Chargeback programs, cancel or disentitle acceptance of Cards by you or any of your Establishments, and/or request termination of your merchant agreement with your Merchant Services Provider (or take any combination of these actions). ~~If any segment of your or any of your Establishments business falls into a prohibited activity, you and your Establishments must not accept the Card for those Transactions. If you or any of your Establishments accept the Card for these Transactions, American Express will exercise Chargeback. You may also be placed in one of American Express' Chargeback programs or canceled (or disentitled) for Card acceptance (or both).~~

10.3 Monitoring

After you become a Merchant on the Network, American Express monitors to identify potential risks. American Express uses internal and third-party information when monitoring and looks for, among other things:

- disproportionate Disputed Charges and Chargebacks,
- Merchants that meet the High Risk Merchant criteria set forth in Subsection 10.3.1, "High Risk Merchants",
- schemes to defraud American Express,
- legal, compliance, or other credit and fraud risks, and
- data submitted in compliance with the Technical Specifications.

American Express will monitor you for actions or behaviors (or both) which may put American Express, Issuers, or Cardmembers at risk. Based on the results of American Express' monitoring, American Express reserves the right to take action to mitigate its risk, including one or more of the following (in American Express' sole judgment):

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

10.3.1 High Risk Merchants

High Risk Merchants are those types of businesses that we determine put us at risk and/or whose business has excessive occurrences of fraud.

If we determine, in our sole discretion, that you meet the criteria for one or more of the High Risk Merchant categories, we may place you in a Chargeback program and/or terminate Card acceptance.

We consider you to be "high risk" if you meet at least one criterion in the following table:*

Category	Description
High risk industry	Your type of business has had historically high occurrences of fraud and Disputed Charges with us or as compared to other similarly situated Merchants (or both). Examples of high risk industries include: internet electronic delivery and aggregators.
Performance	You have recent high occurrences of fraud that present an excessive risk to us. You have had high occurrences of fraud and/or high fraud amounts for a number of consecutive months.
Canceled derogatory	Your Agreement was canceled due to unsatisfactory activity.
Fictitious	You accept Cards fraudulently.
Prohibited	You are not eligible to accept the Card on the American Express Network. For prohibited criteria see Section 10.2, "Prohibited Merchants".

* This list is not exhaustive and American Express may, in its sole discretion, consider other criteria as high risk and modify this list accordingly.

10.3.2 Fraudulent, Deceptive, or Unfair Business Practices, Illegal Activities, or Prohibited Uses of the Card

If we determine or have reason to believe, in our sole discretion, that you engage or have engaged (or knowingly participate or knowingly have participated) in any of the activities listed in the following table; in any scheme that defrauds American Express, Issuers, and/or our Cardmembers; or in business practices that we deem fraudulent, deceptive, and/or unfair, we may take corrective action on you, which may include but is not limited to:

- placement in a Chargeback program,
- exercising Chargeback or rejecting Charges, or
- termination of the Agreement (including immediate termination without prior notice to you) or disentitlement of Card acceptance.

Factoring	Factoring occurs when Transactions do not represent bona fide sales of goods or services at your Establishments (e.g., purchases at your Establishments by your owners (or their family members) or employees contrived for cash flow purposes).
Collusion	Collusion refers to activities whereby your employee collaborates with another party to conduct fraudulent Transactions. It is your responsibility to set appropriate controls to mitigate such activity as well as to have monitoring systems to identify such activity.
Marketing fraud	Marketing fraud occurs when mail, telephone, or Internet Order solicitations are used for fraudulent or deceptive purposes (e.g., to obtain valid Cardmember Information for fraudulent Transactions, or to charge unauthorized sales to a valid Card account).
Identity theft	Identity theft is the assumption of another person's identity to gain access to their finances through fraudulent Merchant setup or fraudulent Transactions.
Illegal activities, fraudulent (other than marketing), unfair or deceptive business practices, or prohibited uses of the Card	If American Express determines, or has reason to believe, in American Express' sole discretion, that you engage or have engaged (or knowingly participate or knowingly have participated) in fraudulent, deceptive, or unfair business practices, or accepted the Card to facilitate, directly or indirectly, illegal activity of any kind, and without waiving American Express' other rights and remedies, American Express has the right to terminate Card acceptance. If American Express finds that the Transaction involved a prohibited use of the Card (see Section 3.3, "Prohibited Uses of the Card"), American Express may apply the corrective actions listed above.

This list is not exhaustive and does not reflect all circumstances under which American Express may act to protect the interest of American Express.

10.3.2.1 Consumer Protection Monitoring Program

American Express monitors the Network for fraudulent, deceptive, and unfair practices relating to the sale, advertising, promotion, or distribution of goods or services to consumers. If American Express determines or has reason to believe, in American Express' sole discretion, that you engage or have engaged (or knowingly participate or knowingly have participated) in such fraudulent, deceptive, or unfair practices, you may be placed in American Express' Consumer Protection Monitoring Program. Examples of instances that might trigger American Express' review of a particular Merchant or Establishment include, but are not limited to, frequent consumer complaints, regulatory or consumer advocate (e.g., Better Business

Bureau) inquiries, media coverage of a particular Merchant and/or industry, and high levels of Disputed Charges and/or Chargebacks.

If you are placed in the Consumer Protection Monitoring Program, American Express will require that a questionnaire be completed regarding your business practices, and conduct an investigation.

American Express may suspend or refuse to allow Card acceptance at an Establishment, or cancel (or disentitle) Card acceptance, if:

- you do not respond to American Express' questionnaire, by the date American Express designates, with sufficient information about your business practices, and/or
- American Express concludes, in American Express' sole discretion, that you or the Establishment in question engage or have engaged (or knowingly participate or knowingly have participated) in fraudulent, deceptive, or unfair practices relating to the sale, advertising, promotion, or distribution of goods or services to consumers.

If, in the course of American Express' investigation, it does not appear that you engage or have engaged (or knowingly participate or knowingly have participated) in such fraudulent, deceptive, or unfair practices, American Express still may conduct an annual investigation of your business practices.

10.3.2.2 Consumer Protection Monitoring Program

American Express monitors the Network for fraudulent, deceptive, and unfair practices relating to the sale, advertising, promotion, or distribution of goods or services to consumers. If American Express determines or has reason to believe, in American Express' sole discretion, that you engage or have engaged (or knowingly participate or knowingly have participated) in such fraudulent, deceptive, or unfair practices, you may be placed in American Express' Consumer Protection Monitoring Program. Examples of instances that might trigger American Express' review of a particular Merchant or Establishment include, but are not limited to, frequent consumer complaints, regulatory or consumer advocate (e.g., Better Business Bureau) inquiries, media coverage of a particular Merchant and/or industry, and high levels of Disputed Charges and/or Chargebacks.

If you are placed in the Consumer Protection Monitoring Program, American Express will require that a questionnaire be completed regarding your business practices, and conduct an investigation.

American Express may suspend or refuse to allow Card acceptance at an Establishment, or cancel (or disentitle) Card acceptance, if:

- you do not respond to American Express' questionnaire, by the date American Express designates, with sufficient information about your business practices, and/or
- American Express concludes, in American Express' sole discretion, that you or the Establishment in question engage or have engaged (or knowingly participate or knowingly have participated) in fraudulent, deceptive, or unfair practices relating to the sale, advertising, promotion, or distribution of goods or services to consumers.

If, in the course of American Express' investigation, it does not appear that you engage or have engaged (or knowingly participate or knowingly have participated) in such fraudulent, deceptive, or unfair practices, American Express still may conduct an annual investigation of your business practices.

AMERICAN EXPRESS

Chargebacks and Inquiries

11

11.1 Introduction

This chapter describes how American Express processes Chargebacks and Inquiries.

Highlights of this chapter include:

- a discussion of the American Express Disputed Charge process,
- a review of Chargeback and Inquiry reasons,
- an overview of the American Express Chargeback policies, and
- tips for avoiding Chargebacks and Inquiries, and preventing fraud.

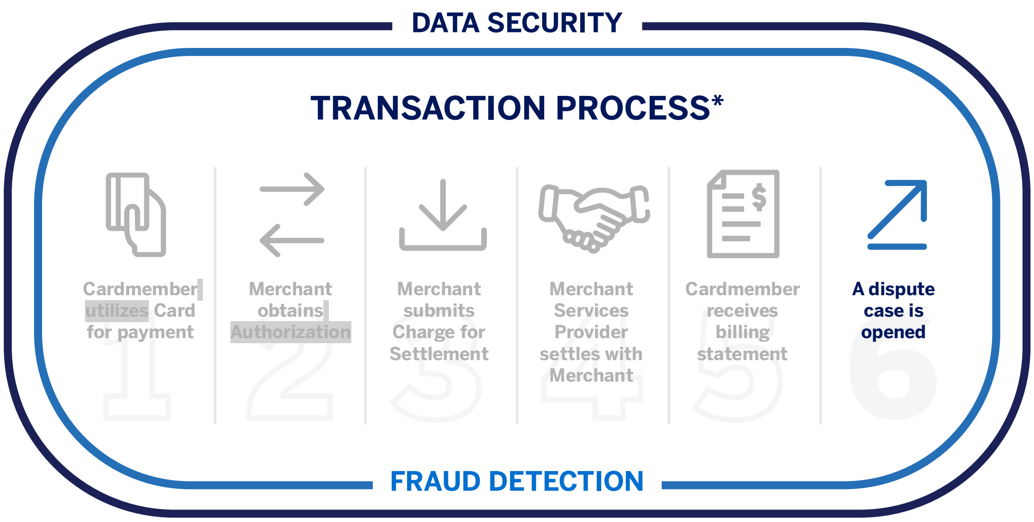
11.2 Transaction Process

Charges may be disputed for a variety of reasons. In general, most Disputed Charges stem from:

- Cardmember dissatisfaction with some aspect of the purchase, (e.g., a failure to receive the merchandise, duplicate billing of a Charge, incorrect billing amount),
- an unrecognized Charge where the Cardmember requests additional information, or
- actual or alleged fraudulent Transactions.

If a Cardmember disputes a Charge, American Express opens a case. We may also open cases when Issuers or the Network initiates disputes. If a case is opened, we may initiate a Chargeback to you immediately or send you an Inquiry.

You must not suggest or require Cardmembers to waive their right to dispute any Transaction.

