



**AMERICAN EXPRESS**

# Merchant Operating Manual

## Canada

October 2024

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# Summary of Changes

## Icons

Important updates are listed in the Summary of Changes Table and also indicated in the *Merchant Operating Manual* with a change bar. A change bar is a vertical line, usually in the left margin, that identifies added or revised text. Only substantial changes in the *Merchant Operating Manual* with potential impacts to a Merchant's operational procedures are indicated with a change bar as shown in the left margin:



Removed text is referenced in this Summary of Changes using the section numbering from the previous publication to avoid confusion. Removed text is highlighted with a trash can icon placed in the margin next to any significant deletion of text, including sections, tables, paragraphs, notes, and bullet points.

## Summary of Changes Table

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

Chapter	Section/Subsection	Description of Change
<a href="#">Contact Information</a>		Updated Travellers Cheque Contact Information.
<a href="#">Chapter 4, "Transaction Processing"</a>	<a href="#">Subsection 4.2.2, "Unattended Terminals"</a>	Added reference to electric vehicle charging stations.
	<a href="#">Section 4.4.9, "Travellers Cheques"</a>	Updated verbiage for Travellers/Gift Cheques.
	Subsection 4.4.9.1, "Acceptance Procedures"	Removed subsection for Acceptance Procedures of Travellers Cheques.
<a href="#">Chapter 5, "Authorization"</a>	<a href="#">Section 5.2, "The Purpose of Authorization"</a>	Updated reference to <a href="#">Subsection 5.4.2, "Estimated Charge Amount"</a> .
	<a href="#">Section 5.3, "Authorization Time Limit"</a>	Updated reference and verbiage to <a href="#">Table 5-1: Estimated Charge Amount</a> .
	<a href="#">Section 5.4, "Variable Authorization"</a>	Updated section title.
	<a href="#">Subsection 5.4.1, "Estimated Authorization"</a>	Relocated and clarified Estimated Authorization verbiage.
	<a href="#">Subsection 5.4.2, "Estimated Charge Amount"</a>	Relocated <a href="#">Table 5-1: Estimated Charge Amount</a> .
	<a href="#">Subsection 5.4.3, "Incremental Authorization"</a>	Included Incremental Authorizations.
<a href="#">Chapter 5, "Authorization"</a>	<a href="#">Subsection 5.4.4, "Authorization Reversal"</a>	Relocated and expanded Authorization Reversal requirements.

Chapter	Section/Subsection	Description of Change
	<a href="#">Subsection 5.4.5, "Partial Authorization"</a>	Relocated Partial Authorization verbiage.
	<a href="#">Subsection 5.4.6, "Authorization on Credit"</a>	Included Authorization on Credit subsection.
	<a href="#">Section 5.8, "Obtaining an Authorization"</a>	Clarified Authorization requirement during system outage.
	Section 5.10, "Authorization Reversal"	Relocated to <a href="#">Subsection 5.4.4, "Authorization Reversal"</a> .
	<a href="#">Section 5.10, "Pre-Authorization"</a>	Added reference to electric vehicle charging stations.
<a href="#">Chapter 9, "Fraud Prevention"</a>	Section 9.9, "Travellers Cheque and Gift Cheque Security Features"	Removed section.
	<a href="#">Section 9.9, "Fraud Mitigation Tools"</a>	Renumbered to section 9.9.
Chapter 10, "Risk Evaluation"		Deleted chapter and relocated information to <a href="#">Chapter 11, "Regulations for Specific Industries and Monitoring"</a> .
<a href="#">Chapter 10, "Chargebacks and Inquiries"</a>	<a href="#">Section 10.9, "Chargeback and Inquiry Monitoring"</a>	Updated references to the Fraud Full Recourse program and disproportionate Chargebacks.
<a href="#">Chapter 11, "Regulations for Specific Industries and Monitoring"</a>		Renamed chapter to accommodate additional content.
	<a href="#">Section 11.2, "Prohibited and Restricted Merchants"</a>	<ul style="list-style-type: none"> <li>Relocated verbiage from Section 10.2 "Prohibited and Restricted Merchants".</li> <li>Updated Credit Financing to include Mortgage Payments and the respective MCCs.</li> <li>Added Air Charters, Airlines, Auction Houses, Indirect Acceptors, Non-Travel Related Memberships, Payment Facilitators, and Timeshares.</li> <li>Reclassified Cryptocurrency as a Prohibited Industry.</li> </ul>
	<a href="#">Section 11.3.6, "Oil, Petroleum, and Electric Vehicles"</a>	Added reference to Electric Vehicle Charging.
	<a href="#">Subsection 11.3.6.1, "Requirements"</a>	Added reference to Electric Vehicle Charging.
	<a href="#">Subsection 11.3.6.2, "Automated Fuel Pumps"</a>	<ul style="list-style-type: none"> <li>Updated section title.</li> <li>Added Submission recommendation.</li> </ul>
	<a href="#">Subsection 11.3.6.3, "Electric Vehicle Charging"</a>	Added subsection for Electric Vehicle Charging Recommendations.
	<a href="#">Subsection 11.4, "Monitoring"</a>	Relocated verbiage from Section 10.3, "Monitoring".

Chapter	Section/Subsection	Description of Change
<a href="#">Chapter 12, "Payment Facilitator"</a>	<a href="#">Subsection 12.4.8, "Compliance with Codes"</a>	Updated name and references to the Code of Conduct for the Credit and Debit Card Industry in Canada to Code of Conduct for the Payment Card Industry in Canada.
<a href="#">Chapter 13, "Indirect Acceptors"</a>		Updated with minor revisions and enhancements. No changes to policy requirements have been made.
	<a href="#">Section 13.4, "Additional Requirements for Bill Payment Providers"</a>	Added Timeshares as an excluded industry.
	<a href="#">Section 13.5, "Additional Requirements for Installment Payment Transactions"</a>	Added Timeshares as an excluded industry.
	<a href="#">Section 13.6, "Additional Requirements for Marketplaces"</a>	Added Timeshares as an excluded industry.
	<a href="#">Subsection 13.7, "Excluded Industries for Indirect Acceptors"</a>	Added Timeshares as an excluded industry.
	Section 13.4.4, "Additional Requirements for Staged Back-to-Back Transactions"	Removed section and relocated verbiage to <a href="#">Section 13.7, "Excluded Industries for Indirect Acceptors"</a> .
	Section 13.4.5, "Additional Requirements for Stored Value Transactions"	Removed section and relocated verbiage to <a href="#">Section 13.7, "Excluded Industries for Indirect Acceptors"</a> .
<a href="#">Glossary</a>		Added/modified definitions.

# Contact Information

American Express Department	 Phone or Fax	 Web or Email	 Mail
American Express Enterprise Incident Response Program (EIRP)	1.602.537.3021	<a href="mailto:EIRP@aexp.com">EIRP@aexp.com</a>	–
American Express Merchant homepage	–	<a href="http://www.americanexpress.ca/merchant">www.americanexpress.ca/merchant</a>	–
American Express Online Privacy Statement	–	<a href="http://www.americanexpress.ca/privacy">www.americanexpress.ca/privacy</a>	–
American Express Terminal Assistance (If a vendor other than American Express provided your terminal, contact that vendor directly.)	1.800.834.7607	–	–
Authorization Department	1.800.268.9824	–	–
Customer Service Disputes and Fraud Disputes	Fax: 800.387.1742	–	Amex Bank of Canada PO Box 7000, Station B Willowdale, ON M2K 2R6
Merchant Services (general customer service for Merchants)	1.800.268.9877	–	–
Paper charge/credit forms	–	–	Amex Bank of Canada PO Box 6100 Agincourt Postal Station Scarborough, ON M1S 4C2
Paper submissions (including Rush submissions)	–	–	Amex Bank of Canada PO Box 6100 Agincourt Postal Station Scarborough, ON M1S 4C2
Travellers Cheque/Gift Cheque Customer Service	1.800.221.7282	<a href="https://americanexpress.com/travelerscheque">https://americanexpress.com/travelerscheque</a>	–
Travellers Cheque Authorizations and Fraud	1.800.221.7282	<a href="https://americanexpress.com/travelerscheque">https://americanexpress.com/travelerscheque</a>	–

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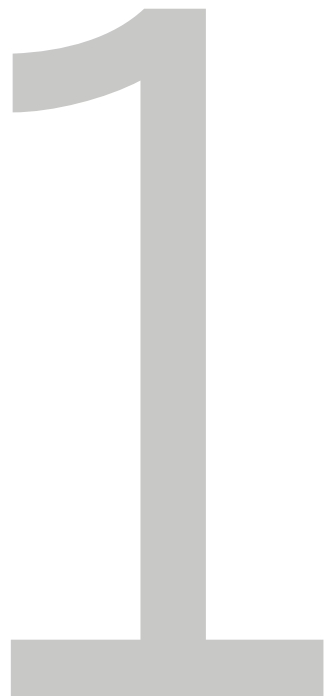
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# Introduction

- 1.1 About American Express
- 1.2 About the Merchant Operating Manual
- 1.3 Organization of the Merchant Operating Manual
- 1.4 Changes in the Merchant Operating Manual



## 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 neighbourhood shops to multinational corporations.

## 1.2 About the Merchant Operating Manual

We are pleased to provide the *American Express Merchant Operating Manual*. 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 Canadian Merchants consistently, we require them to operate under the *Merchant Operating Manual*.

The *Merchant Operating Manual* 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 Agreement. You agree to be bound by and accept all provisions in the *Merchant Operating Manual* (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.

The *Merchant Operating Manual* have been prepared in both English and French.

## 1.3 Organization of the Merchant Operating Manual

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

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.

The American Express *Merchant Operating Manual* 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.

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 Manual* 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 Manual* was designed with the following functionality:

- Important information is identified throughout the *Merchant Operating Manual* 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 Manual* online.

- A table of contents and comprehensive glossary are provided in the *Merchant Operating Manual*.
- Capitalized terms used in the *Merchant Operating Manual* have the meanings ascribed to them in the [Glossary](#). In addition, certain specialized terms also appear and are defined in the chapter or section in which they are used.

## 1.4 Changes in the Merchant Operating Manual

We reserve the right to change the *Merchant Operating Manual* (including by adding new terms or deleting or modifying existing terms) 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"](#). You agree to accept all changes (and further to abide by the changed provisions of the *Merchant Operating Manual*) as a condition of your agreement to accept the Card, except where Applicable Law takes precedence. You may obtain the latest version of the Canada *Merchant Operating Manual* by visiting [www.americanexpress.com/merchantpolicy](http://www.americanexpress.com/merchantpolicy), its successor website (as made available by us,) or by contacting your American Express representative. Any future changes to the *Merchant Operating Manual* are set out in the [Notification of Changes](#) section of the *Merchant Operating Manual*.

### 1.4.1 Scheduled Changes

The *Merchant Operating Manual* is published on a scheduled basis, twice each year, in April and October. We have the right to, and hereby notify you that we may, change the provisions of the *Merchant Operating Manual* in scheduled releases as follows:

- a release of scheduled changes, to be published every April, which changes shall take effect in the following October (or in a later) edition of the *Merchant Operating Manual* or during the period between two editions of the *Merchant Operating Manual*, and
- a release of scheduled changes, to be published every October, which changes shall take effect in the following April (or in a later) edition of the *Merchant Operating Manual* or during the period between two editions of the *Merchant Operating Manual*.

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

### 1.4.2 Unscheduled Changes

We have the right, and hereby notify you that we may, change the provisions of the *Merchant Operating Manual* in separate unscheduled releases.

Provisions changed in unscheduled releases generally take effect thirty (30) days after notice to you (unless another effective date is specified in the notice).

# Doing Business With American Express

- 2.1 Introduction
- 2.2 Benefits of Accepting the American Express Card
- 2.3 The American Express Merchant Number
- 2.4 The American Express Bank Identification Numbers
- 2.5 Merchant Information
- 2.6 Compliance with the Technical Specifications
- 2.7 Establishment Closing
- 2.8 Verification and Disclosure of Information
- 2.9 Call Monitoring
- 2.10 Permitted Uses of Merchant Information



## 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 Manual* explains the policies and procedures related to accepting American Express Cards in Canada. 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.

Accepting the Card also allows you to:

- access your Merchant Account through our online program, and
- manage your Inquiries, Submissions and payment information online with daily updates.

### 2.2.1 Commitments and Code of Conduct

In line with our core values of trust and integrity and as required under the Bank Act (Canada), when dealing with our customers, including our Merchants or another person, we will not: take advantage of that person, or impose undue pressure on or coerce that person for any purpose, including to obtain a product or service from a particular provider or as a condition for obtaining another product or service from us.

## 2.3 The American Express Merchant Number

If you do not know your Merchant Number, refer to your current statement—either paper or electronic (by accessing your Merchant Account online (terms apply))—or contact the representative from your corporate office that works with American Express.

Your Merchant Number (sometimes called a "Merchant ID", "Establishment number" or "SE number" in our materials) is a unique number we assign to your Establishments.

- If you have more than one Establishment, we may assign a separate Merchant Number for each.
- If you accept Card Present Charges and also accept Card Not Present Charges, you must notify us so that we may assign a separate Merchant Number for each.
- Your Merchant Number is assigned to you based on our classification of your industry. Certain Establishments may operate in more than one industry classification (e.g., a gasoline station with both in-store and Customer Activated Terminal (CAT) Transactions). In these instances, you must obtain a separate Merchant Number for each industry classification.
- Each Merchant Number is designated for a single currency.
- We may refuse to assign a Merchant Number or grant Card acceptance privileges to an Establishment.

If you require an additional Merchant Number, call [Merchant Services](#).

You must use your Merchant Number to identify your business any time you contact us. This is the easiest and fastest way for us to access your Merchant Account information.

A Merchant Number is the sole property of American Express and you shall only use it for operating your Card acceptance relationship with us. You shall not assign or otherwise transfer any Merchant Number to any other party. You are responsible for safeguarding Merchant Numbers.

## 2.4 The American Express Bank Identification Numbers

Merchants may request American Express Bank Identification Number (BIN) files only for purposes specified in the BIN terms and conditions (T&C).

Merchants must agree with the BIN T&C located within the website listed below before BIN file request is fulfilled.

Requests for American Express BIN files are available at [americanexpress.com/merchantspecs](https://americanexpress.com/merchantspecs) and can be accessed by entering your user ID and password.

**Note:** BIN files may be updated periodically.

## 2.5 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.

Having current information about you enables us to serve you better.

You and any person signing the application to accept Cards must have provided all required information. We will obtain, record, and analyze information (including your telephone calls) that identifies each person or Entity (which may, in our sole discretion, include information about its owners) applying to accept the Card and open a Merchant Account, as well as information that may be provided in subsequent calls or interactions with us. We will use such information to improve our services, prevent fraud, or for other business purposes.