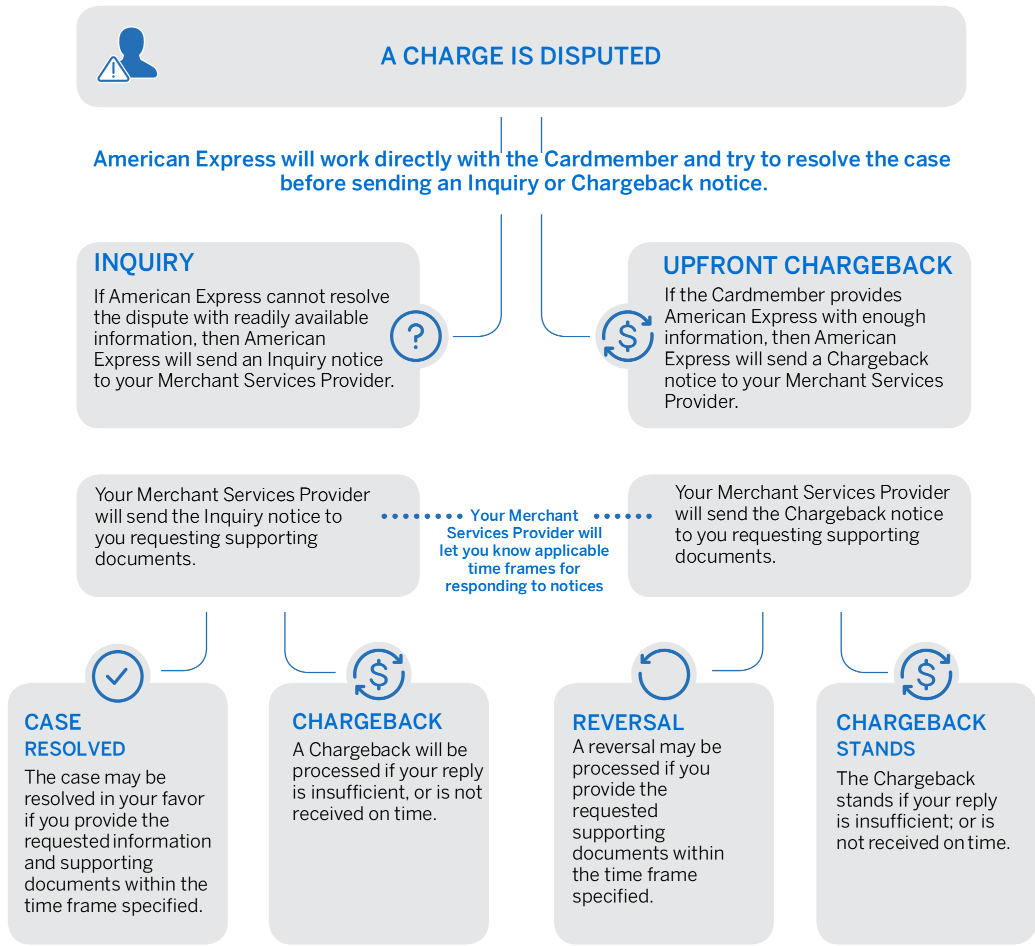


* This graphic is for illustration purposes only and is not to be construed as limiting or waiving American Express' rights with respect to Cardmember Information or other information.

11.3 Disputed Charge Process

11.3.1 Mapping out the Disputes Process

Most disputes begin when a Cardmember contacts American Express with a question or problem with a specific Transaction. Disputes can be complicated. This step-by-step flowchart can help make the process clearer, so you know what to expect if a Charge is disputed.



11.3.2 With respect to a Disputed Charge:

- You may receive an Inquiry from your Merchant Services Provider prior to a Chargeback being exercised, or
- Prior to receiving an Inquiry, you may receive a Chargeback if it is determined that sufficient information is available to resolve the Disputed Charge in favor of the Cardmember.

11.3.3 American Express has Chargeback rights:

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

Contact your Merchant Services Provider for additional information and guidance regarding Disputed Charges and Chargebacks.

11.4 Chargeback Reasons

If you receive a Chargeback from American Express, for any reason, you can use this section to learn more about what actions you can take. Remember to always respond within the time frame provided by your Merchant Services Provider.

Reason	What It Means	What You Can Provide To Appeal The Chargeback
	Authorization	
Charge amount exceeds authorization amount	The amount of the authorization approval was less than the amount of the Charge you submitted.	• Proof that a valid authorization approval was obtained for the full amount of the Charge in accordance with the Agreement unless exceptions apply, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.
No valid authorization	The Charge you submitted did not receive a valid authorization approval; it was declined or the Card was expired.	• Proof that a valid authorization approval was obtained in accordance with the Agreement, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed. For a Transit Contactless Transaction, proof that: • Authorization was obtained within the Authorization Time Period for any Aggregated Charge that caused the combined taps since the most recent approved Authorization to exceed the Chargeback Protection Threshold • A new Account Status Check Authorization was obtained at the time when the most recent approved Authorization exceeded the Authorization Time Period, or • if the Account Status Check or Authorization was declined, the Transaction amount was less than or equal to the Declined Authorization Protection Threshold. For "expired or not yet valid Card", the following support is also acceptable: • Proof that the Charge was incurred prior to the Card expiration date or within the valid dates on the Card.

Reason	What It Means	What You Can Provide To Appeal The Chargeback
Authorization approval expired	The Charge was submitted after the authorization approval expired.	• Proof that a valid authorization approval was obtained in accordance with the Agreement, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.
Cardmember Disputes		
Credit not processed	We have not received the Credit (or partial Credit) you were to apply to the Card.	• If no Credit (or only partial Credit) is due, a written explanation of why Credit is not due with appropriate documents to support your position, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.
Goods/services returned or refused	The goods or services were returned or refused but the Cardmember did not receive Credit.	• Written explanation refuting the Cardmember's claim that goods were returned to your business, or • If returned: a copy of your return policy, an explanation of your procedures for disclosing it to the Cardmember, and details explaining how the Cardmember did not follow the return policy, or • A copy of the Charge Record indicating the terms and conditions of the purchase with details explaining how the Cardmember did not follow the policy, or • If goods/services refused: proof that the goods/services were accepted (e.g. signed delivery slip if the goods were delivered, screen print showing use of the service if service was provided via internet), or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.
Goods/services canceled	The Cardmember claims that the goods/ services ordered were canceled.	• A copy of your cancellation policy, an explanation of your procedures for disclosing it to the Cardmember, and details explaining how the Cardmember did not follow the cancellation policy, or • A copy of the Charge Record indicating the terms and conditions of the purchase and details explaining how the Cardmember did not follow the policy, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.

Reason	What It Means	What You Can Provide To Appeal The Chargeback
Goods/services not received or only partially received	The Cardmember claims to have not received (or only partially received) the goods/services.	• Proof that the goods or services were received in their entirety by the Cardmember or the Cardmember's authorized representative, or • Proof that the goods or services were delivered to the address specified by the Cardmember, or • Completion of work order approved in writing by the Cardmember showing the Cardmember received the services and dates that the services were used/ provided, or • Proof refuting Cardmember's claim that services were canceled or that the goods were returned to the Merchant, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed, or • Submission of Compelling Evidence (please contact your Merchant Services Provider for additional information).
Paid by other means	The Cardmember has provided us with proof of payment by another method.	• Documentation showing that the Cardmember's other form of payment was not related to the Disputed Charge, or • Proof that the Cardmember provided consent to use the Card as a valid form of payment for the Disputed Charge, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.
"No show" or CARDeposit canceled	The Cardmember claims to have canceled a lodging reservation or a Credit for a CARDeposit Charge was not received by the Cardmember.	• Documentation that supports the validity of the "no show" reservation or CARDeposit Charge, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.
Canceled recurring billing	Cardmember claims to have canceled or attempted to cancel Recurring Billing Charges for goods or services. Please discontinue all future billing for this Recurring Billing Charge.	• A copy of your cancellation policy, an explanation of your procedures for disclosing it to the Cardmember, and details explaining how the Cardmember did not follow the cancellation policy, or • Proof that the Cardmember has not canceled and continues to use the service or receive the goods, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.

Reason	What It Means	What You Can Provide To Appeal The Chargeback
Goods/services not as described	The Cardmember claims to have received goods/services that are different than the written description provided at the time of the Charge.	• Proof refuting the Cardmember's claim that the written description differs from the goods/services received, or • Proof that the Cardmember agreed to accept the goods/services as provided, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed, or • Proof that goods and services matched what was described at time of purchase (e.g., photographs, emails). For goods or services purchased by the Cardmember that were received in a damaged or defective state, the Merchant must provide one or more of the following items: • Show that an attempt was made by the Merchant to repair or replace damaged or defective goods or to provide replacement services. • If returned, state how the Cardmember did not comply with the Merchant's clearly documented cancellation, return policy or applicable law and regulations. • Show that the Cardmember agreed to accept the goods or services "as is."
Goods/services damaged or defective	The Cardmember claims to have received damaged or defective goods/services.	• Proof refuting the Cardmember's claim that the goods/services were damaged or defective (provided that, in the case of goods, they were not returned to you), or • Proof that the Cardmember agreed to accept the goods as delivered, or • Proof that the goods/services were not returned to you, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.

Reason	What It Means	What You Can Provide To Appeal The Chargeback
Vehicle rental–capital damages, theft, or loss of use	The Cardmember claims to have been incorrectly billed for capital damages, theft, or loss of use.	• Proof that the Charge submitted was within the specific estimate of the Capital Damages agreed in writing by the Cardmember, plus 15%. • Proof refuting Cardmember's claim that they were covered by the Merchant's insurance (i.e., rental agreement evidencing Cardmember's waiver of insurance or documentation that shows the Cardmember purchased insurance that was not sufficient to pay for the Capital Damages). • Proof that the Charge was valid and not for theft or loss of use. • Proof that the Cardmember agreed in writing to accept liability for the Capital Damages. • Proof that a Credit which directly offsets the Disputes Charge has already been processed.
Fraud		
Missing imprint	The Cardmember claims they did not participate in this Charge that was not processed using Magnetic Stripe or Chip Card Data. **Note:** Not applicable to Card Not Present Charges and Digital Wallet Payments.	• Proof that this was a Card Not Present Charge, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed, or • Proof that the Card was present by providing an imprinted Charge Record or showing capture of the Magnetic Stripe.
Multiple ROCs	The Cardmember claims they participated in one valid Transaction with your Establishment, however, the Cardmember denies participation in the additional and subsequent Transactions that were submitted by you.	• Proof that each of the Transactions are valid Charges, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed ~~Proof that a correcting Transaction, which directly offsets the disputed Transaction, has already been processed~~.

Reason	What It Means	What You Can Provide To Appeal The Chargeback
No Cardmember authorization	The Cardmember denies participation in the Charge you submitted and you have failed to provide proof that the Cardmember participated in the Charge.	• Proof that a Credit which directly offsets the Disputed Charge has already been processed, or • Proof that you received a valid Authorization for the Charge.
Card Not Present	The Cardmember denies participation in a mail order, telephone order, or internet Charge.	• Proof of Delivery to the Cardmember's billing address, or • Proof that you attempted to validate the CID and you did not receive a response or you received an "unchecked" response, or • Proof that you validated the address via Authorization and shipped goods to the validated address, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed, or • Submission of Compelling Evidence (please contact your Merchant Services Provider for additional information).
EMV Counterfeit	The Cardmember denies participation in the Charge and a counterfeit chip Card was used at a POS system where the Transaction was not processed as a chip transaction because either the POS system was unable to process a Chip Card ~~not an enabled chip and PIN POS system~~ or the Transaction was manually keyed. **Note:** Not applicable for contactless Transactions and Digital Wallet payments.	• Proof that this was a Card Not Present Charge, • Proof that the POS system processed a chip Card Transaction, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.

Reason	What It Means	What You Can Provide To Appeal The Chargeback
EMV lost/stolen/non-received	The Cardmember denies participation in the Charge and chip Card with PIN capabilities was lost/stolen/non-received and was used at a POS system where the transaction was not processed as a chip Card Transaction with PIN validation because either the POS system is not an enabled chip-and-PIN POS system, or the Transaction was manually keyed. **Note:** Not applicable to contactless transactions and Digital Wallet payments, and Charges that qualify under the No PIN Program.	• Proof that this was a Card Not Present Charge, • Proof that the POS system processed a chip Card Transaction with PIN validated, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.
Inquiry/Miscellaneous		
Insufficient reply	Complete support and/or documentation were not provided as requested.	Proof that a Credit which directly offsets the Disputed Charge has already been processed.
No reply	We did not receive your response to our Inquiry within the specified time frame.	• Proof you responded to the original Inquiry within the specified time frame, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.
Chargeback authorization	We have received your authorization to process Chargeback for the Charge.	Proof that a Credit which directly offsets the Disputed Charge has already been processed.

Reason	What It Means	What You Can Provide To Appeal The Chargeback
Processing Errors		
Unassigned Card number	You have submitted a Charge using an invalid or otherwise incorrect Card number. **Note:** You may resubmit the Charge to us if you are able to verify and provide the correct Card number.	• Copy of the imprint that confirms Card number, or • Proof that you obtained an authorization approval for such Card number, or • Copy of the Charge Record from the terminal that electronically read the Card number, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.
Credit processed as Charge	The Cardmember claims the Charge you submitted should have been submitted as a Credit.	• Proof that the Charge was submitted correctly, or • Proof that a Credit which directly offsets the Charge has already been processed.
Charge processed as Credit	The Cardmember claims the Credit you submitted should have been submitted as a Charge.	• Proof that the Credit was submitted correctly, or • Proof that a Charge that directly offsets the Credit has already been processed.
Incorrect Charge amount	The Charge amount you submitted differs from the amount the Cardmember agreed to pay.	• Proof that the Cardmember agreed to the amount submitted, or • Proof that the Cardmember was advised of and agreed to pay for any additional or delayed Charges using the Card the Charge was submitted to, or • Itemized contract/documentation substantiating the Charge amount submitted, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.
Late submission	The Charge was not submitted within the required time frame.	• Proof the Charge was submitted within the required time frame, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.
Duplicate Charge	The individual Charge was submitted more than once.	• Documentation showing that each Charge is valid, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.

Reason	What It Means	What You Can Provide To Appeal The Chargeback
Non-matching Card number	The Card number in the submission does not match the Card number in the original Charge.	• Copy of the Card imprint confirming the Card number, or • Copy of the Charge Record from the terminal that electronically read the Card number, or • Proof that a Credit which directly offsets the Disputed Charge has already been processed.
Currency discrepancy	The Charge was incurred in an invalid currency.	• Proof that a Credit which directly offsets the Disputed Charge has already been processed.

11.5 Compelling Evidence

If Compelling Evidence is provided, we will validate the support (e.g., name and address supplied for the Cardmember matches the Issuer's records, confirm that previous Transactions were not disputed).

Compelling Evidence may be provided as support to demonstrate the Cardmember participated in the Transaction, received goods or services, or benefited from the Transaction. If American Express determines that the evidence satisfies the relevant section(s) of the Compelling Evidence policy, the Issuer will review the Compelling Evidence with the Cardmember prior making a decision on the Chargeback Reversal request. All available information is expected to be provided, and to only submit Compelling Evidence when it is strongly believed the Cardmember participated in the Transaction, received goods or services, or authorized the Charge. Only Compelling Evidence that has been gathered in compliance with Applicable Law may be relied upon. For a list of Compelling Evidence items, (see Subsection 11.5.1, "Compelling Evidence for Goods/Services Not Received or Only Partially Received" and Subsection 11.5.2, "Compelling Evidence for Card Not Present Fraud".

11.5.1 Compelling Evidence for Goods/Services Not Received or Only Partially Received

Item #	Allowable Compelling Evidence for Goods/Services Not Received or Only Partially Received; Chargeback Reversal request must include one (1) of the following items:
1.	For Transactions involving goods or services, evidence to prove that there is a link between the person who received the goods or services and the Cardmember (e.g., photographs, emails), or
2.	For Card Not Present Transactions where the goods are picked up at the Program Merchant's location: • The Program Merchant must provide the Cardmember or authorized third party signature on the pickup form as well as additional proof to demonstrate that the identity of the Cardmember or authorized third party was verified at the time of pickup Or,

Item #	Allowable Compelling Evidence for Goods/Services Not Received or Only Partially Received; Chargeback Reversal request must include one (1) of the following items:
3.	For E-commerce Transactions representing the sale of Digital Goods or Services downloaded from a Program Merchant's website or application or accessed online, one (1) of the following must be provided: • Proof that the Cardmember's IP address at the time of purchase matches the IP address where the digital goods were downloaded, or • Proof the Cardmember's email address provided at the time of purchase matches the email address used to deliver the digital goods, or • Proof that the Program Merchant's website was accessed by the Cardmember for Digital Goods or Services after the Transaction Date. **Note:** In addition to the above, one (1) of the following may also be provided: • Description of the digital goods, or • Date and time the digital goods were downloaded or accessed.

11.5.2 Compelling Evidence for Card Not Present Fraud

Item #	Allowable Compelling Evidence for Card Not Present Fraud Chargeback Reversal request must include one (1) of the following items:
1.	For Transactions involving the shipment of goods or services, proof that the Transaction contains a shipping address that matches a previously used shipping address from an undisputed Transaction, or
2.	For E-commerce Transactions involving the sale of Digital Goods or Services, provide all of the following: a. Cardmember name linked to the account with the Program Merchant, and b. Description of the good or services and the date/time they were purchased and downloaded, accessed, or provided to the Cardmember, and c. Proof that the device and Card used for the disputed Transaction was used in a previous Transaction that was not disputed and the following information is currently linked to the Cardmember account with the Program Merchant: i. Device ID ii. IP address and geographical location iii. Device name (if available), and In addition, provide three (3) or more of the following: • Proof that the Program Merchant validated the Card and the Cardmember prior to or at the time of purchase and received an AAV (Automated Address Verification) response of "Y" or CSC (Card Security Code) response of "Y". • Proof that the customer account with the Program Merchant was accessed by the Cardmember and successfully verified by the Program Merchant on or before the Transaction date. • Proof that the Cardmember password or CDCVM was captured by the Program Merchant in order to complete the Transaction. • Phone number and/or email address linked to the customer profile held by the Program Merchant. Or,

E-commerce Merchants must adhere to policy noted in Item three (3) rather than attempting to provide incomplete evidence such as usage details or billing authorization.

"Item four (4)" only applies to Merchants in the following Merchant categories: Dating Service and E-commerce Merchants.

Item #	Allowable Compelling Evidence for Card Not Present Fraud Chargeback Reversal request must include one (1) of the following items:
3.	For Recurring Billing Transactions, initiated on the Program Merchant's website, all of the following must be provided: a. Proof of a legally binding contract held between the Program Merchant and the Cardmember, and b. Proof the Cardmember accessed the Program Merchant's website or application to establish services on or before the Transaction date, and c. Proof the Cardmember received the goods or services, and d. Proof of a previous Transaction that was not disputed Or,
4.	For Transactions involving the sale of website search and/or advertising services to promote consumer products or services, all of the following must be provided: a. Proof of a legally binding contract held between the Program Merchant and the Cardmember, and b. Details of the initial ad-service setup, including at least two (2) of the following items: i. Purchaser's IP address and geographical location at the date and time of the initial ad-service setup ii. Email address of purchaser iii. Company name or purchaser name, and c. Proof the Cardmember has accessed the Program Merchant's website to establish services on or before the Transaction date, and d. Proof that the device and Card used for the disputed Transaction was used in a previous Transaction that was not disputed. In addition, provide the following information that are currently linked to the Cardmember account with the Program Merchant: i. Device ID ii. IP address and geographical location iii. Device name (if available) e. Proof that the Cardmember received the goods or services, and f. Description of the goods or services and the date they were provided.

11.6 Inquiry Reasons

You'll receive an Inquiry notification if a Cardmember disputes a Charge from your business and we cannot resolve it using the documents we have on file. This is the full list of Inquiry reasons paired with suggestions for what kinds of documents you should submit to help avoid a Chargeback. To help avoid a "No reply" or "Insufficient reply" Chargeback, respond within the time frame provided by your Merchant Services Provider with the suggested documents.

What It Means	What You Can Do
The Cardmember has requested the delivery of an item(s) or service(s) that was ordered but not received.	Please provide the service, ship the order, or provide Proof of Delivery and/or services rendered.

What It Means	What You Can Do
The Cardmember claims the item(s)/service(s) was canceled/expired, or the Cardmember has been unsuccessful in an attempt to cancel the item(s)/service(s).	Please issue a credit, or provide a copy of your cancellation policy or, if applicable, contract approved in writing by the Cardmember and discontinue future billings.
The Cardmember claims the order arrived damaged or defective and requests return authorization.	If a return is not permitted, please provide a copy of your return or refund policy.
The Cardmember has requested the repair or replacement of an order that was damaged or defective.	Please provide return instructions and make the appropriate repairs, or provide a copy of your return/replacement policy and explain why the order cannot be repaired/replaced.
The Cardmember claims the referenced charge should have been submitted as a credit.	Please issue a credit, or provide support and itemization for the charge and an explanation of why credit is not due.
The Cardmember has requested replacement for an item(s)/service(s) that was not as your business described, or credit for the item(s)/service(s) as the Cardmember is dissatisfied with the quality.	Please replace the item or issue credit for the item(s)/service(s), or proof that a credit has been issued.
The Cardmember does not recognize the charge.	Please provide support and itemization. In addition, if the charge relates to items that were shipped, please include Proof of Delivery with the full delivery address. If this documentation is not available, please issue a credit.
The Cardmember claims the item(s)/service(s) was canceled and/or refused.	Please issue a credit, or provide Proof of Delivery, proof that the Cardmember was made aware of your cancellation policy and explain why credit is not due.
The Cardmember has requested credit for an item(s)/service(s) that was not received.	Please issue a credit, or provide Proof of Delivery or a copy of the purchase agreement, approved in writing by the Cardmember, indicating the cancellation policy and explain why credit is not due.
The Cardmember has requested credit for an item(s) that was returned to your business.	Please issue a credit, or provide a copy of your return policy and explain why credit is not due.
The Cardmember has requested credit for a duplicate billing.	Please issue a credit, or provide support and itemization of both charges and explain why credit is not due.
The Cardmember claims that a credit was expected but has not appeared on their ~~his/her~~ account.	Please issue a credit, or provide support for the charge and explain why credit is not due.
The Cardmember does not recognize the referenced Card Not Present charge(s).	Please issue a credit, or provide support and itemization and explain why credit is not due.

What It Means	What You Can Do
The Cardmember claims the referenced charge is fraudulent.	For a Card Present charge, provide a copy of the charge record and an imprint of the Card, if available. For a Card Not Present charge, provide a copy of the charge record (or substitute charge record), any contracts or other details associated with the purchase, and Proof of Delivery (when applicable) with the Cardmember's complete and valid billing address (street number, name, city, state, and zip code).
The Cardmember claims the charge amount you submitted differs from the amount the Cardmember agreed to pay.	Please issue a credit or explain why credit is not due.
The Cardmember claims this charge was paid for by another form of payment.	Please issue a credit, or provide proof that the Cardmember's payment by other means was not related to the disputed charge or that you have no record of the Cardmember's other payment.
The Cardmember is not disputing the charge(s), but is requesting support and itemization.	Please provide the requested documentation.
The Cardmember has questioned the Charge for damages / theft or loss.	Please issue a credit or provide a copy of the following documentation: itemized rental agreement, itemized documentation to support the Charge, proof that the Cardmember agreed in writing to accept responsibility for the Charge, and proof that the Cardmember agreed in writing to select American Express as the payment method for the Charge.

11.7 How We Chargeback

We may Chargeback by (i) deducting, withholding, recouping from, or otherwise offsetting against our payment to your Merchant Services Provider for a Charge you submitted; or (ii) reversing a Charge for which we have not paid you. Our failure to demand payment does not waive our Chargeback rights.

Your Merchant Services Provider may have additional rights and remedies with respect to Disputed Charges. Please contact your Merchant Services Provide for more information on their Chargeback procedures.

11.8 Tips for Avoiding Chargebacks

Inquiries can be expensive and time consuming for all parties involved. Follow these general steps and you may avoid unnecessary Inquiries and Chargebacks:

- Keep track of all Charge Records.
- Issue Credits immediately after determining that a Credit is due.

- Disclose all terms and conditions of your sale/return/exchange/cancellation policies at the point of sale, on all Charge Records and customer receipts, and on your website.
- Contact your Merchant Services Provider to make sure the name that you provide in your Submission matches your business name.
- Submit Charges only after goods have been shipped or services have been provided.
- Advise Cardmembers when goods or services will be delivered or completed, and always advise the Cardmember of any delays.
- Obtain a Cardmember's agreement in writing whenever completing a service or work order.
- Encourage Cardmembers at the point of sale to contact your business directly should there be any problems with their purchase. Include your telephone number or web address and an appropriate description of goods or services purchased in your Submission.
- Inform Cardmembers of your business name that will appear on their billing statement.
- Provide a cancellation number when applicable.
- Remind the Cardmember to retain any documents you have provided, along with shipping information when applicable.