When you apply to accept the Card and open a Merchant Account, we will ask for your business name, a street address, a phone number, and Bank Account information. Additionally, we may request or require that you provide information about your authorized signers, including name, street address, and date of birth.

We may also ask to see identifying documents such as a business license, driver's license or similar documentation that will allow us to identify you.

You must notify us of any additions, deletions, and/or modifications to your Merchant information, particularly changes related to:

- banking information (e.g., a voided, pre-printed cheque showing routing number, Bank Account number and bank name),
- legal name of business or corporate owner,
- applicable tax identification numbers for your business,
- full physical business address/location,
- business telephone number at which we can contact you,
- business telephone number at which your customers may contact you (e.g., your customer service telephone number),
- business email address at which we can contact you,
- business email address at which your customers may contact you (e.g., your customer service email address),
- website URL,
- goods or services offered (type of business),
- method of doing business (e.g., mail order, internet, storefront),

- form of organization (e.g., sole proprietorship, partnership, limited liability company, corporation, non profit, government),
- publicly traded or privately held organization,
- ownership/control (e.g., sale of business, change in control of business),
- authorized signer information: name and title, full home physical address/location, date of birth,
- other critical business information that helps us contact or do business with you (e.g., change of Processor).

This list is not exhaustive and we may, at our sole discretion, require additional information.

We will treat personal information in accordance with our Privacy Code.

## 2.6 Compliance with the Technical Specifications

You may be required to comply with conditional and/or optional requirements in the *Technical Specifications* depending on:

- your industry,
- type of connectivity to the Network,
- method of Transaction processing, and/or,
- use of certain fraud mitigation tools.

Information regarding requirements for your Point of Sale devices is available at [americanexpress.com/merchantspecs](https://americanexpress.com/merchantspecs), under Technical Mandates.

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

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

You must ensure that you and any third parties you enlist to facilitate Transaction processing with us comply with the *Technical Specifications* (see [Section 4.6, "Use of Third Parties"](#)). Valid and accurate data must be provided for all data elements in accordance with the *Technical Specifications*. Failure to comply with the *Technical Specifications* may impact your ability to successfully process Transactions.

To ensure your compliance with the *Technical Specifications*, work with your Processor, Terminal Provider, or if you have a direct link with us, your American Express representative.

You may be charged non-compliance fees if you fail to comply with the *Technical Specifications*. See [Subsection 14.2.3, "Submission and Settlement Fees"](#).

If commercially reasonable for you, and not prohibited by any of your other agreements, you must work with us to configure your Authorization, Submission and POS Systems to communicate directly with our systems for Authorization and Submission of Charge Data.

## 2.6.1 Merchant Category Codes

If you are unsure of the MCC assigned to you, please contact [Merchant Services](#). We also recommend that you review your Authorization and Submission data periodically to ensure it accurately represents your industry classification.

You must provide us with an accurate and complete description of your business so we can assign a Merchant Category Code (MCC) and industry classification to your Merchant Number. You must use the most accurate MCCs in all Authorizations and Submissions. If you have multiple, distinct businesses that may qualify for more than one MCC, we will assign the appropriate MCCs and Merchant Numbers. If you have multiple businesses, but a distinction between them is unclear, then we will assign the MCC most closely representing your primary business.

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.

We reserve the right to require and implement corrections to the MCC assignments and use in our sole discretion and without advance notice.

Failure to comply with our MCC data requirements may result in the assessment of Technical Specifications non-compliance fees. See [Subsection 14.2.3, "Submission and Settlement Fees"](#).

## 2.6.2 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 any third parties you enlist 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](http://www.americanexpress.com/merchantspecs). In the event of any conflict between the terms and conditions of the payment processing product and the *Merchant Operating Manual*, the terms and conditions of the payment processing product will prevail.

All products and services may not be available to all Merchants.

# 2.7 Establishment Closing

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

- Notify American Express' [Merchant Services](#) immediately.
- 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.
- 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 website and catalogue).
- 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.

# 2.8 Verification and Disclosure of Information

We obtain information about you from your application to accept the Card and from other sources (e.g., providers of business information).

In this section of the *Merchant Operating Manual* and corresponding sections of the Agreement, the words "we," "our" and "us" mean Amex Bank of Canada, its Affiliates (including Amex Canada Inc., a provider of travel related services), and their agents and Service Providers (acting on their behalf). "You" and "your" mean: (i) the sole proprietor, where an Entity accepting the Card under the Agreement is a sole proprietorship; (ii) the partners, where an



Entity accepting the Card under the Agreement is a partnership; (iii) the person that signed the Agreement and persons that are authorized by such person to communicate with us for the purposes of performing the obligations under this Agreement, where an Entity accepting the Card under the Agreement is a corporation; or (iv) the signing officers of the Entity accepting the Card under the Agreement whose information we collect for the purpose of providing the services under the Agreement, where an Entity accepting the Card under the Agreement is any other business entity. Information is any information about you and includes personal information which is any information which relates to an individual and allows that individual to be identified.

Information obtained from the application and verification process may include personal information.

We collect, disclose, use and process information according to the Agreement and our Privacy Code:

- to consider initiating and to initiate, maintain and develop our relationship with you and the Entity accepting the Card under the Agreement in connection with our offering products and services generally, including helping us to understand the current and future needs of our customers and to otherwise analyze and manage our business and risk,
- to administer billing and accounting services and security measures in relation to the Entity accepting the Card under the Agreement,
- to monitor the Merchant Account, Transactions and any related activity,
- to evaluate the credit standing of the Entity accepting the Card under the Agreement,
- to share and exchange reports and information with any person, corporation, firm or enterprise with whom the Entity accepting the Card under the Agreement has or proposes to have a financial relationship and to use other third-party databases (including registries and licensing authorities) or references provided by the Entity accepting the Card under the Agreement to obtain or verify information about the financial circumstances, background or identity of the Entity accepting the Card under the Agreement,
- as permitted by or to comply with legal, regulatory and compliance requirements,
- to promote and to market products and services offered by us or other well-established companies, including by means of direct marketing through ordinary mail, email, telephone or other available communication channels,
- where the provision of services or benefits provided to you in relation to you or in relation to the Entity accepting the Card under the Agreement are offered by or include the participation of third-party suppliers, to our sharing and exchanging with such third-party suppliers and their agents and Service Providers any information reasonably required for the provision of the services.

The Privacy Code sets out our privacy policy and applies to our products, services, and customers (including prospective customers) in Canada. The Privacy Code is available on the American Express website. For more information, see the [Privacy Code](#).

Our Privacy Code includes additional illustrative descriptions and examples to help you understand the nature of the personal information we collect and how it relates to many of the purposes in this *Merchant Operating Manual*; how to file a complaint or request access; correction and disposal of your personal information held by us; our approach to processing and storage of personal information outside of Canada or your province; and additional details about your consent rights.

Our Online Privacy Statement describes how we collect, use and disclose personal information online including through websites, mobile applications, and other online communications and content. For more information, see the [American Express Online Privacy Statement](#).

## 2.9 Call Monitoring

We will monitor or record (or both) and analyze telephone calls with you to improve our services, prevent fraud, or for other business purposes.

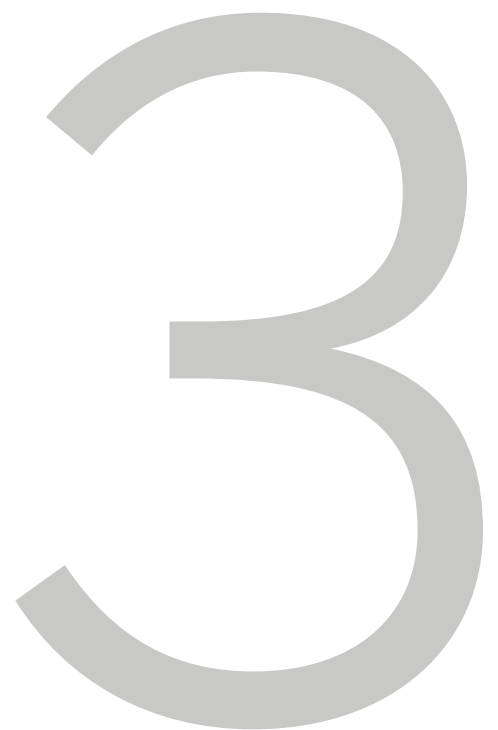
Monitoring and recording of our telephone calls with you will be compliant with our Privacy Code.

## 2.10 Permitted Uses of Merchant Information

Further to the terms of the Agreement, we may use your business name, address (including your website addresses or URLs), customer service telephone numbers, and/or industry classification in any media at any time.

# Card Acceptance

- 3.1 Card Acceptance
- 3.2 Treatment of the American Express Brand
- 3.3 Prohibited Uses of the Card
- 3.4 Prohibited Merchants
- 3.5 Treatment of American Express Cardmember Information



## 3.1 Card Acceptance

You must accept the Card as payment for goods and services (other than those goods and services prohibited under [Section 3.3, "Prohibited Uses of the Card"](#)) sold, or (if applicable) for charitable contributions made, at all 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 choosing their method of payment.

### 3.1.1 Japan Credit Bureau

American Express has an established relationship with Japan Credit Bureau (JCB), a Card Issuer based in Japan, whereby we act as JCB's merchant acquirer in Canada. Merchants in Canada can accept and process JCB cards with the same Discount Rate as American Express Cards. The definition of American Express Card or Card includes JCB cards and references to our Marks include the marks of JCB. Merchants in Canada are able to accept JCB cards on the same Merchant Number and on the same terminal on which they accept the American Express Card.

We may disclose information concerning Transactions on JCB cards to JCB and its affiliates to process those Transactions, and as appropriate to implement JCB card acceptance on the Network.

Complimentary American Express and JCB decals and signage are available for Merchants in Canada. See [www.americanexpress.ca/signage](http://www.americanexpress.ca/signage) for more information.

## 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 the Agreement.

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

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

- indicate or imply that you prefer, directly or indirectly, any Other Payment Products over our Card,
- try to dissuade Cardmembers from using the Card,
- criticize or mischaracterize the Card or any of our services or programs,
- try to persuade or prompt Cardmembers to use any Other Payment Products or any other method of payment (e.g., payment by cheque),
- 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, or cash and cheque,
- suggest or require Cardmembers to waive their right to dispute any Transaction,
- engage in activities that harm our 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 our Card, or
- convert the currency of the original sale Transaction to another currency when requesting Authorization or submitting Transactions (or both).

The prohibitions stated in the previous section apply unless allowable under Applicable Law or industry codes of conduct to which we subscribe.

Specifically, you may offer discounts from your regular posted prices to prospective buyers for other methods of payments such as cash or by electronic funds transfer, cheque or credit and debit products issued on other payment networks, provided that you clearly and conspicuously disclose the terms of the discount offer to all prospective buyers at the point of purchase or checkout.

The *Merchant Operating Manual* governs your acceptance of the American Express Card in Canada. See the U.S. *Merchant Regulations* for the policies and procedures governing your acceptance of the American Express Card in the U.S.

### 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 our Marks (including any Card application forms we may provide you) as prominently and in the same manner as any Other Payment Products.

Our corporate logo, the "American Express® Blue Box" logo, is the strongest visual symbol of our company's 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-colour communications, black.

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

For additional guidelines on the use of our Marks, contact your American Express representative or call [Merchant Services](#).

## 3.3 Prohibited Uses of the Card

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

- any Transactions in the Prohibited Business Types set forth in [Section 11.2, "Prohibited and Restricted Merchants"](#),
- any Transactions in the Restricted Business Types (e.g., online adult entertainment, cash or cash equivalent, virtual currencies, gambling) set forth in [Section 11.2, "Prohibited and Restricted Merchants"](#), except as otherwise provided in [Section 11.2, "Prohibited and Restricted Merchants"](#),
- 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 your 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,
- Charges that the Cardmember has not specifically approved,

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

- 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 [Subsection 4.4.10, "Property Damage to Accommodations and other Rentals"](#) and [Section 11.3.9.2.3, "Capital Damages"](#),
- unlawful/illegal activities, fraudulent business transactions or when providing the goods or services is unlawful/illegal (e.g., unlawful/illegal online internet sales of prescription medications or controlled substances; sales of any goods that infringe the rights of a Rights-holder under laws applicable to us, you, or the Cardmember),
- overdue amounts or amounts covering returned, previously dishonoured or stop-payment cheques,
- sales made by third parties, sales for goods and/or services provided by third parties, or Entities conducting business in industries other than yours, except as provided in [Chapter 12, "Payment Facilitator"](#), and [Chapter 13, "Indirect Acceptors"](#) or
- other items of which we notify you.

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

For more information on prohibited and restricted industries, and on how we monitor such uses of the Card, see [Section 11.2, "Prohibited and Restricted Merchants"](#).

## 3.4 Prohibited Merchants

Some Merchants, and/or some of their Establishments, are not eligible (or may become ineligible) to accept our Card. Such Merchants or Establishments will be denied the privilege to accept our Card if we find they meet one or more of the criteria for a prohibited Merchant, including the criteria set forth in [Section 11.2, "Prohibited and Restricted Merchants"](#).

## 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](http://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 4.1, "Transaction Process"](#).

For more information about protecting Cardmember Information, see [Chapter 8, "Data Security Operating Policy"](#).