Specific Industries

12

12.1 Introduction

This chapter states additional policies and procedures applicable to Merchants classified in specific industries. All other provisions and requirements of the Agreement apply to these Merchants as well. To the extent possible, the provisions of this Chapter 12, "Specific Industries" and the other provisions of the *Merchant Operating Guide* shall be interpreted to give each their full effect. However, if a conflict is deemed to exist between them, then the provisions of this Chapter 12, "Specific Industries" shall govern.

12.2 Auto Dealers

This section applies to Merchants classified in an auto dealer industry.

The following requirements will apply to Charges for the down payment or the entire purchase price of new and used motor vehicles.

You may accept the Card for down payment of a motor vehicle, subject to the following provisions:

- You must not submit a Charge for the down payment price of a used motor vehicle unless and until you have obtained the Cardmember's approval in writing on the agreement/bill of sale setting forth the terms of the sale, including down payment price, and your cancellation policy.
- In addition to other Chargeback rights, American Express also has Chargeback rights for any portion of the Charge for the down payment price of a used motor vehicle which is disputed by the Cardmember, if such Disputed Charge cannot be resolved in your favor based upon unambiguous language contained in the written agreement/bill of sale.
- Should a Cardmember exercise his or her right to rescind the written agreement/bill of sale during any rescission period set forth in the Cardmember's agreement with you or at law, you shall submit a Credit to your Merchant Services Provider promptly.
- If you are classified as an auto dealer of used motor vehicles exclusively, the down payment must not exceed 50% of the full purchase price of the motor vehicle.
- If the Cardmember denies making or authorizing the Charge, American Express will have Chargeback rights for such Charge in addition to its other Chargeback rights.

You may also accept the Card for the entire purchase price of a new or used motor vehicle, subject to the following provisions:

- You are classified as an auto dealer of new or new and used motor vehicles (i.e., your dealership sells new motor vehicles exclusively or both new and used motor vehicles).
- The amount of the Charge does not exceed the total price of the motor vehicle after deduction of applicable discounts, taxes, rebates, cash down payments, and trade-in values.
- You must not submit a Charge for the entire purchase price of a new or used motor vehicle unless and until you have a written agreement/bill of sale signed by the Cardmember setting forth the terms of the sale, including purchase price, delivery date and your cancellation policy.
- In addition to other Chargeback rights, American Express also has Chargeback rights for any portion of the Charge for the entire purchase price of a new or used motor vehicle which is disputed by the Cardmember, if such Disputed Charge cannot be resolved in your favor based upon unambiguous language contained in the written agreement/bill of sale.
- Should a Cardmember exercise his or her right to rescind the written agreement/bill of sale during any rescission period set forth in the Cardmember's agreement with you or at law, you shall submit a Credit to your Merchant Services Provider promptly.

- If the Cardmember denies making or authorizing the Charge and you have not transferred title or physical possession of the motor vehicle to the Cardmember, American Express will have Chargeback rights for such Charge in addition to its other Chargeback rights.

12.3 Business-to-Business (B2B)/ Wholesale Distribution

If you are classified in the business-to-business (B2B) or wholesale distribution industries, and it is determined that you are not in the Telecommunications industry, then notwithstanding the prohibition in Section 3.3, "Prohibited Uses of the Card", you may accept the Card for overdue amounts to the extent that acceptance of overdue amounts is a common practice in your industry and does not constitute an attempt to obtain payment from the Cardmember whose prior methods of payment have been difficult to collect or uncollectable. An indicator of such difficulty, for example, may be the fact that you have sent an overdue customer account to collections.

For the purposes of Section 6.5, "Submission Requirements – Electronic", a Charge submitted by your Establishments classified in the foregoing industries will be deemed "incurred" on the date the Cardmember indicates to you that the Cardmember will pay for the goods or services purchased with the Card, so long as:

- this is a common practice in your industry, and
- does not constitute an attempt to obtain payment from the Cardmember when prior methods of payment have been difficult to collect or uncollectable.

Notwithstanding the restriction in Section 6.5, "Submission Requirements – Electronic", you must not submit any Charge until the goods have been shipped or services have been provided to the Cardmember. To the extent that you have clearly disclosed your intentions to the Cardmember and the Cardmember agrees, then you may submit the following types of Charges to your Merchant Services Provider before you ship the goods to the Cardmember:

- Charges representing deposits on custom and special orders (so long as you comply with Applicable Law) or goods not in inventory at the time the order is placed.
- Charges representing advance, partial, or full payment for goods that the Cardmember requests you to ship at a later date.

12.4 Charitable Donations

If it is determined that you are a non-profit organization incorporated or registered under Applicable Law, and recognized as an Entity qualifying for tax exemption under Section 501(c)(3) of the U.S. Internal Revenue Service Code (Code), then:

- You must provide your Merchant Services Provider, on request, documentation of such tax exempt status.
- You may accept the Card for charitable donations that:
  - are tax deductible to the payor as a charitable contribution under the Code, or
  - include the receipt of an item or service of value (such as a meal or admission to an event or other incentive) where at least a portion of the amount is tax-deductible to the payor as a charitable contribution under the Code.

12.5 E-Commerce Businesses

If you are operating a website or e-commerce business, you must include the following website information display requirements on your website:

- An accurate description of the goods/services offered, including the currency type for the Transaction. Transaction currency must be in U.S. Dollars.
- Your physical address in the United States Region.

- An email address and a telephone number for customer service disputes.
- Return/refund policy.
- A description of your delivery policy (e.g., No COD, No overnight).
- A description of your security practices (e.g., information highlighting security practices you use to secure Transactions on your systems, including Transactions conducted on the Internet).
- A statement of known export restrictions, tariffs, and any other regulations.

A privacy statement regarding the type of personal information collected and how the information is used. Additionally, you must provide to customers the option to decline being included in marketing campaigns or having their personal information included on lists sold to third parties.

12.6 Government/Utilities/Education

This section applies to Merchants classified in the government, utilities, or certain education industries (i.e. higher education, private school–kindergarten to grade 12).

Customers should feel free to use all forms of payment that you accept without being penalized for choosing a particular form of payment. To promote consumer choice, you are generally prohibited from imposing any restrictions, conditions, or disadvantages when the Card is accepted that are not imposed equally on all Other Payment Products. See Section 3.2, "Treatment of the American Express Brand".

You must not impose a higher convenience fee, whether in the form of a flat fee or as a percentage of the final Transaction amount, on Charges than you impose on Other Payment Products, except for automated clearing house funds transfers, cash, and checks. American Express views discrimination against Cardmembers as a breach of the Agreement.

If you are classified in the government, utilities, or education sectors, you may assess convenience fees on Charges, provided that they comply with the other requirements of this section.

You must clearly disclose the amount of convenience fees to the customer, which may include itemization on the customer receipt, invoice, or confirmation email, and give the customer the opportunity to cancel the Charge if the customer does not want to pay the convenience fee.

Any explanation, verbal or written, describing why the convenience fee is being assessed or how it is calculated, must characterize the convenience fee as an assessment to cover your administrative costs, and not as an assessment to cover your cost of accepting the Card.

Your Merchant Services Provider can only assess a convenience fee when it accepts the Card for the foregoing Charges in compliance with the requirements of this section.

12.7 Insurance

This section contains provisions specific to Merchants classified in the insurance industry.

American Express undertakes no responsibility on your behalf for the collection or timely remittance of premiums. American Express will not be subject to any liability, under any circumstances, for any claim arising from, or related to, any insurance policy you issued. You must indemnify, defend, and hold harmless American Express and its Affiliates, successors, assigns, and Issuers, from and against all damages, liabilities, losses, costs, and expenses, including legal fees, to Cardmembers (or former Cardmembers) arising or alleged to have arisen from your termination or other action regarding their insurance coverage; breach, negligent or wrongful act or omission; failure to perform under the Agreement; or failure in the provision of your or their goods or services.

If the Card is accepted as payment for fixed rate cash value life insurance policies or fixed rate annuities under the Agreement, you represent and warrant that the fixed rate cash value life insurance policies and fixed rate annuities for which the Card will be accepted for premium payments are not securities requiring registration under the Securities Act of 1933, and, in addition to your other indemnification obligations to American Express, you must further indemnify, defend, and hold harmless American Express and American Express' Affiliates, successors, assigns and Issuers from and against all damages, liabilities, losses, costs, and expenses, including legal fees, arising or alleged to have arisen from you or your Agencies breach of this representation and warranty.

12.8 Internet/Online Pharmacies

If you are classified or it is otherwise determined that you are an internet/online pharmacy Merchant that accepts the Card for sales of prescription medications (as defined by Applicable Law) in the Card Not Present environment:

- You must be certified by the Verified Internet Pharmacy Practice Sites program of the National Association of Boards of Pharmacy (www.nabp.net), or
- You or your authorized representative must attest that you comply with the licensing and inspection requirements of (i) federal, state, and/or provincial laws and the jurisdiction in which you are located and (ii) each jurisdiction to which you dispense pharmaceuticals.

Upon request, you or your Merchant Services Provider must promptly provide documentation that you fulfill the foregoing requirements. Failure to provide this documentation promptly may result in the cancellation or disentitlement of Card acceptance privileges.

Specific procedures exist for Transaction processing by internet/online Merchants. These procedures appear in Section 4.7, "Processing a Card Not Present Charge".

12.9 Oil/Petroleum

If you are classified in the oil and petroleum industry, your Merchant Services Provider may place you in the Fraud Full Recourse Program if you accept Charges originating at a CAT gas pump. For information about Customer Activated Terminals, see Section 4.6, "Customer Activated Terminals".

12.9.1 Requirements

You must:

- Obtain a unique Merchant Number from your Merchant Services Provider for your CAT gas pump sales. If you conduct any other business at your Establishment (e.g., convenience store sales, car washing services), you must obtain a unique Merchant Number for those lines of your business.
- Submit dealer location data along with each Authorization request and each Submission file. Dealer location data consists of your business:
  - dealer number (store number)
  - name
  - street address
  - city
  - postal code

12.9.2 Recommendations

American Express has implemented several policies and fraud prevention tools to assist in combating fraud at the gasoline pump. Work with your Merchant Services Provider for additional information on these policies and to determine which fraud prevention tools are supported.

American Express recommends that you:

- Set a pre-Authorization request of $100 at your CAT gas pumps.
- For higher Charges such as diesel, adjust the pre-Authorization amount to accommodate the higher Charges.
- Set your CAT gas pumps to shut off when they reach the pre-Authorization amount.
- Request a separate Authorization for purchases that exceed the original pre-Authorization amount.

12.10 Online/Mail Order Tobacco Retail

If you are classified or it is otherwise determined that you are an online or mail order (or both) tobacco or e-cigarette Merchant, then you must provide the website address of the online store from which you sell your tobacco products. If your website facilitates tobacco sales, you may be required on request to provide an executed and notarized Affidavit of Compliance with Laws - Online/Mail Order Tobacco. Failure to provide this documentation promptly may result in the cancellation or disentitlement of Card acceptance privileges. American Express may monitor your website. Contact your Merchant Services Provider for additional information.

12.11 Rental Establishments

This section applies to Merchants classified in the Rental Establishments industries.