# Transaction Processing

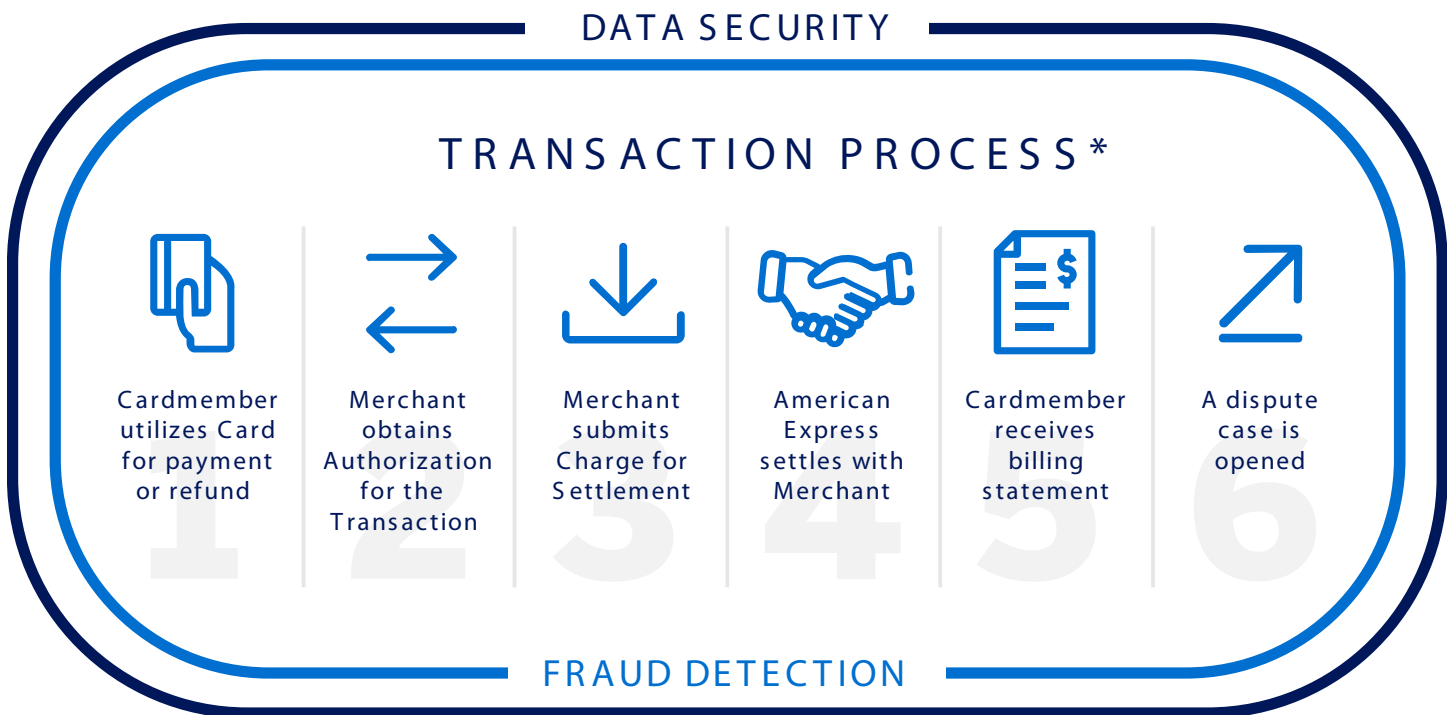
- 4.1 Transaction Process
- 4.2 In-Person Charges
- 4.3 Card Not Present Charges
- 4.4 Other Charges
- 4.5 Charge and Credit Records
- 4.6 Use of Third Parties



## 4.1 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 Manual*.



\* 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.

Merchants are not required to have the Cardmember re-enter the Transaction Data because when Cardmembers make an Application-initiated Transaction or pay using other mobile phone or tablet the Transaction Data collected to facilitate the Card Not Present Charge has already been provided directly by the Cardmember.

All valid Transactions begin with a Cardmember's decision to make a purchase. Whether the physical Card is used to facilitate a Card Present Charge, or the Cardmember provides their 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, you must:

- clearly and conspicuously disclose all material terms of sale before 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) about 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).



**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.

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, in addition to our rights and remedies listed under [Section 11.4, "Monitoring"](#), we may, in our sole discretion, suspend Card acceptance privileges at your Establishments, or terminate the Agreement.

## 4.2 In-Person Charges

American Express offers a variety of fraud prevention solutions that can be enabled at the point of sale. See [Chapter 9, "Fraud Prevention"](#), which offers advice for implementing these solutions in your business.

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 you can conduct the In-Person Charge. The steps you take vary according to how you go about conducting the following two types of In-Person Charges:

- electronic Charges
- key-entered Charges

### 4.2.1 No PIN Program

Your Establishment may participate in our No PIN Program. The No PIN Program allows Establishments not to request a signature or a PIN from Cardmembers on the Charge Record.

The No PIN Program does not provide protection against all Chargebacks. Even if an Establishment and Charge qualify under the No PIN Program, the Merchant may still be subject to Chargeback for reasons unrelated to its failure to obtain PIN from the Cardmember at the point of sale. For more information about Disputed Charges and Chargebacks, see [Chapter 10, "Chargebacks and Inquiries"](#).

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

**Establishment criteria:**

If we classify your Establishment in an industry that accepts In-Person Charges, then the Establishment 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 [Section 11.2, "Prohibited and Restricted Merchants"](#). See [Section 3.3, "Prohibited Uses of the Card"](#).
- High Risk Merchants as defined in [Subsection 11.4.1, "High Risk Merchants"](#).
- Merchants placed in our Fraud Full Recourse Program. See [Section 10.11, "Chargeback Programs"](#).

**Charge criteria:**

- The amount or Charge must meet the threshold established in our country-specific policy.
- 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, we will not exercise Chargeback for such Charges based solely on the Establishment's failure to obtain the Cardmember's PIN at the point of sale.

If we receive disproportionate amounts or numbers of Disputed Charges under the No PIN Program, you must work with us to reduce the amount or number of Disputed Charges. If such

efforts fail, we may place you in any of our Chargeback programs, see [Subsection 10.11. "Chargeback Programs"](#), or we may modify or terminate your Establishment's participation in the No PIN Program.

The established threshold for Charges to qualify under the No PIN Program is \$250 or less for Contactless and \$50.00 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.

#### 4.2.2 Unattended Terminals

We will accept Charges for purchases at your unattended terminals (e.g., Customer Activated Terminals (CATs) or payment kiosks) provided that you comply with both the Charge Records requirements in [Section 4.5. "Charge and Credit Records"](#) and with the *Technical Specifications* (see [Section 2.6. "Compliance with the Technical Specifications"](#)).

You must:

- include in all requests for Authorization the full Magnetic Stripe stream or Chip Card Data;
- ensure the Charge complies with the Technical Specifications, including flagging all requests for Authorization and all Charge submissions with a CAT indicator, where technically feasible;
- follow any additional Authorization procedures that we may provide to you if you accept the Card at an unattended terminal that is part of, or attached to, a fuel dispenser, or electric vehicle charging station; and
- ensure that the unattended terminals notifies the Cardmember if the Transaction is declined, where technically feasible.

If an unattended terminal is not configured for Chip or Chip and PIN Transactions, then you may still accept the Card. However, if you do so, you will be liable for any losses and we will have Chargeback rights for fraudulent In-Person Charges made with lost, stolen, non-received and/or counterfeit Chip Cards. See [Subsection 4.2.1. "No PIN Program"](#) and [Subsection 4.2.3.2. "Contact Chip Card Charges"](#) for additional information.

#### 4.2.3 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.

Work with your Terminal Provider, Processor or if you have a direct link to American Express, your American Express representative if you have questions about your POS System's capabilities.

#### 4.2.3.1 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 4.2.3.3, "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 4.2.3.2.1, "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 4.2.5, "Actions for In-Person Charges"](#) and proceed accordingly.

#### 4.2.3.2 Contact Chip Card Charges

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

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 [Subsection 4.2.1, "No PIN Program"](#)).

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 4.2.3.2.1, "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 4.2.3.1, "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 [Subsection 4.2.1, "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 4.2.3.2.1, "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 your POS Systems have not been upgraded to accept and process Chip and PIN Cards, and a Chip Card is presented, we may exercise Chargeback for counterfeit, lost, stolen or non-received fraud.

If your POS Systems have been so upgraded and a Chip Card is presented:

- we may exercise Chargeback for lost, stolen and non-received fraud if a Chip and PIN Card is presented and the Charge is facilitated as a Chip and Signature Charge.
- we will not exercise Chargeback for counterfeit, lost, stolen or non-received fraud if, due to a technical problem with the terminal, you are unable to complete the Charge as a Chip Card Charge.

If you upgrade your POS System for Chip and PIN acceptance for Other Payment Products, then you must comply with the *Technical Specifications* and other requirements we make available.

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

#### 4.2.3.2.1 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.

#### 4.2.3.3 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.

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.
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 4.2.3.1, "Magnetic Stripe Card Charges"](#).
- [Subsection 4.2.3.2, "Contact Chip Card Charges"](#), or
- [Subsection 4.2.3.5, "Digital Wallet Payments"](#).

See [Subsection 4.2.1, "No PIN Program"](#) for additional information.

#### 4.2.3.4 Merchant-Presented Quick Response (MPQR)

If you have the ability to process MPQR Transactions, you must:

- have the Cardmember use their Mobile Device to scan the MPQR code;
- display the Quick Response (QR) code, which can be dynamic or static, for scanning by the Cardmember;
- ensure the MPQR code is not altered or tampered with;

- receive a notification that the Transaction has been approved and check the Transaction amount is correct before providing the goods or services. If you do not receive the notification, you should contact us to confirm the status of the MPQR Transaction;
- contact us or decline the Transaction if you are suspicious of the Cardmember or receive notification from us to do so; and
- retain records of MPQR Transactions. These can be in the form of a notification from us, an invoice, or other documentation of the Transaction.

#### 4.2.3.5 Digital Wallet Payments

Mobile Devices do not have the same security features as a traditional plastic Card. For instance, the screen 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 conduct 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. Merchants that choose to accept Contactless payments should comply with the most 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 4.2.3.2.1, "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 4.2.3.1, "Magnetic Stripe Card Charges"](#), or
  - [Subsection 4.2.3.2, "Contact Chip Card Charges"](#).

For Application-initiated Transactions, you should follow Card Not Present Charge policy as described in [Section 4.3, "Card Not Present Charges"](#).

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

1. Certify for Digital Wallet Application-initiated Transactions with your Processor, terminal Provider or if you have a direct link to American Express, your American Express representative.
2. Include appropriate indicators in the Authorization and Submission that the Transaction is a Digital Wallet Application-initiated Transaction (see [Section 2.6, "Compliance with the Technical Specifications"](#)).

## 4.2.4 Key-Entered Charges

Supplies to help you process paper Charge and Credit Records are available. Contact [Paper submissions](#) to order paper supplies.

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, we recommend that you avoid manually key-entered Transactions.

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 (see [Chapter 9, "Fraud Prevention"](#), for additional information),
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,
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.

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 9.10.1.1, "Card Identification \(CID\) Verification"](#) for additional information.

Key-entered Charges are subject to a fee. See [Subsection 14.2.2, "Authorization Fees"](#).

Key-entered Charges that occur when a Chip Card is presented are subject to Chargeback for counterfeit, lost, stolen and non-received fraud.

## 4.2.5 Actions for In-Person Charges

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

**Table 4-1: Actions for In-Person Charges**

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. <b>Note:</b> 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.	Call the <a href="#">Authorization Department</a> with a Code 10.
You are unable to obtain Authorization electronically.	Call the <a href="#">Authorization Department</a> .
The Authorization is Declined.	Do not accept the Card, and follow your internal policies for handling various Authorization responses. See <a href="#">Section 5.7, "Possible Authorization Responses"</a> .
The customer presents an unsigned Card.	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.
The customer's signature on the Charge Record does not appear to match the customer's signature on the Card.	Call the <a href="#">Authorization Department</a> with a Code 10, or, if you prefer, simply decline to accept the Card. For more information on Code 10, see <a href="#">Chapter 9, "Fraud Prevention"</a> .
The Card Numbers and Valid Dates on the Card do not match the Charge Record.	
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).	
The appearance of the Card or the actions of the customer make you suspicious.	



## 4.3 Card Not Present Charges

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:

For Card Not Present Charges, you must create a Charge Record as described in [Section 4.5](#).



**Obtain Cardmember  
Information as described  
below**



**Obtain an Authorization  
Approval**



**Submit the Charge to  
American Express**

["Charge and Credit 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, we also recommend that you ask for:

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

We have the right to Chargeback for any Card Not Present Charge that the Cardmember denies making or authorizing. We 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 with us 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.

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

For Internet Orders, you must:

- use any separate Merchant Numbers that we provide you for Internet Orders in all your requests for Authorization and Submission of Charges,
- provide us with at least one (1) month's prior written notice of any change in your internet address, and
- comply with any additional requirements that we may have from time to time.

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, we may exercise Chargeback for the full amount of the Charge and place you in any of our Chargeback programs. See [Subsection 10.11, "Chargeback Programs"](#).

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.

## 4.4 Other Charges

### 4.4.1 Advance Payment

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. For this reason, we may withhold settlement for part or all of such Charges until we deem that our risk has diminished.

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

- clearly disclose all reservation, sales, cancellation, and refund 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.

See [Chapter 10, "Chargebacks and Inquiries"](#) for additional information.

Advance Payment Charges are available for 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, airline tickets, vehicle rentals, rail tickets, cruise line tickets, lodging, and travel-related services (e.g., tours, guided expeditions).

If you offer Cardmembers the option or require them to make 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:
  - their 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 (including, if applicable, expected arrival and departure dates).
- Obtain Authorization, and
- 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 Payments", 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 (including expected arrival and departure dates, if applicable) 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 our other Chargeback rights, we may exercise Chargeback for any Disputed Advance Payment Charge or portion thereof if, in our sole discretion, the dispute cannot be resolved in your favour based upon unambiguous terms contained in the terms of sale to which you obtained the Cardmember's written consent.

Specific industries may have additional requirements or obligations to process Advance Payments.

### 4.4.2 Aggregated – Internet

This [Subsection 4.4.2, "Aggregated – Internet"](#) applies to Transactions processed by your Establishments conducting business over the internet. When processing Aggregated Charges, you must meet the following criteria:

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).

- Clearly disclose your intent and obtain 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 Authorization of no more than \$15 or such other amount as notified to you.
- Create a Charge Record for the full amount of the Aggregated Charge.
- The amount of the Aggregated Charge must not exceed \$15 (or such other amount as notified to you) or the amount for which you obtained Authorization whichever is lower.
- Submit each Charge Record within our Submission timeframe (see [Section 6.5, "Submission Requirements—Electronic"](#)). A Charge will be deemed "incurred" for purposes of this subsection, on the date of the first purchase or refund (or both) 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.

#### 4.4.3 Corporate Purchasing Card

Accepting the CPC helps assist with procurement costs. The CPC Card enables streamlining of the procurement process, from sourcing and buying, to billing, payment, and reconciliation.

We may adjust your Discount for Corporate Purchasing Card (CPC) Charges if you meet certain criteria.

In order for us to adjust your Discount for CPC Charges (if applicable), you must capture additional or reformatted Card Data on the Charge Record, and Transmission Data on the Transmissions, according to the *Technical Specifications*. See [Section 2.6, "Compliance with the Technical Specifications"](#), including:

- the sales tax,
- the ship-to postal code,
- CPC Cardmember reference information,
- the name of the CPC Cardmember's company, and
- the Transaction descriptor, which is a description of purchased goods and/or services.

Failure to comply with these requirements may impact our adjustments to your Discount for CPC Charges. You must obtain Authorization for and submit each CPC Charge to us electronically according to the *Technical Specifications*. We may modify the preceding requirements from time to time.

#### 4.4.4 Delayed Delivery

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

- clearly disclose all sales and refund policies, and
- retain a copy of the Cardmember's written consent in a format that easily allows you to respond to an Inquiry.

See [Chapter 10, "Chargebacks and Inquiries"](#) for additional information.

You may accept the Card for Delayed Delivery Charges. 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 within our Submission timeframes, and in any case, within seven (7) days of the Charge being incurred. 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 obtain Authorization for each Delayed Delivery Charge under the same Merchant Number, and
- treat deposits on the Card no differently than you treat deposits on all Other Payment Products.

#### 4.4.5 Credentials-on-File

If you store Cardmember account data for Transaction processing you must ensure the Credentials-on-File include any Cardmember account data, including, but not limited to, the primary account number (PAN) or Token, that is stored by or on behalf of Merchants.

You must obtain Cardmember consent before storing Cardmember credentials. It is recommended that you process an initial Authorization upon receiving Cardmember consent to store credentials.

You may store Cardmember credentials to initiate Merchant-Initiated Transactions (MITs). Cardmembers may also use their stored credentials to initiate Transactions.

You must adhere to our Specifications (see [Section 2.6, "Compliance with the Technical Specifications"](#)).

#### 4.4.6 Merchant-Initiated

A Merchant-Initiated Transaction (MIT) is a Transaction that is initiated by the Merchant through use of Credentials-on-File without direct participation from the Cardmember.

Merchants must obtain Cardmember consent to initiate an MIT, or a series of MITs, after storing a Cardmember's credentials. Cardmember consent for MITs and Credentials-on-File may be obtained simultaneously.

It is recommended that Merchants submit MITs only after an initial Cardmember-Initiated Transaction (CIT) or an initial Authorization accompanying a Cardmember's request to store credentials.

It is recommended that Merchants submit MITs with the following data elements in the Authorization Request:

- Merchant-Initiated Transaction (MIT) indicator

- Original Transaction Identifier (O-TID)

Merchants must adhere to the requirements in [Section 4.3, "Card Not Present Charges"](#) when processing MITs.

#### 4.4.7 Recurring Billing

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 10, "Chargebacks and Inquiries"](#).

Recurring Billing is a payment method where the Cardmember consents and authorizes the Merchant to Charge the Cardmember's Card account on a periodic basis (e.g., membership fees to health clubs, magazine subscriptions, and insurance premiums). Each payment may be for a variable or a fixed amount. Merchants should adhere to the requirements in [Subsection 4.4.6, "Merchant-Initiated"](#) when processing Merchant-Initiated Charges for Recurring Billing.

Before submitting your first Recurring Billing Charge you must:

- clearly and conspicuously disclose all material terms of the offer including, if applicable, the fact that Recurring Billing Charges will continue until the option is cancelled by the Cardmember;
- obtain the Cardmember's express consent to bill their Card and the Recurring Billing Charges terms before submitting the first Recurring Billing Charge;
- obtain the Cardmember's name, the Card number, the Cardmember's signature (if applicable), Card expiry date, the Cardmember's billing address, and a statement confirming consent for you to charge their Card for the same or different amounts at specified or different times;
- 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;
- comply with any instructions of which we may reasonably notify you;
- notify the Cardmember that they are able to discontinue Recurring Billing Charges at any time and provide contact details for cancelling Recurring Billing Charges; and
- ensure that your process for cancellation of Recurring Billing is simple and expeditious.

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.

The method you use to secure the Cardmember's consent must contain a disclosure that you may receive updated Card account information from the financial institution issuing the Cardmember's Card. You must retain evidence of such consent for two (2) years from the date you submit the last Recurring Billing Charge.

If notification is required prior to each varying Recurring Billing Charge, you must notify the Cardmember of the amount and date of each Recurring Billing Charge:

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

In addition to our other Chargeback rights, we may exercise Chargeback for any Charge that does not meet the requirements set forth in this [Subsection 4.4.7, "Recurring Billing"](#) and [Subsection 4.4.7.1, "Introductory Offers"](#). We may exercise our Chargeback rights for any Charge of which you have notified the Cardmember and to which the Cardmember does not consent or if you process Recurring Billing Charges after the Cardmember or we have notified you that the Cardmember has withdrawn consent for Recurring Billing Charges.

Before submitting any Recurring Billing Charge you must:

- obtain Authorization; and
- create a Charge Record including indicators that the Transaction is a Recurring Billing Charge.

Before submitting any "Credentials-on-File" Charge you must:

- obtain Authorization; and
- create a Charge Record with the words "Credentials-on-File" and the appropriate electronic descriptor.

The cancellation of a Card constitutes immediate cancellation of that Cardmember's consent for Recurring Billing Charges. We need not notify you of such cancellation, nor will we have any liability to you arising from such cancellation. You must discontinue the Recurring Billing Charges immediately if requested to do so by a Cardmember directly, or through us or the financial institution issuing the Cardmember's Card. If a Card account is cancelled, or if a Cardmember directly (or through us or the Card issuer) withdraws consent to Recurring Billing Charges, you are responsible for arranging another form of payment (as applicable) with the Cardmember (or former Cardmember).

If the Agreement is terminated for any reason, then you shall at your own cost notify all Cardmembers for whom you have submitted Recurring Billing Charges of the date when you will no longer be accepting the Card. At our option you will continue to accept the Card for up to ninety (90) days after any termination takes effect.

You will permit us to establish a hyperlink from our website to your website (including its home page, payment page, or its automatic/recurring billing page) and list your customer service contact information.

#### 4.4.7.1 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 [Subsection 4.4.7. "Recurring Billing"](#) 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.

## 4.4.8 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. Follow the relevant Card acceptance procedures outlined in [Chapter 4, "Transaction Processing"](#) when presented with a Prepaid 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 Terminal Provider, Processor, or if you have a direct link to American Express, your American Express representative 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.

## 4.4.9 Travellers Cheques

American Express Travellers Cheques are no longer available for purchase. Support is available by phone and the American Express website for customers wishing to redeem Travellers Cheques. Travellers Cheques remain backed by American Express and have no expiration date. Details of how customers can redeem their Travellers Cheques can be found at <https://americanexpress.com/travelerscheque>.

For support, please contact Customer Service at 1.800.221.7282.

## 4.4.10 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
- Cruise line accommodations
- Trailer parks and campground rental

- Motor home rental
- Boat rental
- Aircraft 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\* 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 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 4.4.10, "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, lodging, or cruise accommodations.
- You must submit the Charge to us within ninety (90) calendar days of check-out, disembarkation, or rental return date.

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

#### 4.4.11 Split Shipment

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 completing a split shipment Transaction. The Authorization will be valid for up to seven (7) days after the Authorization date. (See [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.

## 4.5 Charge and Credit Records

### 4.5.1 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 2.6, "Compliance with the Technical Specifications"](#). For each Charge submitted on paper, you must comply with the Charge Record requirements listed in [Section 6.6, "Submission Requirements—Paper"](#).

The Charge Record (and a copy of the customer's receipt) must disclose the Authorization approval code and your return and/or cancellation policies.

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 shall not divide the purchase into more than one Charge, nor shall you create more than one Charge Record except in the case of airlines, cruise line tickets, hotel charges, or split shipment Transactions. See [Subsection 4.4.11, "Split Shipment"](#).

For all Charge Records, you must:

1. submit the Charge to American Express directly, or through your Processor, for payment.
2. retain the original Charge Record (as applicable) and all documents evidencing the Charge, or reproducible records thereof, for the timeframe listed in our country-specific policies. See [Chapter 8, "Data Security Operating Policy"](#) 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 [Subsection 4.4.4, "Delayed Delivery"](#).

For Transit Contactless Transactions, a Charge Record is not required for every Charge. Please refer to [Subsection 11.3.11.4, "Transit Charge Information"](#) for more information.

The retention timeframe for the original or electronically stored Charge Record is twenty-four (24) months from the date you submitted the corresponding Charge to us.

Truncate the Card Number and do not print the Card's Expiration Date on 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.

<b>Rocco's Pizza</b>	
123 Brighton Beach Ave	
Emp:	Rg: 1 Printed: 12:06 PM
Card Type: AMEX XXXXXXXXXXXX1002 XX/XX	
Authorization Code: 592052	
Reference Number: 1002	
Date: 3/2/2021 12:06 PM	
AMOUNT:	\$10.50
TIP:	_____
TOTAL:	_____
Signature _____	
I agree to pay the above total according to the card holder agreement	
Chk# 19	

#### 4.5.2 Credit Records

You must create a Credit Record for any Credit 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 2.6. "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 to American Express directly, or through your Processor.
2. Retain the original Credit Records (as applicable) and all documents evidencing the Transaction, or reproducible records thereof, for the timeframe listed in our country-specific policies.
3. Provide a copy of the Credit Record to the Cardmember.

The retention timeframe for the original or electronically stored Credit Record is twenty-four (24) months from the date you submitted the corresponding Credit to us.

Truncate the Card Number and do not print the Card's Expiration Date on copies of Credit Records delivered to the Cardmember.

#### 4.5.3 Substitute Charge Records

In some cases, you may provide a Substitute Charge Record as supporting documentation 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:

- [\(127\)](#)
- [\(176\)](#)
- [\(193\)](#)
- [\(691\)](#)

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

#### 4.5.4 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. If you choose to support Authorization for Credit, obtain an Authorization.
2. Create a Credit Record.
3. Compare the last four digits on the Charge Record against the Card presented (when applicable).
4. Have the Cardmember sign the Credit Record (optional).
5. Provide a copy of the Credit Record to the Cardmember.

In determining the date that a Credit is due, you should apply the date on which you accepted the return of the goods or forgave the amount that your customer owed you for the services.

You must submit Credits to us within seven (7) days of determining that a Credit is due and create a Credit Record that complies with our requirements. 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 us.

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.

If you choose to support Authorization on Credit and receive a decline Authorization response, apply your established refund policy.

If you issue a Credit, we will not refund the Discount or any other fees or assessments previously applied on the corresponding Charge, unless you are subject to the Credit processing fee (see [Subsection 14.2.3, "Submission and Settlement Fees"](#)), in which case, if you issue a Credit, we will refund the Discount (but not any other fees or assessments) previously applied on the corresponding Charge. We will deduct the full amount of the Credit from our payment to you (or debit your Bank Account) but if we cannot, then you must pay us promptly upon receipt of our invoice. The Discount on Chargebacks will not be refunded (see [Section 10.10, "How We Chargeback"](#)).

## 4.6 Use of Third Parties

Generally we require information about the third parties you work with such as their company name, address, and telephone number; the name, address, and telephone number of an individual whom we may contact about your Merchant Account; and the types of Merchant processing services offered by such third party.

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:

- Service Providers/Processors,
- Terminal Providers,
- vendors, and
- other agents contracted to operate on your behalf.

You may retain, at your expense, such third parties, provided you shall notify us of your intent to use such third parties prior to the commencement of their services. We may deny or reject your use of a third party to perform services and/or your obligations under the Agreement at any time in our sole discretion. 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. Any omission or failure to perform by your third party does not relieve you of your obligations under the Agreement. We need not alter our conduct of business in respect of your third parties' performance and may rely upon that performance as if done by you.

Any listing or certification by us of third parties does not constitute a guarantee or warranty by us of their performance and does not relieve you of your responsibility and liability for any such third party that you elect to use.

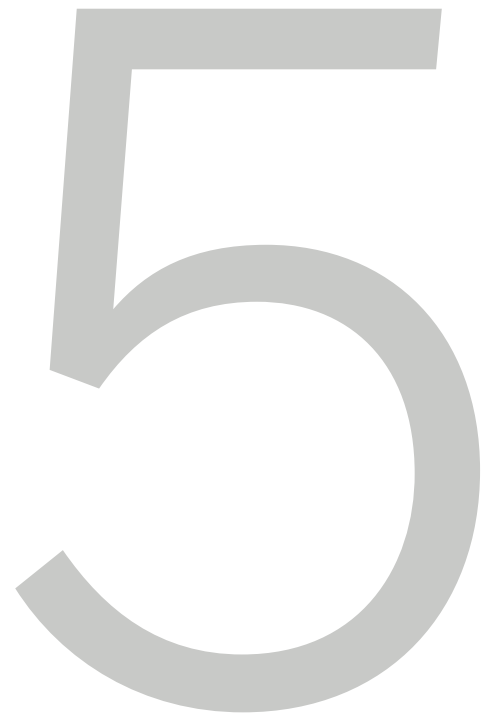
You are responsible and liable for all problems and expenses caused by your third parties, including any Settlement payments misdirected to other parties because of the mis-programming of your Point of Sale (POS) System by your third parties, and for any fees your third parties charge us or that we incur as a result of your third parties. We may bill you for any fees or deduct them from our payments to you.

You must ensure that these third parties cooperate with us to enable your Card acceptance. You must notify us if you intend for these third parties to deal directly with us and notify us

promptly in writing if you change such third parties. You must provide us, on request, all relevant non-confidential information about your third parties. We generally use this information to help in servicing your Merchant Account, including troubleshooting issues affecting the processing of your Transactions, and ensuring compliance with the *Technical Specifications* (see [Section 2.6, "Compliance with the Technical Specifications"](#)).