Customers should feel free to use all forms of payment that you accept without being penalized for choosing a particular form of payment. To promote consumer choice, Merchants are generally prohibited from imposing any restrictions, conditions, or disadvantages when the Card is accepted that are not imposed equally on all Other Payment Products. See Section 3.2, "Treatment of the American Express Brand". You must not impose a higher convenience fee, whether in the form of a flat fee or as a percentage of the final Transaction amount, on Charges than you impose on Other Payment Products, except for automated clearing house funds transfers, cash, and checks.

If you are classified as a Rental Establishment, you may assess convenience fees on Charges, provided that you comply with the other requirements of Chapter 4, "Transaction Processing" and this section, as follows:

- You must clearly disclose the amount of convenience fees to the customer, which may include itemization on the customer receipt, invoice, or confirmation email, and give the customer the opportunity to cancel the Charge if the customer does not want to pay the convenience fee.
- Any explanation, verbal or written, describing why the convenience fee is being assessed, or how it is calculated, must characterize the convenience fee as an assessment to cover your administrative costs and not as an assessment to cover your cost of accepting the Card.

Your Merchant Services Provider can only assess a convenience fee when it accepts the Card for Charges in compliance with the requirements of this section.

12.12 Travel Industries

Additional policies and procedures are applicable to Merchants classified in the lodging and vehicle rental industries. In addition, the Assured Reservations Program is available to Merchants in the lodging, trailer park/campground, vehicle, aircraft, bicycle, boat, equipment, motor home, and motorcycle rentals (see Subsection 12.12.3, "Assured Reservations").

12.12.1 Lodging

This section applies to Merchants classified in the lodging industry~~, and includes special Authorization procedures and programs for check-in and check-out~~. The Assured Reservations and CARDeposit® programs allow certain Charges to be submitted that would otherwise not be allowed by American Express.

~~We recommend that you perform an additional Authorization as soon as the Charge amount exceeds the original Authorization by 15%. For example: If the Cardmember extends the stay, before allowing the additional stay, obtain Authorization for the additional stay (plus incidentals) that exceeds the original Authorization for estimated amounts by 15%.~~

12.12.1.1 ~~Lodging — Special Authorization Procedures~~

~~When Cardmembers opt to pay for lodging stays on the Card, you must follow these procedures:~~

- ~~Upon check-in:~~
  - ~~Determine the estimated amounts of Charges based upon the room rates and the number of days that the Cardmember expects to stay, plus taxes and other known incidental amounts (Estimated Lodging Charges).~~
  - ~~Inform the Cardmember of the Estimated Lodging Charges for which Authorization will be requested and obtain the Cardmember's consent to the estimated amount before initiating the Authorization Request.~~
  - ~~Obtain Authorization for the full amount of the Estimated Lodging Charge.~~
  - ~~Do not overestimate the Authorization amount.~~
  - ~~An Authorization is valid for the duration of the lodging stay.~~
- ~~Upon check-out, follow the procedures for estimated amounts in Subsection 5.5, "Estimated Authorization".~~

12.12.1.2 Assured Reservations — Lodging

Assured Reservations means a Cardmember's accommodation is guaranteed by you to be held until the published check-out time on the date following the scheduled arrival date, as indicated by the Cardmember when making the Assured Reservation. You must honor Assured Reservations.

Lodging Merchants may submit "no show" charges, if they comply with the provisions of the Assured Reservations Program and the Cardmember does not use or cancel the reservation in accordance with program requirements.

Your Assured Reservations Program responsibilities include the following:

- When accepting an Assured Reservation, you must advise the Cardmember that, if the Cardmember does not claim the Assured Reservation, or cancel it within the time specified in your stated reservation policy, the Cardmember may be charged for one (1) night's lodging plus applicable taxes. If the Cardmember does not claim the Assured Reservation or cancel in accordance with your stated reservation policy, you may bill the Cardmember for a "no show" Charge.
- If the Cardmember cancels an Assured Reservation, you must provide a cancellation number to the Cardmember and maintain a record of the cancellation number.
- Use the proper "no show" indicator, when submitting a "no show" Charge. If you are unsure of how to transmit using this code, contact your Merchant Services Provider.

If you do not honor the Assured Reservations Program requirements your obligation to the Cardmember is the following:

- Pay for one (1) night's accommodation at a comparable property, located nearby.
- Pay for transportation to the alternate location.
- Pay for a three (3)-minute telephone call.
- Use good faith efforts to forward all communications to the Cardmember at the alternate location.

Failure to meet the previously-mentioned obligations may result in a Chargeback if the Cardmember disputes a "no show" Charge.

If American Express receives disproportionate numbers of Disputed "no show" Charges, you must work with your Merchant Services Provider to reduce the number of disputes. If such efforts fail to reduce the number of disputes, you may be placed in a Chargeback program.

12.12.1.3 CARDeposit Program

CARDeposit Program

A program that permits Cardmembers to charge the payment of an Advance Payment Charge to their Cards when a deposit is required.

As a lodging Merchant, if you require room deposits, you must participate in the CARDeposit program. You must accept the Card for payment of CARDeposits. Your CARDeposit program responsibilities include the following:

- Follow all requirements for an Advance Payment Charge, as described in Section 4.14, "Advance Payment Charges".
- Upon arrival, the Cardmember must show the Card. If the Cardmember does not have the Card, other identification must be shown.
- Ensure the Charge Record contains the words "CARDeposit" on the Cardmember signature line or, for Charge Records submitted electronically, the appropriate indicator on the Charge Data. If you are unsure of how to submit the Charge using the appropriate indicator, contact your Merchant Services Provider.

If	Then
The CARDeposit is canceled	You must send a written cancellation notice showing the cancellation number to the Cardmember within three (3) business days from the date of such cancellation. If a refund is due, pursuant to your advance deposit cancellation policy, you must include the appropriate indicator or submit a Credit form with the words "CARDeposit Cancellation" on the Cardmember signature line. If you are unsure of how to submit using the appropriate indicator, contact your Merchant Services Provider.
An arrival date of a CARDeposit is changed	You must send the Cardmember a written confirmation of the change within three (3) business days from the date the reservation was changed.
You are unable to honor a CARDeposit that was not previously canceled	Your obligation to the Cardmember includes the following: • You must issue a Credit for the CARDeposit. • You must pay for accommodations at a comparable location nearby, until the duration of the original reservation expires (up to fourteen (14) nights) or until accommodations become available at the original location, whichever occurs first. • You must provide transportation to and from the alternate location once a day until the original accommodations are available. • You must pay for one, three (3)-minute call to advise of the move to the alternate location, and one, three (3)-minute call to advise of the return to the original location.

CARDeposit Program

A program that permits Cardmembers to charge the payment of an Advance Payment Charge to their Cards when a deposit is required.

12.12.1.4 Emergency Check-in

If a Cardmember whose Card is lost or stolen requests check-in, you must call your Merchant Services Provider, request "Authorization for an Emergency Check-in," and follow the instructions.

12.12.2 Vehicle Rentals

This section applies to Merchants classified in the vehicle rental industry. When Cardmembers opt to pay for vehicle rentals (not to exceed four (4) consecutive months) on the Card, you must comply with these procedures.

12.12.2.1 ~~Vehicle Rentals — Special Authorization Procedures~~

~~We recommend that you perform an additional Authorization as soon as the Charge amount exceeds the original Authorization by 15%. For example: If the Cardmember extends their rental period, before allowing the additional rental period, obtain Authorization for the additional rental cost (plus incidentals) that exceeds the original Authorization for estimated amounts by 15%.~~

~~Upon rental of the vehicle:~~

- ~~Determine the estimated amount of the Charge (Estimated Vehicle Rental Charge). The Estimated Vehicle Rental Charge shall be determined by multiplying the rental rate by the rental period reserved by the Cardmember, plus any known incidentals. You must not overestimate this amount or include an amount for any possible damage to or theft of the vehicle.~~
- ~~Inform the Cardmember of the Estimated Vehicle Rental Charge for which Authorization will be requested and obtain the Cardmember's consent to the estimated amount before initiating the Authorization Request.~~
- ~~Obtain Authorization for the full amount of the Estimated Vehicle Charge.~~
- ~~If you fail to obtain Authorization for the Estimated Vehicle Rental Charge and submit the Charge, and the Cardmember fails to pay the Charge for any reason, American Express will have Chargeback rights for the full amount of the Charge.~~
- ~~An Authorization for Estimated Vehicle Rental Charges is valid for the duration of the rental agreement.~~

~~Upon return of the vehicle, follow the procedures for estimated amounts in Subsection 5.5, "Estimated Authorization".~~

~~If~~	~~Then~~
~~A Cardmember decides to extend a rental period~~	~~You must request Authorization for the estimated Charge amount that will be in excess of the Estimated Vehicle Rental Charge.~~ ~~Authorization approved – If Authorization is granted, the amount of the subsequent Authorization will be added to the original Estimated Vehicle Rental Charge and that total will be considered the Estimated Vehicle Rental Charge.~~ ~~Authorization declined – If Authorization is declined, the original Estimated Vehicle Rental Charge amount will remain the Estimated Vehicle Rental Charge.~~
~~Any additional Charges not previously approved for Authorization are incurred when the vehicle is returned~~	~~You must request Authorization for the additional amount not previously approved for Authorization.~~
~~A Cardmember opts to use Prepaid Cards upon return of the vehicle when the final Charge is known~~	~~You must obtain Authorization for the full Charge amount to be placed on the Prepaid Card. See "Split Tender" in Section 5.16, "Additional Authorization Requirements" for additional information.~~

12.12.2.2 Prepayment on Vehicle Rentals

If you permit Cardmembers to make Charges with the Card for vehicle rentals where Cardmembers elect to prepay for a vehicle rental over the phone, at the counter, and via your company websites (not on any other third-party reservation system) (Prepaid Rental), you must:

- Follow all requirements for an Advance Payment Charge, as described in Section 4.14, "Advance Payment Charges".

- Ensure that your vehicle rental contract with the Cardmember contains the terms and conditions of said reservation and cancellation policies.

12.12.2.3 Assured Reservations — Vehicle Rentals

Assured Reservations means a Cardmember's reservation is guaranteed by you to be held until the vehicle return time, as indicated by the Cardmember when making the Assured Reservation. You must honor Assured Reservations.

Vehicle Rental Merchants may submit "no show" charges, if they comply with the provisions of the Assured Reservations Program and the Cardmember does not use or cancel the reservation in accordance with program requirements. See Subsection 12.12.3, "Assured Reservations" for details.

12.12.2.4 Capital Damages

Merchants should provide the Cardmember with written documentation containing all of the Capital Damages details (e.g., incident report, damage estimate, photographs of the damages) when the Charge is submitted.

If a Cardmember voluntarily opts to use the Card to pay for property damage to a rented vehicle (Capital Damages), you may accept the Card, provided you have complied with all of the following conditions for payments of such items:

- The Card was used for the vehicle rental at the time the vehicle was checked out.
- You must provide in writing, to the Cardmember, an itemized list and description of specific damages which have occurred.
- Prior to submitting a Charge, you must obtain the Cardmember's agreement in writing* to:
  - Accept responsibility for the Capital Damages, and
  - Select American Express as the payment method for the Capital Damages, and
  - Accept the total estimated amount for which the Cardmember may be responsible, and that the final billed amount can be up to 15% more than the estimated amount. No amounts in excess of 115% of the disclosed amount shall be charged to the Cardmember's Card, without the express prior written consent of the Cardmember.