# Authorization

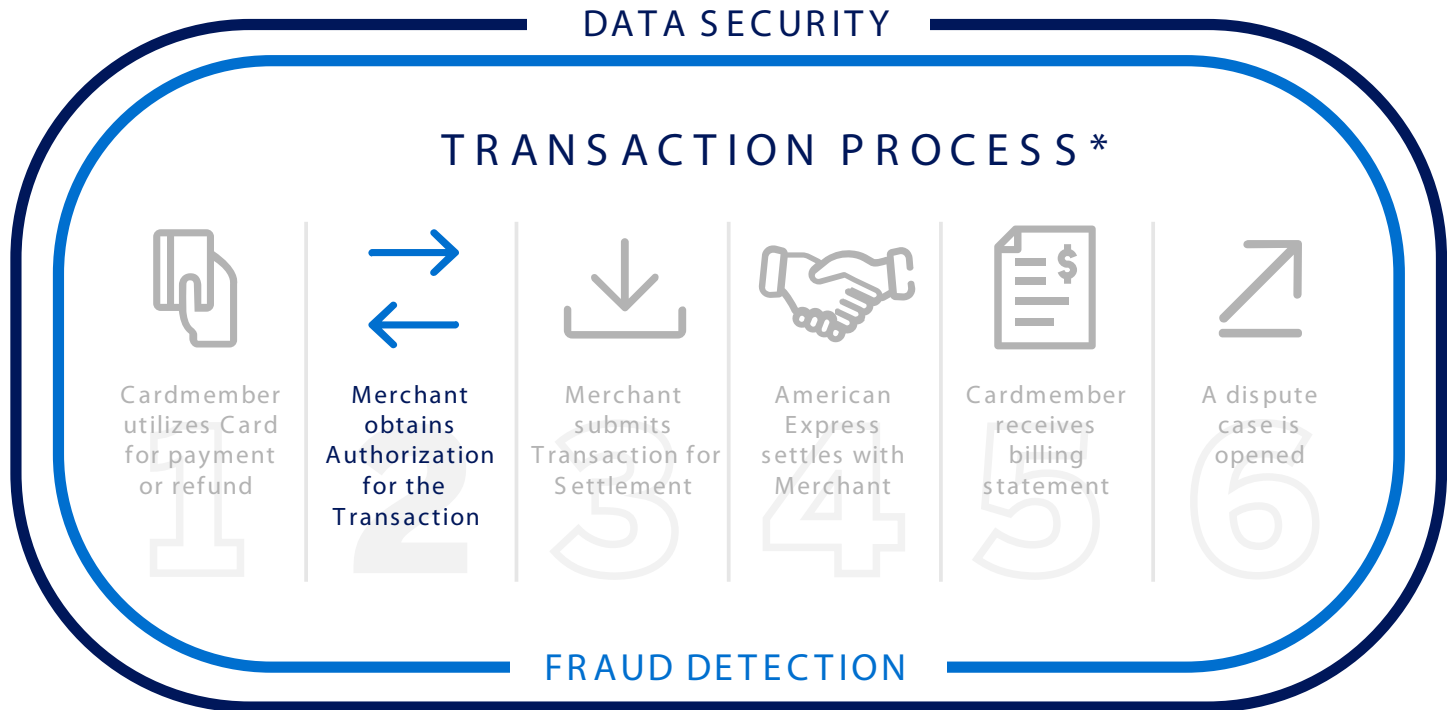
- 5.1 Transaction Process
- 5.2 The Purpose of Authorization
- 5.3 Authorization Time Limit
- 5.4 Variable Authorization
- 5.5 Floor Limit
- 5.6 Authorization Process
- 5.7 Possible Authorization Responses
- 5.8 Obtaining an Authorization
- 5.9 Card Identification (CID) Number
- 5.10 Pre-Authorization



## 5.1 Transaction Process

The Authorization process begins when you provide an Authorization request to us. After requesting Authorization, you receive an Authorization response, which you use, in part, to determine whether to proceed with the Charge or Credit.

If you choose to support Authorization for Credit, you shall comply with the Authorization requirements as applicable.



\* 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 or Credit.

For every Charge, you are required to obtain an Authorization Approval except for Charges under a Floor Limit (see [Section 5.5, "Floor Limit"](#)). For every Credit, we recommend that you obtain an Authorization Approval for the full amount of the refund in accordance with [Section 4.5.4, "Processing a Credit"](#).

The Authorization Approval must be for the full amount of the Charge except for Merchants and/or Transaction types that we classify in [Section 5.4.2, "Estimated Charge Amount"](#).

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) we will accept the Charge, (iv) you will be paid for the Charge, (v) you will not be subject to a Chargeback, or (vi) 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 us more than seven (7) days after the original Authorization date.

Authorization Approvals for Credit are valid for seven (7) days. After seven (7) days, we recommend that you obtain a new Approval for Credit Authorization.

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.

Estimated Charge Amounts for Merchants in eligible industries are valid for the time periods listed in [Table 5-1: Estimated Charge Amount](#) in [Subsection 5.4.2, "Estimated Charge Amount"](#). You must obtain a new Authorization if you do not submit the Charge to us within the Authorization Validity timeframe.

## 5.4 Variable Authorization

You must submit a single Authorization for the full amount of a Charge, or you may utilize Variable Authorizations if the final Charge amount is not known at the time of the initial Authorization.

Variable Authorization is a suite of optional capabilities that allows Merchants to adjust the amount of a pending Authorization before the Charge is submitted.

Refer to the *Technical Specifications* to determine if Variable Authorization is available for your geographical region.

If we classify or otherwise determine that you are 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.

### 5.4.1 Estimated Authorization

The following Estimated Authorization procedures apply where the final Charge amount is not known at the time of Authorization.

- You may obtain an Estimated Authorization for a good faith estimate of the final Charge amount. Do not overestimate the Authorization amount. You must inform the Cardmember of any estimated amount for which Authorization will be requested and must obtain the Cardmember's consent to the estimated amount before initiating the Authorization request.
- Estimated Authorization amounts must be greater than zero (\$0.00).
- You must inform the Cardmember that the amount of the Estimated Authorization is not final and may change.
- For travel industries (e.g., lodging, cruise line, and car rental), upon reservation or check-in, determine the estimated amounts of Charges based upon the daily rate and the expected number of days, plus taxes and any known incidental amounts. You must not include an amount for any possible damage to or theft in the Estimated Authorization. You may obtain Authorization and submit intermittently (no less than daily) throughout the duration of travel.

- For car rental periods exceeding four (4) months, you shall obtain Authorization for the amount of each of the monthly rental periods of a multi-month rental immediately prior to each such monthly rental period. You represent and warrant hereunder that your multi-month rental program complies with Applicable Law.
- Regardless of the industry, you must submit the corresponding Charge as soon as you become aware of the 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.
- You should indicate that the Authorization amount is an estimated amount by placing the Estimated Authorization indicator in the Authorization message. Refer to the *Global Credit Authorization Guide* for additional information about Estimated Authorization messages.
- For pre-Authorization at Automated Fuel Pumps and electric vehicle charging stations, see [Section 11.3.6, "Oil, Petroleum, and Electric Vehicles"](#).

### 5.4.2 Estimated Charge Amount

Example for clarification: A hotel obtains an Estimated Authorization at check-in for \$1,000. The Estimated Charge variance for lodging Merchants is 15%. The final amount at check-out is \$1,150. No additional Authorization is required since the final Charge is within the Estimated Authorization amount plus 15%.

If we classify or otherwise determine that you are in an industry that is eligible for Estimated Charge variance in [Table 5-1: Estimated Charge Amount](#), then the Authorization Approval is valid for Charge amounts that are within the corresponding Estimated Charge variance percentage as listed in the table.

If the Estimated Charge Amount falls within the range listed in [Table 5-1: Estimated Charge Amount](#), then no further Authorization action is necessary.

Estimated Charge percentages listed below do not apply to Partially Approved Authorizations.

**Table 5-1: Estimated Charge Amount**

Industry	MCC	Estimated Charge Variance +/-	Authorization Validity Period
Eating Places, Restaurants	5812	30% <sup>2</sup>	7 days
Drinking Places	5813	30% <sup>2</sup>	7 days
Grocery Stores (Card Not Present)	5411	15% <sup>1</sup>	7 days
Retail Stores (Card Not Present)	All MCCs	15% <sup>1</sup>	7 days
Taxicabs & Limousines	4121	20%	7 days
Car Rental	7512	15%	Duration of rental
Lodging	7011	15%	Duration of stay
Motor Home & RV Rentals	7519	15%	7 days
Steamship & Cruise Lines	4411	15%	Duration of cruise
Truck Rental	7513	15%	7 days



Table 5-1: Estimated Charge Amount (Continued)

Industry	MCC	Estimated Charge Variance +/-	Authorization Validity Period
Fast Food Restaurants	5814	30% <sup>2</sup>	7 days
Beauty & Barber Shops	7230	20%	7 days
Health & Beauty Spas	7298	20%	7 days

<sup>1</sup>The 15% Estimated Charge variance for Retail and Grocery only applies to Card Not Present Charges.

<sup>2</sup>The Estimated Charge variance at Restaurant, Fast Food, and Drinking Places for debit and prepaid Charges is 20%.

### 5.4.3 Incremental Authorization

Example for clarification: A hotel obtains an Estimated Authorization at check-in for \$1,000. The Estimated Charge variance for lodging Merchants is 15%. The final Charge at check-out is \$1,200, which exceeds the allowable variance. An Incremental Authorization request of \$200 is required.

Incremental Authorization allows a Merchant to request an increase in the amount of a previously approved Authorization. Merchants may submit an Incremental Authorization request if the following conditions are met:

- The original Authorization request was submitted as an Estimated Authorization, and contained the Estimated Authorization indicator
- The Estimated Authorization request was Approved
- The Charge has not been Submitted

If the final Charge amount is greater than the amount of the Estimated Authorization Approval (plus any Estimated Charge variance in [Table 5-1: Estimated Charge Amount](#)) then you may request an Incremental Authorization for the amount that is greater than the previously Approved amount.

You must inform the Cardmember of any increase in the estimated amount for which Authorization will be requested and must obtain the Cardmember's consent to the increased amount before initiating the Incremental Authorization request.

In addition, if you perform an Incremental Authorization, the following will apply:

- If the Incremental Authorization request is declined or otherwise not Approved, then the original Estimated Authorization approval will continue to be valid for the duration of the Authorization validity period.
- The data elements required in our *Technical Specifications* (e.g., point of service data codes) from the initial Estimated Authorization will apply to the final Charge. If the Card is no longer available at the time of the Incremental Authorization request, you must request the Incremental Authorization as a "Card-on-file" Charge in accordance with the *Technical Specifications*.
- An Incremental Authorization Approval does not increase the Authorization validity period.
- Refer to the *Technical Specifications* (including the *Global Credit Authorization Guide*) for additional information about Incremental Authorization messages.

#### 5.4.4 Authorization Reversal

Example for clarification: A hotel obtains an Estimated Authorization at check-in for \$1,000. The Estimated Charge variance for lodging Merchants is 15%. The guest checks out a day earlier than expected and the final Charge at check-out is \$750. Since the difference exceeds the allowable variance, a Partial Authorization reversal is required.

- You must reverse an Authorization for an Approved Charge if you do not intend to send a Submission to American Express within the Authorization time limit or Authorization validity period. See [Section 5.3, "Authorization Time Limit"](#) and [Table 5-1: Estimated Charge Amount](#) in [Subsection 5.4.2, "Estimated Charge Amount"](#).
- If you determine that the final Charge amount is less than the amount of the Authorization Approval minus any Estimated Charge variance listed on [Table 5-1: Estimated Charge Amount](#), then you must reverse the difference between the final Charge amount and the amount of the Authorization.

You must submit a full or partial Authorization Reversal within 24 hours of determining that the previously Approved amount will not be submitted, or that the amount to be submitted will be less than the previously Approved amount. Refer to the Technical Specifications (including the Global Credit Authorization Guide) for additional information about Authorization Reversal messages.

Multiple Authorization requests within a single Charge can be reversed with a single Authorization Reversal when the reversal and all previous Authorization requests include the same Original Transaction Identifier. For example, an Estimated Authorization for \$100 plus an Incremental Authorization for \$50 may both be reversed by a single Authorization Reversal for \$150.

The reversed amount of the Charge must not be Submitted.

There may be a fee assessed for Approved Charges for which you do not reverse or submit or for which you submit late. See [Subsection 14.2.2, "Authorization Fees"](#).

After a Charge Record has been submitted to us, however, the Authorization cannot be reversed, cancelled 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 [Subsection 4.5.4, "Processing a Credit"](#).

#### 5.4.5 Partial Authorization

Partial Authorization is an optional functionality of Prepaid and Debit Cards that allows Merchant to obtain an Authorization for less than the requested purchase amount. The Issuer can approve the Authorization for a partial amount when the Cardmember does not have sufficient funds to cover the full purchase amount requested. The Cardmember, then, has the option to pay for the outstanding amount of the purchase by other means.

Partial Authorization is not supported for the following Transaction types:

- Cross-border Transactions (Transactions in which the Merchant's currency is different than the Issuer's currency)
- Recurring Billing

#### 5.4.6 Authorization on Credit

Authorization on Credit is a capability available in some areas that allows Merchants to send refund-specific Authorization Request messages to Issuers.

An Authorization on Credit may allow Issuers to display a pending credit to a Cardmember, thus improving the Cardmember experience during refunds.

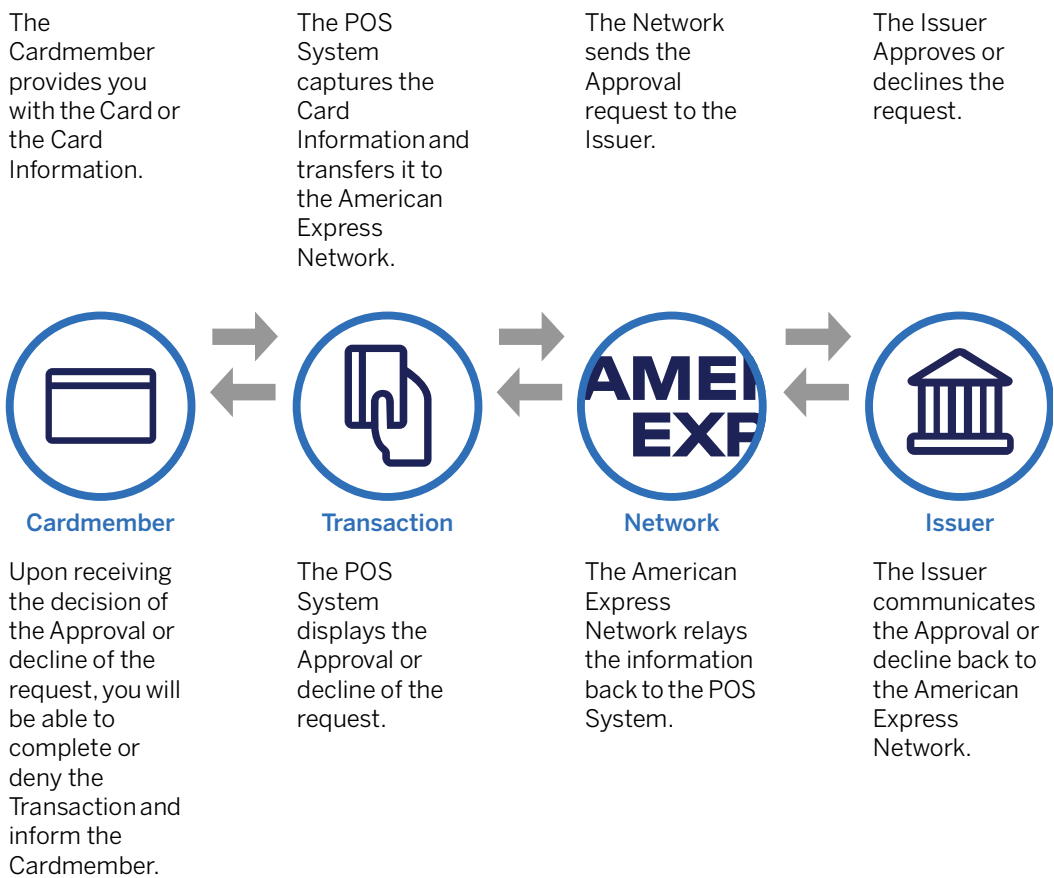
The Authorization on Credit allows Issuers to match a refund or credit Transaction to the original purchase Transaction and may be required in certain geographic regions.

Check with your Processor or Terminal Provider, or refer to the *Technical Specifications* to determine if Authorization on Credit is available to you, and if it is required for your geographic region.

## 5.5 Floor Limit

We maintain a zero-dollar Floor Limit on all Charges regardless of the amount, unless we assign a Floor Limit to an Establishment. 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



## 5.7 Possible Authorization Responses

If you have a point of sale terminal printer, the Approval prints automatically. If you do not have a point of sale terminal printer, write down the Approval clearly on the Charge Record. You will need it as supporting documentation.

Responses to your requests for Authorization are generated by Issuers and transmitted by us 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 Processor or Terminal Provider to determine what Authorization responses will display on your equipment.

**Table 5-2: Authorization Response**

Authorization response	What it means
Approved	The Charge or Credit is approved.
Partially Approved (for use with Prepaid and Debit 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 and Debit 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, we may reject the Charge or you will be subject to a Chargeback.  The Credit is not approved. Inform the Cardmember promptly that the Credit has been Declined. You may apply your established refund policy.
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. If your policies direct you to do so, you may initiate the pick up process by calling our <a href="#">Authorization Department</a> .

## 5.8 Obtaining an Authorization

Failure to comply with the *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 [Subsection 2.6, "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, we may reject the Submission or we may exercise a Chargeback.

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 4.2.4, "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.

When obtaining an Authorization is not possible due to POS System problems, System Outages, or other disruptions of an electronic Charge, you must obtain a Voice Authorization as follows:

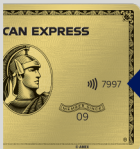
- Call our Authorization Department and provide: Card Number or Token, Merchant Number, and Charge amount. In some situations, you may be asked for additional information such as Expiration Date or CID Number.
- A response will be provided. If the request for Authorization is approved, capture the Approval code for Submission and enter the Approval code into your POS System.
- For instructions on how to complete this type of Charge, contact your Terminal Provider, Processor, or if you have a direct link to American Express, your American Express representative.
- We may assess a fee (see [Section 14.2.2, "Authorization Fees"](#)) for each Charge for which you request a Voice Authorization unless such a failure to obtain Authorization electronically is due to the unavailability or inoperability of our computer authorization system.
- In the event of a loss of connectivity resulting in your POS System being unable to connect to our systems for Authorization, we may reject the Charge if we have reasonable grounds to do so, or we may exercise any of our rights under this Agreement including, but not limited to, Chargeback, offsetting, and withholding amounts from payment we otherwise would make to you.

We will have the right to assess non-compliance fees for Authorization requests that do not comply with the *Technical Specifications* (see [Section 14.2.3, "Submission and Settlement Fees"](#)).

## 5.9 Card Identification (CID) Number

### Card Identification (CID) Number

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



**CID**

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, 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, "Data Security Operating Policy"](#).

See [Chapter 9, "Fraud Prevention"](#) for more information on CID Numbers and CID Verification.

## 5.10 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, electric vehicle charging station, CATs).

# Submission

- 6.1 Introduction
- 6.2 Transaction Process
- 6.3 Purpose of Submission
- 6.4 Submission Process
- 6.5 Submission Requirements—Electronic
- 6.6 Submission Requirements—Paper
- 6.7 How to Submit



## 6.1 Introduction

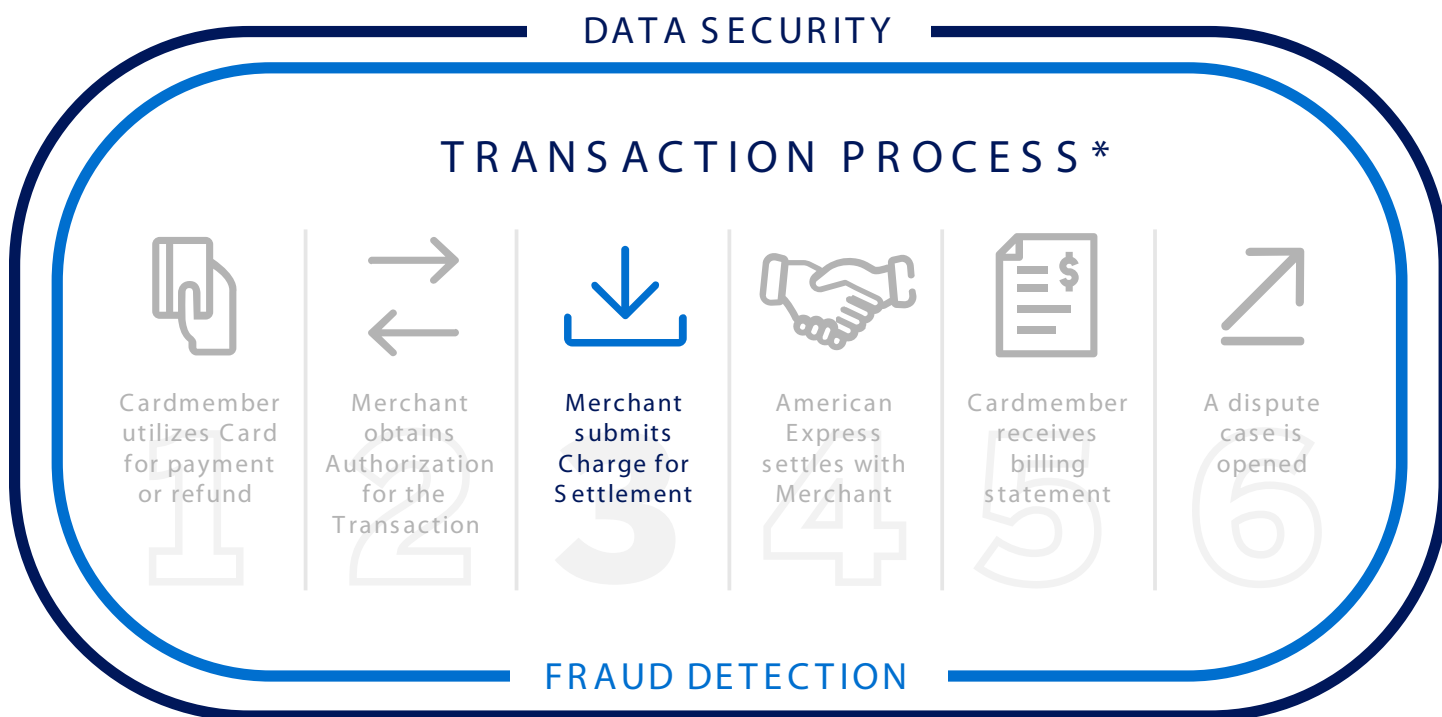
Merchants are familiar with commitments that keep their business running smoothly. One such commitment is to submit Transactions conducted at your Establishments to us for payment.

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

See [Section 4.2, "In-Person Charges"](#) and [Section 4.5.4, "Processing a Credit"](#) for additional information.

## 6.2 Transaction Process

Collect Transactions during the business day and submit them to us, directly or through a Processor, usually at the end of a day. If you have any Submission problems, contact your POS System vendor or Processor, Terminal Provider, or your American Express representative.



\* 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, either directly from you or from your Processor, we process it and settle with you according to your payment plan, speed of payment and payment methods, as described in [Chapter 7, "Settlement"](#).

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

For one day payments or longer, the cutoff time is 3:00 a.m. Eastern Standard Time.

Use the following table to determine the associated cutoff time in your area.

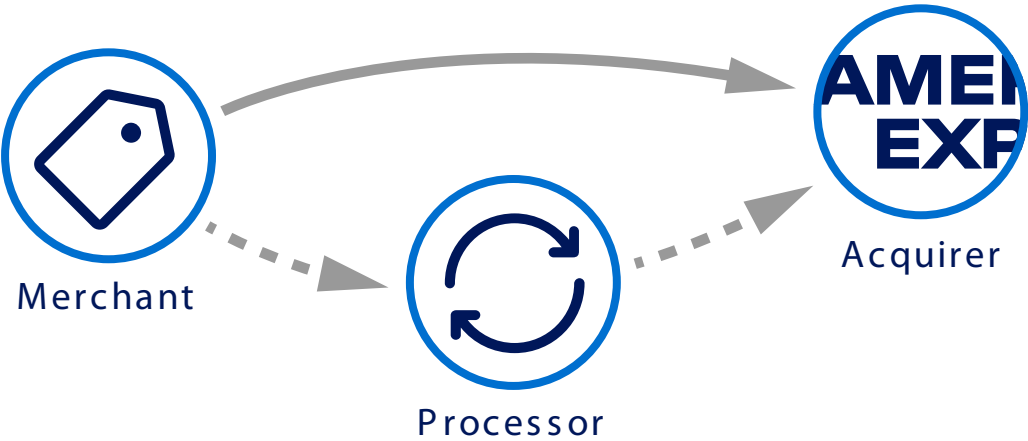
Table 6-1: Canada Time Zones\* (1-day pay or longer)

Pacific Time	Mountain Time	Central Time	Eastern Time	Atlantic Time	Newfoundland Time
12:00 a.m.	1:00 a.m.	2:00 a.m.	3:00 a.m.	4:00 a.m.	4:30 a.m.

\* Time zones include Standard and Daylight Saving Time.

6.4 Submission Process

After you collect the Transactions during your business day, we encourage you to submit them to us daily, directly or through a Processor.



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 by us. Depending on your business model, the Transactions will be Submitted directly to us or through your Processor. Please see [Section 6.3, "Purpose of Submission"](#) for cut off times that may apply to you or your Processor.



## 6.5 Submission Requirements—Electronic

For additional information about retaining information, see [Section 4.5, "Charge and Credit Records"](#) and [Section 8.4, "Standards for Protection of Encryption Keys, Cardholder Data, and Sensitive Authentication Data"](#).

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.

For additional requirements for third parties, see [Section 4.6, "Use of Third Parties"](#).

You must submit Transactions electronically except under extraordinary circumstances.

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 *Merchant Operating Manual*, including the *Technical Specifications* (see [Section 2.6, "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 Terminal Provider and/or Processor, or if you have a direct link with American Express, your American Express representative, to correct the error, then resubmit. For Submissions which fail to comply with the *Technical Specifications*, we have the right to Chargeback.

You must submit Transactions in Canadian Dollars.

### Charge Submissions

You must submit all Charges to us 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 us until after the goods are shipped, provided, or the services are rendered. You must submit all Charges under the Merchant Number of 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 [Subsection 4.4.2, "Aggregated – 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 [Subsection 4.4.4, "Delayed Delivery"](#) and [Subsection 4.4.1, "Advance Payment"](#) for additional information.

#### 6.5.2 Credit Submissions

You must submit all Credits to us within seven (7) days of determining that a Credit is due. You must submit each Credit under the Merchant Number of the Establishment where the Credit originated.

## 6.6 Submission Requirements—Paper

If you are presented with an un-embossed Prepaid Card, you must handwrite the required information to process a Charge Record. See [Section 4.5, "Charge and Credit Records"](#).

If you cannot obtain an electronic Authorization, you must obtain a Voice Authorization (see [Section 5.8, "Obtaining an Authorization"](#) for more information).

Retain a copy of the Charge Record with the Cardmember's signature for your records (see [Section 4.5, "Charge and Credit Records"](#) and [Subsection 10.6.4, "Inquiry/Miscellaneous"](#) for more information).

If, under extraordinary circumstances, you submit Transactions on paper, you must do so in accordance with our instructions outlined in [Chapter 4, "Transaction Processing"](#).

Examples of circumstances that may prevent Merchants from submitting electronically are:

- special events (e.g., conferences, outdoor marketplaces, concerts)
- Merchants that do not conduct business from fixed locations (e.g., taxis and limousine services)
- remote locations, or Merchants who experience System Outages

If you submit Charges on paper, you must create a Charge 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 Charge was incurred.
- The amount of the Charge, which must be the total price for the purchase of goods and services (plus applicable taxes and gratuities) purchased on the Card.
- The Authorization Approval.
- A clear description of the goods or services purchased by the Cardmember.
- An imprint or other descriptor of your name, address, Merchant Number and, if applicable, store number.
- The words "No Refunds" if you have a no refund policy, and your return and/or cancellation policies.
- If a Card Not Present Charge, the words "telephone order," "mail order," "Internet Order," or "Credentials-on-File," as applicable.

Charge Records submitted on paper must comply with the applicable requirements in [Section 4.5, "Charge and Credit Records"](#).

Charges must be submitted in accordance with the applicable requirements described in [Section 6.5, "Submission Requirements—Electronic"](#).

See [Paper submissions](#) to obtain the address when submitting Transactions on paper.

## 6.7 How to Submit

Many terminals are equipped with a "batch out" key or functionality. Contact your Terminal Provider for information on the best way for you to submit a batch.

In many cases, your POS System automatically processes the Transactions in Batches at the end of the day. To be sure, contact your Terminal Provider or review the instructions for Submissions that were provided with your POS System.

On busy days, your Transaction volume may be greater than your POS System's storage capability. Work with your Terminal Provider to determine your storage capacity, then determine if you will need to submit more than once each day (e.g., submit a Batch at midday and again in the evening).