  * The Cardmember’s acknowledgment must be made after the damages have occurred and without any threat or duress.
- You must obtain Authorization for the amount of the Capital Damages each time a Capital Damages Charge is submitted.
- On each occasion the Cardmember has chosen to use the Card for Capital Damages, you must prepare a Charge Record separate from the Charge Record for the rental. You must adhere to all requirements outlined in Chapter 4, "Transaction Processing" for the completion of the Charge Record. In addition, you must observe the following:
  - After the exact amount of the Capital Damages has been determined and the Charge is ready for Submission, you must provide the Cardmember with an itemized notice of damages; insert the amount of the Capital Damages on the Charge Record (in no event in excess of the estimated amount plus 15% agreed to by the Cardmember in writing).
  - For Charge Records submitted on paper or by other non-electronic means, you must write "Capital Damages" on the signature line; for electronic Submission you must provide the indicator. For instructions on how to provide the indicator, contact your Merchant Services Provider.
  - In addition to the other Chargeback rights contained in the Agreement, American Express may exercise its Chargeback rights with respect to any Charge for Capital Damages which is not submitted in accordance with all the procedures contained within the Agreement, including the provisions of this Subsection 12.12.2.4, "Capital Damages".

You must never include the following in an Authorization Request or in a Charge Submission:

- Losses due to theft of the vehicle, or
- Loss of revenue incurred by you due to loss of use of the rental vehicle in question.

12.12.2.5 Capital Damages to Rental Vehicles – Documentation

You must comply with requests from the Cardmember or the Cardmember's insurance adjustor to supply documentation related to the capital loss incident, if applicable.

12.12.3 Assured Reservations

Assured Reservations Program

The Assured Reservation Program allows Cardmembers to contact a participating property or rental agency to make an Assured Reservation and guarantee the reservation by giving their American Express Card. The Assured Reservation Program is available to the following industries: hotel, trailer park/campground, vehicle, aircraft, bicycle, boat, equipment, motor home, and motorcycle rentals.

Assured Reservations means:

- For accommodation reservations (including hotel and trailer park/campground): a Cardmember's accommodation is guaranteed by you to be held until the published check-out time on the date following the scheduled arrival date, as indicated by the Cardmember when making the Assured Reservation.
- For vehicle, aircraft, bicycle, boat, equipment, motor home, and motorcycle rentals: a Cardmember's reservation is guaranteed by you to be held until the return time, as indicated by the Cardmember when making the Assured Reservation.

You must honor Assured Reservations. You may submit "no show" Charges, if you comply with the provisions of the Assured Reservations Program and the Cardmember does not use or cancel the reservation in accordance with program requirements.

Your Assured Reservations Program responsibilities include the following:

- When accepting an Assured Reservation, you must advise the Cardmember that, if the Cardmember does not claim the Assured Reservation, or cancel it within the time specified in your stated reservation policy, you may bill the Cardmember for a "no show" Charge as follows:
  - For accommodation reservations (including hotel and trailer park/campground): one (1) night's accommodation plus applicable taxes.
  - For vehicle, aircraft, bicycle, boat, equipment, motor home, and motorcycle rentals: one (1) day's rental or the daily/hourly incremental equivalent of the rental rate agreed upon in the rental agreement, plus applicable taxes.
- If the Cardmember cancels an Assured Reservation, you must provide a cancellation number to the Cardmember and maintain a record of the cancellation number.
- Use the proper "no show" indicator, when submitting a "no show" Charge. If you are unsure of how to transmit using this code, contact your Merchant Services Provider.

If you do not honor the Assured Reservation Program requirements, you must provide comparable accommodations, and/or services, when reasonably available, at no additional cost to the Cardmember, in accordance with the rental agreement. Merchants classified in the Lodging industry are also subject to the requirements set forth in Subsection 12.12.1.2, "Assured Reservations — Lodging".

Failure to satisfy the previously-mentioned obligations may result in a Chargeback if the Cardmember disputes a "no show" Charge.

If a disproportionate numbers of Disputed "no show" Charges are received, you must work to reduce the number of disputes. If such efforts fail to reduce the number of disputes, you may be placed in a Chargeback program.

12.13 Transit Contactless Transactions

12.13.1 Card Acceptance Requirements for Transit Contactless Transactions

When accepting and processing Transit Contactless Transactions you must:

- Be classified in one of the following MCCs: 4111, 4112, 4131, 4784, 7523 and pass that MCC in the Authorization and Submission
- Not accept expired Cards

- Flag all requests for Authorization and Submission with a transit indicator and meet additional transit technical requirements (see Section 2.5, "Compliance with the Technical Specifications"). Contact your Merchant Services Provider for further information about complying with these specifications.

12.13.2 Authorization and Submission Requirements

When accepting a Transit Contactless Transaction, you must obtain an Account Status Check Authorization for any amount up to the Chargeback Protection Threshold (as set forth in Subsection 12.13.3, "Transit Thresholds"). The following sets out how to proceed based on the response you receive to the Account Status Check.

If	Then
the Account Status Check or Authorization is declined	Place the Card on the Deny List. If the amount is less than or equal to the Declined Authorization Protection Threshold, submit a Transit Contactless Transaction as defined in Subsection 12.13.3, "Transit Thresholds". If the amount is greater than the Declined Authorization Protection Threshold, you must not submit a Transit Contactless Transaction. You may request a new Authorization as outlined in Section 12.13.5, "Transit Debt Recovery". **Note:** Authorizations for partial fares cannot be submitted. You must not split a Transaction with the intent of avoiding a single Authorization for the full amount of the purchase.
the Account Status Check Authorization is approved	Continue to accept taps and submit the Aggregated Transit Charge, until the first occurrence of either: • the combined taps since the most recent Approved Authorization exceed the Chargeback Protection Threshold, or • the time since the most recent Approved Authorization exceeds the Authorization Time Period (as set forth in Subsection 12.13.3, "Transit Thresholds").
the combined taps exceed the Chargeback Protection Threshold	you must obtain a new Authorization at the time of submission of an Aggregated Transit Charge if the combined taps since the most recent Approved Authorization exceed the Chargeback Protection Threshold. The amount to be Authorized is the Aggregated Transit Charge since the most recent submission, not to exceed the Chargeback Protection Threshold. **Note:** If the amount to be Authorized exceeds the Chargeback Protection Threshold, you must submit multiple Transactions where each Transaction amount is below or equal to the Chargeback Protection Threshold.
the time since the most recent Approved Authorization exceeds the Authorization Time Period	you must obtain a new Account Status Check Authorization for any amount below the Chargeback Protection Threshold.

Failure to satisfy the previously-mentioned obligations may result in a “No valid authorization” Chargeback.

12.13.3 Transit Thresholds

Chargeback Protection Threshold is $15.

Authorization Time Period is 7 days.

Declined Authorization Protection is $6.

12.13.4 Transit Charge Information

You must ensure the Cardmember has access to the following information for a minimum of 120 days:

- Name associated with the Merchant Number
- Total Transaction amount
- Date of travel
- Start time of each individual journey, if available
- End time of each individual journey, if available
- Final Transaction date

12.13.5 Transit Debt Recovery

If an Authorization is declined, you may attempt to recover any outstanding debt, providing all the following conditions are met:

- The value of the debt is greater than the Declined Authorization Protection Threshold.
- You obtain an approved Authorization for the full value of the debt owed.
- You do not attempt more than six (6) Authorizations after the initial Authorization was declined.
- No more than thirty (30) days have elapsed since the initial Authorization was declined.

12.13.6 Management of the Deny List

You must maintain a Deny List by adding or removing Card Numbers based on any new Authorization approval or decline. The Deny List must be updated at least once daily. We recommend that you update the Deny List more frequently when possible.

When a Card is tapped, you must immediately check the Deny List and refuse entry to any Cardmember when the Card Number of the Card used appears on the Deny List.

You must not submit Contactless Transit Transactions when the Card Number appears on the Deny List at the time of submission attempt. A Card Number must be removed from the Deny List if an Account Status Check or Authorization request is subsequently approved.

We may issue Chargebacks if you fail to comply with these requirements or the provisions of this Section 12.13, "Transit Contactless Transactions".

12.13.7 Pay-In-Advance Transit Passes

You may offer a pay-in-advance fare program, which allows Cardmembers to use their Card, Contactless Card or Mobile Device to purchase, in advance of travel:

a. time-based, unlimited travel passes, which allow the Cardmember to use their Contactless Card or Mobile Device to enter and/or use the transit system until the time limit for such pass expires, or

b. passes for a defined-dollar amount or defined number of trips, which allow the Cardmember to use their Contactless Card or Mobile Device to enter and/or use the transit system until the balance is used. Balances (dollar amount or number of trips, as applicable) on these passes are reduced as the Cardmember uses the transit system.

If the Cardmember uses a Pay-In-Advance Transit pass, you must:

- Limit the system functions to account identification and fare validation only, and
- Not process taps as Transit Contactless Transactions.

AMERICAN EXPRESS

Dispute Resolution

13

13.1 Arbitration Agreement (as to Claims involving American Express)

In the event that Merchant or Merchant Services Provider is not able to resolve a Claim against American Express, or a claim against Merchant Services Provider or any other entity that American Express has a right to join in resolving a Claim, this section explains how Claims can be resolved through arbitration. Merchant or American Express may elect to resolve any Claim by individual binding arbitration. Claims are decided by a neutral arbitrator.

If arbitration is chosen by any party, neither Merchant nor Merchant Services Provider nor American Express will have the right to litigate that Claim in court or have a jury trial on that Claim. Further, Merchant, Merchant Services Provider, and American Express will not have the right to participate in a representative capacity or as a member of any class pertaining or be a named party to a class-action with respect to any Claim for which any party elects arbitration. Arbitration procedures are generally simpler than the rules that apply in court, and discovery is more limited. The arbitrator's decisions are as enforceable as any court order and are subject to very limited review by a court. Except as set forth below, the arbitrator's decision will be final and binding. Other rights Merchant, Merchant Services Provider, or American Express would have in court may also not be available in arbitration.

i. **Initiation of Arbitration.** Claims will be referred to either JAMS or AAA, as selected by the party electing arbitration. Claims will be resolved pursuant to this Arbitration Agreement and the selected organization's rules in effect when the Claim is filed, except where those rules conflict with the Agreement. Contact JAMS or AAA to begin an arbitration or for other information. Claims may be referred to another arbitration organization if all parties agree in writing, or to an arbitrator appointed pursuant to section 5 of the Federal Arbitration Act, 9 U.S.C. §§ 1-16 (FAA). Any arbitration hearing that Merchant attends shall take place in New York unless all parties agree to an alternate venue.

ii. **Limitations on Arbitration.** **If any party elects to resolve a Claim by arbitration, that Claim will be arbitrated on an individual basis. There will be no right or authority for any Claims to be arbitrated on a class action basis or on bases involving Claims brought in a purported representative capacity on behalf of the general public, other merchants or other persons or entities similarly situated.** The arbitrator's authority is limited to Claims between Merchant, Merchant Services Provider, and American Express. Claims may not be joined or consolidated unless all parties to this agreement agree in writing. An arbitration award and any judgment confirming it will apply only to the specific case brought by Merchant, Merchant Services Provider or American Express and cannot be used in any other case except to enforce the award as between Merchant, Merchant Services Provider and American Express. This prohibition is intended to, and does, preclude Merchant from participating in any action by any trade association or other organization against American Express. Notwithstanding any other provision and without waiving the right to appeal such decision, if any portion of these *Limitations on Arbitration* is deemed invalid or unenforceable, then the entire Arbitration provision (other than this sentence) will not apply.

iii. **Previously Filed Claims/No Waiver.** Merchant, Merchant Services Provider, or American Express may elect to arbitrate any Claim that has been filed in court at any time before trial has begun or final judgment has been entered on the Claim. Merchant, Merchant Services Provider, or American Express may choose to delay enforcing or to not exercise rights under this arbitration provision, including the right to elect to arbitrate a Claim, without waiving the right to exercise or enforce those rights on any other occasion. For the avoidance of any confusion, and not to limit its scope, this section applies to any class-action lawsuit relating to the "Honor All Cards," "non-discrimination," or "no steering" provisions of the American Express Merchant Regulations, or any similar provisions of any prior American Express Card acceptance agreement, that was filed against American Express prior to the effective date of the Agreement.