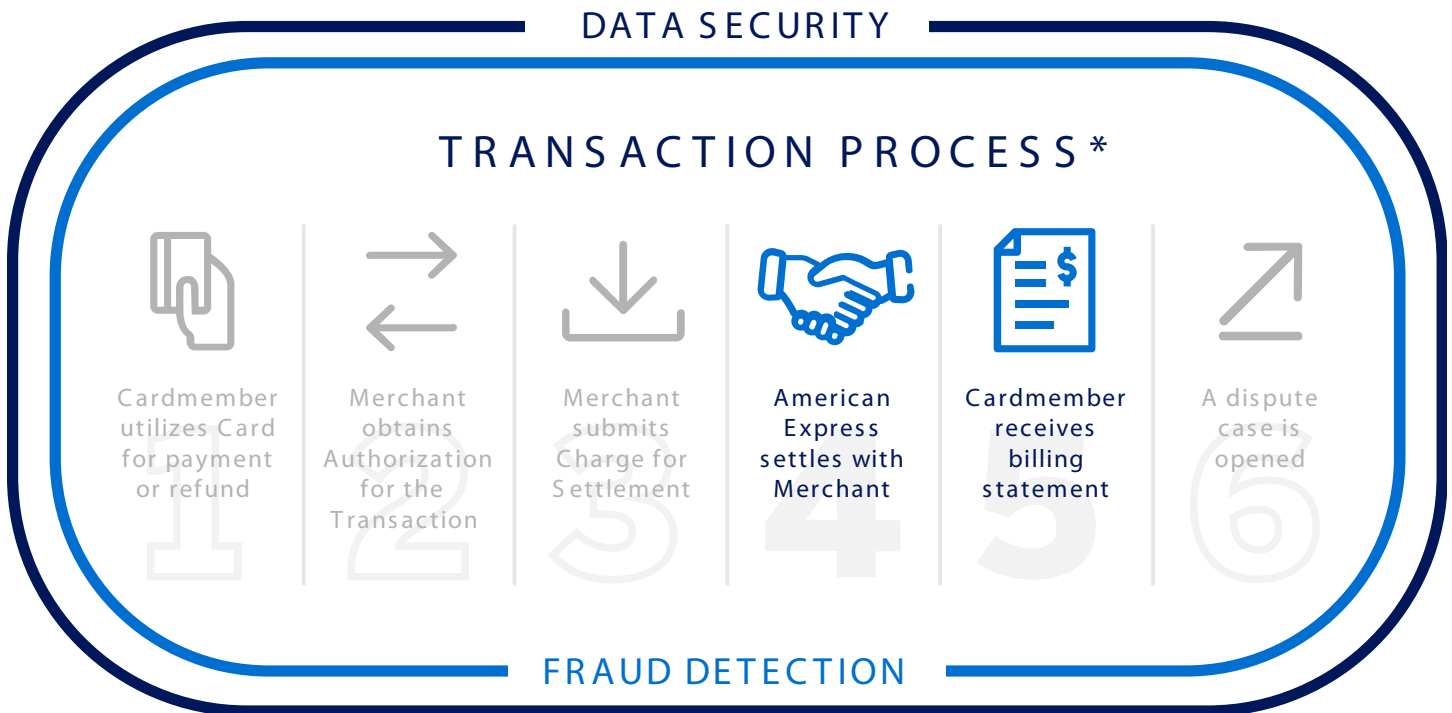
# Settlement

- 7.1 Transaction Process
- 7.2 Settlement Amount
- 7.3 Discount/Discount Rate
- 7.4 Method of Payment
- 7.5 Speed of Payment
- 7.6 Payment Options
- 7.7 Reconciliation Options
- 7.8 Payment Errors or Omissions
- 7.9 Collecting from Cardmembers



## 7.1 Transaction Process

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



\* 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

Your Settlement amount will be the face amount of Charges submitted from your Establishments pursuant to the Agreement, less all applicable deductions, rejections, and withholdings, which may include:

- Discounts
- Amounts you owe us or our Affiliates
- Amounts for which we have Chargebacks
- Amounts for which you have submitted Credits

We will subtract from our payment to you (or debit your Bank Account), the full amount of all applicable deductions, rejections and withholdings, but if we cannot, then you must pay us promptly upon receipt of our notification of any amount owing.

We will pay you the Settlement amount according to your payment plan in Canadian dollars.

## 7.3 Discount/Discount Rate

### Discount/Discount Rate

An amount that we charge you for accepting the Card, which amount is: (i) a percentage (Discount Rate) of the face amount of the Charge that you submit, or a flat per-Transaction fee, or a combination of both.

Your initial Discount is indicated in the Agreement or otherwise provided to you in writing by us. In addition to your Discount, we may charge you additional fees and assessments (see [Chapter 14, "Merchant Fees"](#) or as otherwise provided to you in writing by us). We may adjust any of these amounts and may change any other amount we charge you for accepting the Card.

We may charge you different Discounts for Charges submitted by your Establishments that we have classified in different industries. We will notify you of such fees, such adjustments and charges, and assessments and any different Discounts that apply to you.

### 7.3.1 Corporate Purchasing Card Discount Reduction

If you meet the requirements outlined in [Subsection 4.4.3, "Corporate Purchasing Card"](#), we may adjust your Discount for Charges made on the American Express® CPC. This Adjustment will not apply if you do not meet requirements in [Subsection 4.4.3, "Corporate Purchasing Card"](#), or if your Discount is a flat Transaction fee for CPC Charges. We will notify you of such adjustments.

## 7.4 Method of Payment

We will send Settlement amounts to you electronically to the Bank Account you designate.

You agree that the Bank Account is the account into which payments for Charges (and any other Settlement amounts) will be made and from which debits will be made for Chargebacks, Credits, the Discount, fees or assessments, amounts you owe us or our Affiliates, or other applicable deductions under the Agreement. We have the right (and you hereby authorize us) to initiate such debits from the Bank Account on your behalf, and you shall maintain in the Bank Account sufficient available funds to cover your payment obligations to us or our Affiliates under the Agreement.

You must provide us with the bank's name and bank routing information, and your Bank Account number, and you must notify your bank that we will have access to your account for debiting and crediting the Bank Account.

You must immediately notify us of any changes to your Bank Account information. Failure to notify us of such changes may cause us to delay your Settlement until you update your Merchant Account. To update your Merchant Account, contact your American Express representative, or contact [Merchant Services](#).

The policies of the financial institution at which you have a Bank Account govern when funds are available from the Bank Account.

We will not be responsible for any obligations, damages, or liabilities in excess of the amount of the applicable debit, credit, or adjustment to your Bank Account in the event that your bank does not honour any such item or improperly applies it to your Bank Account.

You are required to maintain a Bank Account at a financial institution domiciled in Canada for the purposes of the Agreement. Your Bank Account must be an account authorized by your financial institution to allow debit processing and will be governed by your account agreement with the financial institution.

To authorize us to debit your Bank Account, you must complete and sign the authorization for the [American Express Merchant Card Acceptance Authorization For Pre-Authorized Debit Plan \(PAD Agreement\)](#).

You waive any requirement for advance notification by us of any credit or debit we may apply to your Bank Account. We will provide you with reasonable documentation for such credits and debits.

## 7.5 Speed of Payment

Frequency of payment depends on the payment plan that you select. Subject to Applicable Law, we shall make payment to the Bank Account that you or the Establishment designates, as applicable. If we pay you centrally for consolidated Charges submitted from Establishments, then you are responsible for settling payments with each Establishment whose Charges have been so consolidated.

Your initial choice of a payment plan is indicated in the Agreement or otherwise provided to you in writing. We may offer, in our discretion, other payment plans and will notify you of their terms, as applicable.

Fifteen (15) and thirty (30) day payment plans may include a reduction in the base Discount Rate.

Unless otherwise agreed in writing, we will use commercially reasonable efforts to initiate electronic payment to your Bank Account with a financial institution domiciled in Canada within three (3) days (Monday through Friday except legal holidays) after our receipt of the Charge prior to our cutoff time for receiving and processing Charges. See [Section 6.3, "Purpose of Submission"](#) for more information.

You may choose one of the following payment plans:

- One-day payment plan: we initiate payment one (1) day after our cutoff time for receiving and processing Charges.
- Three-day payment plan: we initiate payment three (3) days after our cutoff time for receiving and processing Charges.
- Fifteen-day payment plan: we initiate payment fifteen (15) days after our cutoff time for receiving and processing Charges.
- Thirty-day payment plan: we initiate payment thirty (30) days after our cutoff time for receiving and processing Charges.

The following table illustrates the one and three-day payment plans:

**Table 7-1: One and Three-day Payment Plans**

Receipt Date (Day 0)	Settlement Day (Day 1)	Settlement Day (Day 3)
Sunday	Monday	Wednesday
Monday	Tuesday	Thursday
Tuesday	Wednesday	Friday
Wednesday	Thursday	Monday
Thursday	Friday	Monday

Table 7-1: One and Three-day Payment Plans (Continued)

Receipt Date (Day 0)	Settlement Day (Day 1)	Settlement Day (Day 3)
Friday	Monday	Monday
Saturday	Monday	Tuesday

If you do not choose a payment plan, you will automatically be enrolled in either the one-day or three-day payment plan, based on eligibility.

## 7.6 Payment Options

American Express offers you net pay whereby you are paid the full amount of the Charges submitted less the Discount and other applicable amounts.

### 7.6.1 Net Pay

Net pay is the payment option where the Discount and other amounts are deducted from (or netted out of) the payment to you. For example, you submit a \$100 Charge and your Discount Rate is 3%. Assuming there are no other Adjustments to your Settlement amount, you will be paid \$97.00. You are paid the full amount of the Charges submitted less the Discount and other applicable amounts.

See [Section 7.2, "Settlement Amount"](#) for additional information.

### 7.6.2 Gross Pay

The gross pay options make it easier to reconcile your Merchant Account by breaking out the cost of the Discount, fees, and Chargebacks into Transactions separate from the payment Settlement.

In addition to net pay, we also offer you gross pay.

We pay you the full amount of the Charges submitted, and then a second Adjustment occurs to deduct the Discount and other applicable amounts owed to us pursuant to the Agreement.

Gross pay is a payment option where the Discount and other amounts are not deducted (or netted out) from the face amount of the Charge you submit. Instead, when we pay you for the face amount of the Charge, we will settle with you by debiting your Bank Account (or otherwise deduct from payments) the amounts described in [Section 7.2, "Settlement Amount"](#). In order to be eligible for gross pay, you must submit all Charges electronically and participate in both electronic pay and the one or three-day payment plans.

For example, if you submit a \$100 Charge and your Discount Rate is 3%, assuming there are no other Adjustments to your Settlement amount, you will be paid \$100 and we will debit your Bank Account separately for \$3.

There are two gross pay options available. You may qualify for one of the following:

- Monthly gross pay option: we will debit your Bank Account monthly for the total Discount and other amounts for all of a month's Charges, and we may increase your Discount Rate. See [Subsection 14.2.3, "Submission and Settlement Fees"](#), for the monthly gross pay fee.
- Daily gross pay option: we will debit your Bank Account separately for the Discount for Charges at the time of each of our payments to you.

To determine if you are eligible for one of these gross pay options, contact [Merchant Services](#). We have the right, in our sole discretion, to determine your eligibility for the gross pay option and modify your payment option at any time.

## 7.7 Reconciliation Options

Log into your Merchant Account online to access easy-to-use reconciliation tools, including electronic statements. The monthly electronic statements are the default reconciliation format provided by American Express. Each statement contains a summary of your Merchant Account's activity for the Settlement period, as well as details, including dates and Submission amounts.

You may choose to receive paper statements. If you do so, then we may assess a fee for each paper statement. See [Section 14.2, "Types of Fees"](#).

In addition, you can also use the raw data reconciliations to reconcile your Merchant Account. Each format can be used separately or in combination with the other formats. This format provides you with a raw data feed that you can import into your own software system. To request further information regarding availability of this format, contact your American Express representative.

## 7.8 Payment Errors or Omissions

You must notify us in writing of any error or omission in respect of your Discount or other fees or payments for Charges, Credits or Chargebacks within ninety (90) days of the date of the statement containing such claimed error or omission. If you do not provide such notice within the required timeframe, we will consider the statement to be conclusively settled as complete and correct in respect of such amounts, except for any erroneous payments by us. If the error involves a Chargeback, then [Section 10.6, "Chargeback Reasons"](#) applies to a request for Chargeback Reversal.

If we determine at any time that we have paid you in error, we will exercise Chargeback to recover such erroneous payment. If you receive any payment from us not owed to you under the Agreement, you must immediately notify us (by calling [Merchant Services](#)) and your Processor, and return such payment to us promptly.

We have the right to withhold future payments to you (or debit your Bank Account) until we fully recover the amount. We have no obligation to pay any party other than you under the Agreement.

## 7.9 Collecting from Cardmembers

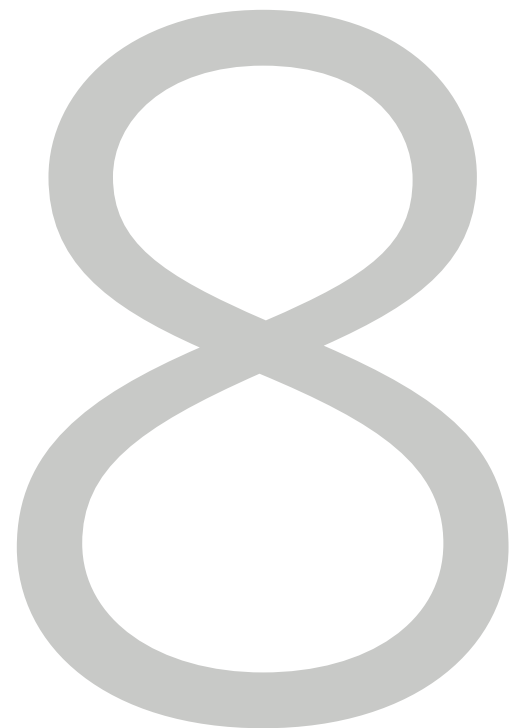
You must not bill or collect from any Cardmember for any purchase or payment made on the Card unless:

- we have exercised Chargeback for such Charge,
- you have fully paid us for such Charge, and
- you otherwise have the right to do so.



# Data Security Operating Policy

- 8.1 Data Security Operating Policy
- 8.2 Definitions
- 8.3 Targeted Analysis Program (TAP)
- 8.4 Standards for Protection of Encryption Keys, Cardholder Data, and Sensitive Authentication Data
- 8.5 Data Incident Management Obligations
- 8.6 Indemnity Obligations for a Data Incident
- 8.7 Important Periodic Validation of your Systems
- 8.8 Confidentiality
- 8.9 Disclaimer



## 8.1 Data Security Operating Policy

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 our concern and requires, as part of your responsibilities, that you comply with the data security provisions in the Agreement and this Data Security Operating Policy. 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, "Data Security Operating Policy"](#) and the corresponding [Section 14.2, "Types of Fees"](#), the following definitions apply:

**American Express Card, or Card,** means any card, account access device, or payment device or service bearing American Express' or an affiliate's name, logo, trademark, service mark, trade name, or other proprietary design or designation and issued by an issuer or a card account number.

**Approved Point-to-Point Encryption (P2PE) Solution,** included on PCI SSC list of validated solutions or validated by a PCI SSC Qualified Security Assessor P2PE Company.

**Approved Scanning Vendor (ASV)** means 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, "Important Periodic Validation of your Systems"](#).

**Attestation of Compliance (AOC)** means 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)** means 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.

**Buyer Initiated Payment (BIP) Transactions** means a payment transaction enabled via a payment instruction file processed through BIP.

**Cardholder Data** has the meaning given in the then current Glossary of Terms for the PCI DSS.

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

**Cardmember** means 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** means information about American Express Cardmembers and Card Transactions, including names, addresses, card account numbers, and card identification numbers (CIDs).

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

**Charge** means a payment or purchase made on a Card.

**Chip** means an integrated microchip embedded on a Card containing Cardmember and account information.

**Chip Card** means 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 our materials).

**Chip-Enabled Device** means a point-of-sale device having a valid and current EMVCo ([www.emvco.com](http://www.emvco.com)) approval/certification and be capable of processing AEIPS compliant Chip Card Transactions.

**Compromised Card Number** means an American Express Card account number related to a Data Incident.

**Covered Parties** means 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** means the amount of the Charge that you refund to Cardmembers for purchases or payments made on the Card.