iv. **Arbitrator's Authority.** The arbitrator shall have the power and authority to award any relief that would have been available in court, including equitable relief (e.g., injunction, specific performance) and cumulative with all other remedies, shall grant specific performance whenever possible. The arbitrator shall have no power or authority to alter the Agreement or any of its separate provisions, including this section, nor to determine any matter or make any award except as provided in this section.

v. **Split Proceedings for Equitable Relief.** Merchant, Merchant Services Provider, or American Express may seek equitable relief in aid of arbitration prior to arbitration on the merits to preserve the status quo pending completion of such process. This section shall be enforced by any court of competent jurisdiction, and the party seeking enforcement shall be entitled to an award of all reasonable attorneys' fees and costs, including legal fees, to be paid by the party against whom enforcement is ordered.

vi. **Small Claims Court.** American Express shall not elect to use arbitration under this section for any Claim Merchant properly files in a small claims court so long as the Claim seeks individual relief only and is pending only in that court.

vii. **Governing Law/Arbitration Procedures/Entry of Judgment.** This arbitration section is made pursuant to a transaction involving interstate commerce and is governed by the FAA. The arbitrator shall apply New York law and applicable statutes of limitations and shall honor claims of privilege recognized by law. The arbitrator shall apply the rules of the arbitration organization selected, as applicable to matters relating to evidence and discovery, not the federal or any state rules of civil procedure or rules of evidence, provided that any party may request that the arbitrator expand the scope of discovery by doing so in writing and copying any other parties, who shall have fifteen (15) days to make objections, and the arbitrator shall notify the parties of their ~~his/her~~ decision within twenty (20) days of any objecting party's submission. If a Claim is for $10,000 or less, Merchant or American Express may choose whether the arbitration will be conducted solely on the basis of documents submitted to the arbitrator, through a telephonic hearing, or by an in-person hearing as established by the rules of the selected arbitration organization. At the timely request of a party, the arbitrator shall provide a written and reasoned opinion explaining their ~~his/her~~ award. The arbitrator's decision shall be final and binding, except for any rights of appeal provided by the FAA. If a Claim is for $100,000 or more, or includes a request for injunctive relief, (a) any party to this Agreement shall be entitled to reasonable document and deposition discovery, including (x) reasonable discovery of electronically stored information, as approved by the arbitrator, who shall consider, *inter alia*, whether the discovery sought from one party is proportional to the discovery received by another party, and (y) no less than five depositions per party; and (b) within sixty (60) days of the initial award, either party can file a notice of appeal to a three-arbitrator panel administered by the selected arbitration organization, which shall reconsider de novo any aspect requested of that award and whose decision shall be final and binding. If more than sixty (60) days after the written arbitration decision is issued the losing party fails to satisfy or comply with an award or file a notice of appeal, if applicable, the prevailing party shall have the right to seek judicial confirmation of the award in any state or federal court where Merchant's headquarters or Merchant's assets are located.

viii. **Confidentiality.** The arbitration proceeding and all testimony, filings, documents, and any information relating to or presented during the proceedings shall be deemed to be confidential information not to be disclosed to any other party. All offers, promises, conduct, and statements, whether written or oral, made in the course of the Claim resolution process, including but not limited to any related negotiations, mediations, arbitration, and proceedings to confirm arbitration awards by either party, its agents, employees, experts or attorneys, or by mediator or arbitrator, including any arbitration award or judgment related thereto, are confidential and inadmissible for any purpose, including impeachment or estoppel, in any other litigation or proceeding involving any of the parties or non-parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the negotiation, mediation, or arbitration.

ix. **Costs of Arbitration Proceedings.** Merchant will be responsible for paying Merchant's share of any arbitration fees (including filing, administrative, hearing or other fees), but only up to the amount of the filing fees Merchant would have incurred if Merchant had brought a Claim in court. American Express will be responsible for any additional arbitration fees. At Merchant's written request, American Express will consider in good faith making a temporary advance of Merchant's share of any arbitration fees, or paying for the reasonable fees of an expert appointed by the arbitrator for good cause.

x. **Additional Arbitration Awards.** If the arbitrator rules in Merchant's favor against American Express for an amount greater than any final settlement offer American Express made before any arbitration award, the arbitrator's award will include: (1) any money to which Merchant is entitled as determined by the arbitrator, but in no case less than $5,000; and (2) any reasonable attorneys' fees, costs and expert and other witness fees incurred by Merchant.

xi. **Definitions.** For purposes of this Section 13.1, "Arbitration Agreement (as to Claims involving American Express)" only, (i) *American Express* includes any of its affiliates, licensees, predecessors, successors, or assigns, any purchasers of any receivables, and all agents, directors, and representatives of any of the foregoing, and (ii) *Merchant* includes Merchant's affiliates, licensees, predecessors, successors, or assigns, any purchasers of any receivables and all agents, directors, and representatives of any of the foregoing, and (iii) *Claim* means any allegation of an entitlement to relief, whether damages, injunctive or any other form of relief, against American Express or against Merchant Services Provider or any other entity that American Express has the right to join in resolving a Claim, including, a transaction using an American Express product or network or regarding an American Express policy or procedure.

Glossary of Terms

Account Status Check
A type of Authorization request that is used to ask an Issuer to indicate if the Card account represented by the Card Number on the message is valid. The Account Status Check is used, for example, by transit authorities to check the status of a Card account associated with a Transit Contactless Transaction at transit operator's terminal.

Advance Payment Charge
A Charge for which full payment is made in advance of Merchant providing the goods and/or rendering the services to the Cardmember.

Affiliate
Any Entity that controls, is controlled by, or is under common control with either party, including its subsidiaries. As used in this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an Entity, whether through ownership of voting securities, by contract, or otherwise. For the avoidance of doubt, but not by way of limitation, the direct or indirect ownership of more than 50% of (i) the voting securities or (ii) an interest in the assets, profits, or earnings of an Entity shall be deemed to constitute "control" of the Entity.

Agency
Any Entity or line of business that uses Merchant's Marks or holds itself out to the public as a member of Merchant's group of companies.

Aggregated Charge
A Charge that combines multiple small purchases or refunds (or both) incurred on a Card into a single, larger Charge before submitting the Charge for payment.

Aggregated Transit Charge
An Aggregated Charge that combines multiple small Transit Contactless Transactions incurred on a Card into a single, larger Charge before submitting the Charge for payment.

Agreement
The merchant processing agreement or sponsored merchant agreement, the *American Express Merchant Operating Guide*, and any accompanying schedules and exhibits, collectively, between Merchant and its Merchant Services Provider.

American Express
American Express Travel Related Services Company, Inc.

American Express Brand
The American Express name, trademarks, service marks, logos, and other proprietary designs and designations and the imagery owned by American Express or an American Express Affiliate and the goodwill associated with all of the foregoing and with all the goods and services now and in the future provided, marketed, offered, or promoted by American Express or an American Express Affiliate.

American Express Card or Cards
(i) any card, account access device, or payment device or service bearing an American Express or an American Express Affiliate's Marks and issued by an Issuer or (ii) a Card Number. Card also includes any card or other account access device or service issued by a Third Party Issuer and bearing such Third Party Issuer's name or Marks but not the Marks of American Express.

American Express Network or Network
The Network of Merchants that accept Cards and the operational, service delivery, systems, and marketing infrastructure that supports this Network and the American Express Brand.

American Express Quick Chip
A software solution that modifies the EMV transaction flow for processing of American Express Cards, which allows a Chip Card to be inserted before the final Transaction amount is known, and does not require the Card to remain in the reader during the online Authorization process.

Applicable Law (i) any law, statute, regulation, ordinance, or subordinate legislation in force from time to time to which Merchant or its Merchant Services Provider is subject, (ii) the common law as applicable to them from time to time, (iii) any court order, judgment, or decree that is binding on them, and (iv) any directive, policy, rule, or order that is binding on them and that is made or given by a regulator or other government or government agency of any Territory, or other national, federal, commonwealth, state, provincial, or local jurisdiction.

Application-initiated Transaction
A Transaction initiated by an electronic device (including but not limited to, a mobile telephone, tablet, or wearable device) utilizing a merchant software application within the electronic device.

Approval/Approved
A message granting an Authorization in response to a request for Authorization from a Merchant, consisting of an Approval or other indicator.

Assured Reservation Program
A program that allows Cardmembers to contact a participating property or rental agency to make an Assured Reservation and guarantee the hotel reservation by giving their American Express Card. The Assured Reservation Program is available to the following industries: hotel, trailer park/campground, vehicle, aircraft, bicycle, boat, equipment, motor home, and motorcycle rentals.

Authorization/Authorized
The process by which a Merchant obtains an Approval for a Charge in accordance with the Agreement.

Authorization Time Period
The number of days an approved Authorization is valid for a transit purchase, before another Account Status Check or Authorization is required.

Bank Account
An account that Merchant holds at a bank or other financial institution.

Batch
A group of Transactions, submitted to your Merchant Services Provider, usually on a daily basis.

Card—See American Express Card or Cards.

Card Data
Includes the following elements: Cardmember name, Card Number, Expiration Date, Charge date, the amount of the Charge, the Approval, description of goods and services, Merchant name, Merchant address, Merchant Number and if applicable the Establishment number, Cardmember signature (if obtained), 'No Refund' if you have a no refund policy, and all other information as required from time to time by your Merchant Services Provider, American Express, or Applicable Law.

Card Identification (CID) Number
A four-digit number printed on the Card. See Section 5.11, "Card Identification (CID) Number" for additional information.

Card Not Present Charge
A Charge for which the Card is not presented at the point of sale (e.g., Charges by mail, telephone, fax, or the internet).

Card Number
The unique identifying number that the Issuer assigns to the Card when it is issued.

Card Present Charge
A Charge for which the physical Card and Cardmember are present at the point of sale, including In-Person Charges and Charges made at CATs.

CARDeposit Program
A program that permits Cardmembers to charge the payment of an Advance Payment Charge to their Cards when a deposit is required. See Subsection 12.12.1.3, "CARDeposit Program" for additional information.

Cardmember (also referred to as Card Member)
An individual or Entity (i) that has entered into an agreement establishing a Card account with an Issuer or (ii) whose name appears on the Card.

Cardmember Information
Any information about Cardmembers and Transactions, including, but not limited to, Transaction Data, and Cardmember name, addresses, Card Numbers, and CID Numbers.

Charge
A payment or purchase made on the Card.

Charge Data
Data to be included in Submissions of Charge Records.

Charge Record

A reproducible (both paper and electronic) record of a Charge that complies with American Express' requirements and contains the Card Number, Transaction date, dollar amount, Approval, Cardmember signature (if applicable), and other information.

Chargeback

When used as a verb, means (i) your Merchant Services Provider's reimbursement from you for the amount of a Charge charged back to you ~~subject to such right~~, or (ii) your Merchant Services Provider's reversal of a Charge for which it has not paid you; when used as a noun, means the amount of a Charge subject to reimbursement from you or reversal.

Chargeback Protection Threshold

The maximum value of one or more aggregated transit Transactions that can be settled against an approved Authorization and protected from Chargebacks.

Chip

An integrated microchip embedded on a Card containing Cardmember and account information.

Chip Card

A Card that contains a Chip and could require a PIN as a means of verifying the identity of the Cardmember or account information contained in the Chip, or both, (sometimes called a "smart Card", an "EMV Card", or an "ICC" or "integrated circuit Card" in American Express' materials).

Chip Card Data

The information contained in the Chip on a Chip Card that is used to process Transactions.

Code 10

A phrase that a Merchant communicates to its Merchant Services Provider to alert of a possible suspicious Card and/or Transaction. Code 10 situations usually occur during Authorization.

Collusion

Any Transaction, activity, or agreement conducted by a Merchant or its agent with another party, including another Merchant or a Cardmember, which the Merchant knew or should have known was not legitimate, or carried out in violation of Chapter 10, "Risk Evaluation".

Compelling Evidence

Additional types of documentation provided by the Merchant to demonstrate the Cardmember participated in the Transaction, received goods or services, or benefited from the Transaction. Please contact your Merchant Services Provider for additional information regarding Compelling Evidence.

Consumer Device Cardholder Verification Method (CDCVM)

An Issuer approved, American Express recognized Cardholder Verification Method whereby the Cardmember's credentials are verified on a Mobile Device.

Contactless

Technology enabling a Card or Mobile Device embedded with a radio frequency component (currently, Expresspay) to communicate with a radio frequency-enabled POS System to initiate a Transaction. See also Expresspay.

Covered Parties
Any or all of your employees, agents, representatives, subcontractors, processors, Service Providers, providers of your point-of-sale (POS) equipment or systems, or payment processing solutions, Entities associated with your American Express merchant account, and any other party to whom you may provide Cardholder Data or Sensitive Authentication Data (or both) access in accordance with the Agreement.

Credit
The amount of the Charge that Merchant refunds to Cardmembers for purchases or payments made on the Card.

Credit Record
A record of Credit that complies with American Express' requirements.

Customer Activated Terminal (CAT)
An unattended POS System (e.g., gasoline pump, vending machine, check-out kiosk).

Data Security Requirements (DSR)
The American Express data security policy for Merchants, as described in Chapter 8, "Protecting Cardmember Information" of the *Merchant Operating Guide* and is also made available to Merchants at www.americanexpress.com/dsr.

Debit Card
A Card that accesses a demand deposit, current, savings, or similar account. A Transaction is settled from the accessed account. A Debit Card is not a Prepaid Card.

Decline
A message denying the Merchant's request for Authorization.

Declined Authorization Protection Threshold
The maximum amount that can be settled following a declined Authorization for a Transit Contactless Transaction.

Delayed Delivery Charge
A single purchase for which Merchant must create and submit two separate Charge Records. The first Charge Record is for the deposit or down payment and the second Charge Record is for the balance of the purchase.

Deny List
A list of Card Numbers that have received a declined Account Status Check or Authorization without a subsequent approved one that removes it from the list.

Digital Goods or Services
Digital merchandise or services downloaded or accessed via Internet or another file transfer process (e.g., movies, applications, games, virus scanning software).

Digital Wallet Application-initiated Transaction
An Application-initiated Transaction that is initiated by a digital wallet within a Mobile Device.

Digital Wallet Contactless-initiated Transaction
A contactless Transaction initiated by a digital wallet within a Mobile Device via the contactless interface.

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Digital Wallet Magnetic Secure Transmission Transaction
A type of Digital Wallet Payment where a Transaction is initiated by a digital wallet within a Mobile Device via the magnetic stripe reader within a POS system.

Digital Wallet Payment
A Digital Wallet Contactless-initiated Transaction, Digital Wallet Application-initiated Transaction, and/or Digital Wallet Magnetic Secure Transmission (MST) Transaction conducted via a digital wallet, operated by an American Express approved third party wallet provider that resides on a Mobile Device.

Disputed Charge
A Charge about which a claim, complaint, or question has been brought.

E-commerce
Electronic commerce is the buying or selling of physical or Digital Goods or Services using the Internet or an electronic network.

E-commerce Transaction
The purchasing of physical or Digital Goods or Services using the Internet, an application, or electronic network on either a personal computer or Mobile Device including, but not limited to, Internet Transactions or Digital Wallet Application-initiated Transactions.

Entity
A corporation, partnership, sole proprietorship, trust, association, or any other legally recognized entity or organization.

Establishments
Any or all of your and your Affiliates' locations, outlets, websites, online networks, and all other methods for selling goods and services, including methods that you adopt in the future.

Estimated Authorization
An Authorization for an estimated amount that differs from the final submission amount.

Estimated Lodging Charge
The estimated amount of Charges based on the room rates and the number of days the Cardmember expects to stay, plus taxes and other known incidental amounts.

Estimated Vehicle Rental Charge
The rental rate multiplied by the rental period reserved by the Cardmember, plus taxes and any known incidental amounts.

Expiration Date
The month and year on which a Card expires (sometimes referred to as "valid thru" or "active thru" date).

Expresspay
An American Express program that enables Contactless transactions.

Floor Limit
A monetary threshold for a single Charge, at or above which Merchant must obtain an Authorization before completing the Charge.

Fraud Full Recourse Program
One of American Express' Chargeback programs.

High Risk Merchant
A Merchant designation indicating that certain fraud Transactions conducted at the Merchant may be issued as a Chargeback to the Merchant under American Express' Fraud Full Recourse Program.

Immediate Chargeback Program
One of American Express' Chargeback programs.

In-Person Charge
A Card Present Charge excluding Charges made at CATs (e.g., a Charge taken at a Merchant attended retail location where the Card is swiped, read by a contactless reader, inserted into a Chip Card reader, or manually key-entered).

Inquiry
A request for information about a Disputed Charge.

Internet Electronic Delivery
The delivery of Digital Goods or Services purchased on the internet via an internet or an electronic network download or another file transfer process (e.g., images or software download).

Internet Order
Card payment information that is taken via the World Wide Web, online (usually via a website payment page), email, intranet, extranet, or other similar network in payment for merchandise or services.

Introductory Offer
A free or reduced cost trial, promotion, or other similar offer for a limited period of time that allows Cardmembers to try a product or service before the Card is billed for the regular price of the product or service.

Issuer
Any Entity (including American Express and its Affiliates) licensed by American Express or an American Express Affiliate to issue Cards and to engage in the Card issuing business.

Magnetic Stripe
A stripe on the back of a Card that contains Cardmember and account information in machine readable form.

Marks
Names, logos, service marks, trademarks, trade names, taglines, or other proprietary designs or designations.

Merchant
Any seller of goods or services, non-profit, or government Entity that enters into an agreement with a Merchant Services Provider wherein the seller agrees to (i) permit any Cardmember to charge purchases of goods and services at or with such Merchant by means of the Card and (ii) transfer Transactions to American Express through Merchant Services Provider. Sponsored Merchants shall be included within the meaning of Merchants.

Merchant Account
An account established by Merchant Services Provider upon entering into an Agreement with a Merchant.

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Merchant Category Code

The four (4) digit code used to identify the industry in which the Merchant is doing business.

Merchant Number

The unique merchant identification number (or MID) provided by Merchant Services Provider to Merchant for submitting transactions.

Merchant Operating Guide

The *American Express Merchant Operating Guide*, which is available at www.americanexpress.com/merchantopguide.

Merchant Services Provider

An Entity authorized under the American Express OptBlue® Program to accept Charges from a Merchant pursuant to an Agreement or a Payment Aggregator authorized to accept Charges from a Merchant. These services may include, but are not limited to, processing transactions, facilitating authorizations on purchases, and capturing data, merchant accounting, backroom operations (e.g., chargebacks and detecting fraud), provision of point of sale equipment, solutions, or systems, sales, or customer service.

Mobile Device

An Issuer approved and American Express recognized electronic device (including, but not limited to, a mobile telephone, tablet, or wearable device) that is enabled to initiate a Digital Wallet Payment Transaction.

Mobile Point of Sale (MPOS)

A generic term for a system comprising of a commercial off-the-shelf mobile computing device with cellular or Wi-Fi data connectivity (such as a phone, tablet, or laptop) that may be used in conjunction with a Card-reading peripheral to accept contact and/or Contactless Transactions.

Network—See American Express Network or Network.

No PIN Program

A program that allows an Establishment to not request a signature or PIN from Cardmembers. See Section 4.17, "No PIN Program" for additional information.

Other Payment Products

Any charge, credit, debit, stored value, prepaid, or smart cards, account access devices, or other payment cards, services, or products other than the Card.

Partial Immediate Chargeback Program

One of American Express' Chargeback programs.

Payment Aggregator

A provider of Payment Services (formerly referred to as "Payment Service Provider" or "PSP" and sometimes called an "aggregator" or "master merchant").

Payment Services

The provision of payment services in connection with Transactions between Cardmembers and Sponsored Merchants whereby the Entity providing such services (and not the Sponsored Merchant), is the Merchant of record, submits Transactions under its Merchant Number and receives payment from us for Charges (among other things).

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Personal Identification Number (PIN)

A secret code for use with one or more American Express Network, Acquirer, or Issuer systems that is used to authenticate the user (e.g., a Cardmember) to that system.

Point of Sale (POS) System

An information processing system or equipment, including a terminal, personal computer, electronic cash register, contactless reader, Mobile Point of Sale (MPOS), or payment engine or process, used by a Merchant, to obtain Authorizations or to collect Transaction Data, or both.

Prepaid Card

A Card that is marked "Prepaid" or bearing such other identifiers used by American Express from time to time.

Proof of Delivery

A courier receipt which proves that the goods were delivered to the complete and valid shipping address provided by the Cardmember when the purchase was made.

Property Damage Fee

An additional sum of money that may be charged to a Cardmember in relation to property damage that has been sustained to the rental accommodation (or property therein) or rental equipment (or part thereof) during the stay or rental period for which the Merchant is able to demonstrate the genuine costs incurred or required to repair or replace the property or equipment.

Recurring Billing

An option offered to Cardmembers to make recurring Charges automatically on their Card (e.g., membership fees to health clubs, magazine subscriptions, and insurance premiums).

Rental Establishments

Long-term rentals used as primary residences.

Reloadable Prepaid

A Prepaid Card whereby once funds are depleted, it can be reloaded by adding funds to the Card.

Rights-holder

A natural or legal person or Entity having the legal standing and authority to assert a copyright or trademark right.

Settlement

The process by which your Merchant Services Provider compiles your debits and credits to calculate a net amount that will be applied to your Bank Account.

Split Tender

The use of multiple forms of payment (e.g., prepaid products, cash, American Express Card) for a single purchase.

Submission

The collection of Transaction Data sent to American Express.

System Outage

The interruption of either Merchant or Network systems or services (e.g., computer system failure, telecommunications failure, or regularly scheduled downtime).

Technical Specifications
The set of mandatory, conditional, and optional requirements related to connectivity to the Network and electronic Transaction processing, including Authorization and Submission of Transactions (sometimes called "specifications" in American Express' materials), which American Express may update from time to time.

Telecommunications
Communication services, including personal communication services; cellular, paging, long distance, etc.

Token
A surrogate value that replaces the Card Number.

Transaction
A Charge or Credit completed by the means of a Card.

Transaction Data
All information required by American Express, evidencing one or more Transactions, including information obtained at the point of sale, information obtained or generated during Authorization and Submission, and any Chargeback.

Transit Contactless Transaction
A Contactless (see also Expresspay) Transaction for entry into and/or use of a transit system.

Transmission
A method of sending Transaction Data to American Express whereby Transaction Data is transmitted electronically over communication lines.

Transmission Data
The same as Card Data except for the requirements to include: Cardmember name, Expiration Date, the Cardmember's signature (if obtained); and the words "No Refund" if the Merchant has a no refund policy.

URL
Uniform Resource Locator, a term used to identify an internet address.

United States (U.S.) Region
Consists of the 50 United States and the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands, but no other U.S. territory or possession.

Valid Dates
The dates on the Card that indicate the first and last date the Card can be used to make purchases.

~~Voice Authorization~~
~~The Authorization of a Charge obtained by calling the Authorization Department of your Merchant Services Provider.~~

We, our and us
American Express Travel Related Services Company, Inc.

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You and your

The individual or Entity that executes the ~~accepting the Card under an~~ Agreement with a Merchant Services Provider ~~and (as applicable) its Affiliates conducting business in the same industry~~ (sometimes called the "Merchant" or "Establishment" in this *Merchant Operating Guide).*