**Data Incident** means 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** means the window of intrusion (or similarly determined period of time) set forth in the final forensic report (e.g., PCI Forensic Investigator (PFI) report), or if unknown, up to 365 days prior to the last Notification Date of potentially Compromised Card Numbers involved in a Data Compromise reported to us.

**Data Security Operating Policy (DSOP)** – The American Express data security policy, as described in [Chapter 8. "Data Security Operating Policy"](#) of the *Merchant Operating Manual*.

**EMV<sup>®1</sup> Specifications** means the specifications issued by EMVCo, LLC, which are available at <http://www.emvco.com>.

**EMV Transaction** means an integrated circuit card (sometimes called an “IC Card,” “chip card,” “smart card,” “EMV card,” or “ICC”) Transaction conducted on an IC card capable point of sale (POS) terminal with a valid and current EMV type approval. EMV type approvals are available at <http://www.emvco.com>.

**Encryption Key (American Express encryption key)** means all keys used in the processing, generation, loading and/or protection of Account Data. This includes, but is not limited to, the following:

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

- 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 (CSCs)
- PIN Keys: Base Derivation Keys (BDKs), PIN Encryption Key (PEKs), and ZPKs

**Forensic Incident Final Report Template** – The template available from the PCI Security Standards Council, which is available at <https://www.pcisecuritystandards.org>.

**Franchisee** means an independently owned and operated third party (including a franchisee, licensee, or chapter), other than an Affiliate, that is licensed by a Franchisor to operate a franchise and that has entered into a written agreement with the Franchisor whereby it consistently displays external identification prominently identifying itself with the Franchisor's Marks or holds itself out to the public as a member of the Franchisor's group of companies.

**Franchisor** means the operator of a business that licenses *persons or Entities (Franchisees)* to distribute goods and/or services under, or operate using the operator's Mark; provides assistance to Franchisees in operating their business or influences the Franchisee's method of operation; and requires payment of a fee by Franchisees.

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

**Level 2 Merchant** means a Merchant with 50,000 to 2.5 million American Express Card Transactions per year.

**Level 3 Merchant** means a Merchant with 10,000 to 50,000 American Express Card Transactions per year.

**Level 4 Merchant** means a Merchant with Less than 10,000 American Express Card Transactions per year.

**Level 1 Service Provider** means a Service Provider with 2.5 million American Express Card Transactions or more per year; or any Service Provider that American Express otherwise deems a Level 1.

**Level 2 Service Provider** means a Service Provider with less than 2.5 million American Express Card Transactions per year; or any Service Provider not deemed Level 1 by American Express.

**Merchant** means the Merchant and all of its affiliates that accept American Express Cards under an Agreement with American Express or its affiliates.

**Merchant Level** means the designation we assign Merchants related to their PCI DSS compliance validation obligations, as described in [Section 8.7, "Important Periodic Validation of your Systems"](#).

**Notification Date** means 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 for the Secure Software Framework, including the Secure Software Standard and Secure Software Life Cycle Standard, which is available at [https://www.pcisecuritystandards.org/document\\_library/?document=sec\\_sware\\_faag](https://www.pcisecuritystandards.org/document_library/?document=sec_sware_faag).

**Payment Card Industry Data Security Standard (PCI DSS)** means the Payment Card Industry Data Security Standard, which is available at <https://www.pcisecuritystandards.org>.

**Payment Card Industry Security Standards Council (PCI SSC) Requirements** means the set of standards and requirements related to securing and protecting Payment Card Data, including the PCI DSS and PA DSS, available at <https://www.pcisecuritystandards.org>.

**PCI Approved** means that 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 <https://www.pcisecuritystandards.org>.

**PCI DSS** means Payment Card Industry Data Security Standard, which is available at <https://www.pcisecuritystandards.org>

**PCI Forensic Investigator (PFI)** means 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** means the Payment Card Industry PIN Security Requirements, which are available at <https://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 <https://www.pcisecuritystandards.org>.

**Point of Sale (POS) System** means 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.

**Point-to-Point Encryption (P2PE)** means a solution that cryptographically protects account data from the point where a Merchant accepts the Payment Card to the secure point of decryption.

**Portal, The** means the reporting system provided by the American Express PCI Program administrator selected by American Express. Merchants and Service Providers are required to use The Portal to submit PCI validation documentation to American Express.

**Primary Account Number (PAN)** has the meaning given to it in the then current Glossary of Terms for the PCI DSS.

**Processor** means a Service Provider to Merchants who facilitate authorization and submission processing to the American Express network.

**Program, The** means the American Express PCI Compliance Program.

**Qualified Security Assessors (QSAs)** means an entity that has been qualified by the Payment Card Industry Security Standards Council, LLC to validate adherence to the Payment Card Industry Data Security Standard. See [Section 8.7, "Important Periodic Validation of your Systems"](#).

**Risk-Mitigating Technology** means technology solutions that improve the security of American Express Cardholder Data and Sensitive Authentication Data, as determined by American Express. To qualify as using a Risk-Mitigating Technology, you must demonstrate effective utilization of the technology in accordance with its design and intended purpose. Examples include, but may not be limited to: EMV, Point-to-Point Encryption, and tokenization.

**Security Technology Enhancement Program (STEP)** means the American Express' program in which Merchants are encouraged to deploy technologies that improve data security.

**Self Assessment Questionnaire (SAQ)** means 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.

**Service Providers** means authorized processors, third party processors, gateway providers, integrators of POS Systems, and any other providers to Merchants of POS Systems, or other payment processing solutions or services.

**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 \(TAP\)"](#).

**Token** means the cryptographic token that replaces the PAN, based on a given index for an unpredictable value.

**Transaction** means a Charge or a Credit completed by means of a Card.

**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 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, 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.
- You must provide updated PCI DSS validation documents in accordance with [Section 8.7, "Important Periodic Validation of your 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"](#).

The fees for the Cardholder Data compromise non-compliance are outlined in [Subsection 14.2.4, "Data Security Fees"](#).

## 8.4 Standards for Protection of Encryption Keys, Cardholder Data, and Sensitive Authentication Data

Remember if the Agreement terminates, Cardholder Data can only be retained according to the PCI DSS which is available at [www.pcisecuritystandards.org](http://www.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 requirement.
- use, when deploying new or replacement PIN Entry Devices or Payment Applications (or both), only those that are PCI-Approved.

You must protect all American Express 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 American Express for ensuring your Covered Parties' compliance with this [Chapter 8, "Data Security Operating Policy"](#) (other than for demonstrating your Covered Parties' compliance with this policy under [Section 8.7, "Important Periodic Validation of your Systems"](#) except as otherwise provided in that section).

## 8.5 Data Incident Management Obligations

You must notify American Express immediately and in no case later than seventy-two (72) hours after discovery of a Data Incident.

To notify American Express, contact the [American Express Enterprise Incident Response Program \(EIRP\)](#) at 1.602.537.3021, or email at [EIRP@aexp.com](mailto:EIRP@aexp.com). You must designate an individual as your contact regarding such 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 American Express within ten (10) business days of its completion.
- You must promptly provide to American Express 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 verify your ability to prevent future Data Incidents by (i) providing a plan for remediating all PCI DSS deficiencies, and (ii) participating in the American Express compliance program (as described below). Upon American Express' request, you shall provide validation by a Qualified Security Assessor (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 timeframe 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 agree to work with American Express to rectify any issues arising from the Data Incident, including consulting with American Express about your communications to Cardmembers affected by the Data Incident and providing (and obtaining any waivers necessary to provide) to American Express 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 Indemnity Obligations for a Data Incident

Your indemnity obligations to American Express under the Agreement for Data Incidents shall be determined, without waiving any of American Express' other rights and remedies, under this [Section 8.6, "Indemnity Obligations for a Data Incident"](#). In addition to your indemnity obligations (if any), you may be subject to a Data Incident non-compliance fee as described below in this [Section 8.6, "Indemnity Obligations for a Data Incident"](#).

For Data Incidents that involve:

- 10,000 or more American Express Card Numbers with either of the following:
  - Sensitive Authentication Data, or
  - Expiration Date,

you shall compensate American Express at the rate of \$5 USD per account number.

However, American Express will not seek indemnification from you for a Data Incident that involves:

- less than 10,000 American Express Card Numbers, or
- more than 10,000 American Express Card Numbers, if you meet the following conditions:
  - you notified American Express of the Data Incident pursuant to this [Section 8.5, "Data Incident Management Obligations"](#),
  - you were in compliance at the time of the Data Incident with the PCI DSS (as determined by the PFI's investigation of the Data Incident), and
  - the Data Incident was not caused by your wrongful conduct or that of your Covered Parties.

Notwithstanding the foregoing paragraphs of this [Section 8.6, "Indemnity Obligations for a Data Incident"](#), for any Data Incident, regardless of the number of American Express Card Numbers, you shall pay American Express a Data Incident non-compliance fee not to exceed \$100,000 USD per Data Incident (as determined by American Express in its sole discretion) in the event that you fail to comply with any of your obligations set forth in [Section 8.5, "Data Incident Management Obligations"](#). For the avoidance of doubt, the total Data Incident non-compliance fee assessed for any single Data Incident shall not exceed \$100,000 USD. The fee for the Data Incident non-compliance fee is noted in [Subsection 14.2.4, "Data Security Fees"](#).

American Express will exclude from its calculation any American Express Card Account Number that was involved in a prior Data Incident indemnity claim made within the twelve (12)



months prior to the Notification Date. All calculations made by American Express under this methodology are final.

American Express may bill you for the full amount of your indemnity obligation for Data Incidents or deduct the amount from American Express' payments to you (or debit your Bank Account accordingly) pursuant to the Agreement.

Your indemnity obligations for Data Incidents hereunder shall not be considered incidental, indirect, speculative, consequential, special, punitive, or exemplary damages under the Agreement; provided that such obligations do not include damages related to or in the nature of lost profits or revenues, loss of goodwill, or loss of business opportunities.

In its sole discretion, American Express may reduce the indemnity obligation for Merchants solely for Data Incidents that meet each of the following criteria:

- Applicable Risk-Mitigating Technologies were used prior to the Data Incident and were in use during the entire Data Incident Event Window,
- A thorough investigation in accordance with the Payment Card Industry Forensic Investigator (PFI) program was completed (unless otherwise previously agreed in writing),
- Forensic report clearly states the Risk-Mitigating Technology were used to store and/or transmit the data at the time of the Data Incident, and
- You do not store (and did not store throughout the Data Incident Event Window) Sensitive Authentication Data or any Cardholder Data that has not been made unreadable.

Where an indemnity reduction is available, the reduction to your indemnity obligation under [Section 8.6. "Indemnity Obligations for a Data Incident"](#) (excluding any non-compliance fees payable), is determined as follows:

**Table 8-1: Criteria for Indemnity Obligation Reduction**

Indemnity Obligation Reduction	Required Criteria
Standard Reduction: 50%	>75% of total Transactions processed on Chip Enabled Devices <sup>1</sup> , OR  Risk-Mitigating Technology in use at >75% of Merchant locations <sup>2</sup>
Enhanced Reduction: 75% to 100%	>75% of all Transactions processed on Chip Enabled Devices <sup>1</sup> AND another Risk-Mitigating Technology in use at >75% of Merchant locations <sup>2</sup>

<sup>1</sup> As determined by American Express internal analysis

<sup>2</sup> As determined by PFI investigation

- The Enhanced Reduction (75% to 100%) shall be determined based on the lesser of the percentage of Transactions using Chip Enabled Devices AND Merchant locations using another Risk-Mitigating Technology. The examples below illustrate the calculation of the indemnity reduction.
- To qualify as using a Risk-Mitigating Technology, you must demonstrate effective utilization of the technology in accordance with its design and intended purpose. For example, deploying Chip Enabled Devices and processing Chip Cards as Magnetic Stripe or Key Entered Transactions, is NOT an effective use of this technology.
- The percentage of locations that use a Risk-Mitigating Technology is determined by PFI investigation.
- The reduction in the indemnity obligation does not apply to any non-compliance fees payable in relation to the Data Incident.

**Table 8-2: Enhanced Indemnity Obligation Reduction**

Ex.	Risk-Mitigating Technology in use	Eligible	Reduction
1	80% of Transactions on Chip Enabled Devices 0% locations use other Risk-Mitigating Technology	No	50%: Standard Reduction (less than 75% use of Risk-Mitigating Technology, does not qualify for Enhanced Reduction) <sup>1</sup>
2	80% of Transactions on Chip Enabled Devices 77% locations use other Risk-Mitigating Technology	Yes	77%: Enhanced Reduction (based on 77% use of Risk-Mitigating Technology)
3	93% of Transactions on Chip Enabled Devices 100% locations use other Risk-Mitigating Technology	Yes	93%: Enhanced Reduction (based on 93% of Transactions on Chip Enabled Devices)
4	40% of Transactions on Chip Enabled Devices 90% locations use other Risk-Mitigating Technology	No	50%: Standard Reduction (less than 75% of Transactions on Chip Enabled Devices does not qualify for Enhanced Reduction)

<sup>1</sup> A Data Incident involving 10,000 American Express Card Accounts, at a rate of U.S. \$5 per account number (10,000 x U.S. \$5 = U.S. \$50,000) may be eligible for a reduction of 50%, reducing the Indemnity Obligations from U.S. \$50,000 to U.S. \$25,000, excluding any non-compliance fees.

## 8.7 Important Periodic Validation of your Systems

You must take the following actions to validate under PCI DSS annually and every 90 days as described below, the status of your and your Franchisees' 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' PCI compliance program ("the 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 within the prescribed timelines.

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

Level 1 Merchants and Level 2 Merchants, as described below, must participate in the Program under this policy. American Express may designate, at our sole discretion, specific Level 3 and Level 4 Merchants to participate in the Program under this policy.

Merchants and Service Providers required to participate in the Program must enroll the Portal provided by the Program administrator selected by American Express within the prescribed timelines.

- You must accept all reasonable terms and conditions associated with the use of the Portal.
- You must assign and provide accurate information for at least one data security contact within the Portal. Required data elements include:
  - full name
  - email address
  - telephone number
  - physical mailing address
- You must provide updated or new contact information for the assigned data security contact within the Portal when the information changes.
- You must ensure your systems are updated to allow service communications from the Portal's designated domain.

Your failure to provide or maintain current data security contact information or enable email communications will not affect our rights to assess fees.

### Action 2: Understand your Merchant Level and Validation Requirements

There are four Merchant Levels applicable to Merchants and two Levels applicable to Service Providers based on your volume of American Express Card Transactions.

- For Merchants, this is the volume submitted by their Establishments that roll up to the highest American Express Merchant account level.\*
- For Service Providers, this is the sum of volume submitted by the Service Provider and Entities Service Provider to whom you provide services.

Buyer Initiated Payments (BIP) Transactions are not included in the volume of American Express Transactions to determine Merchant Level and validation requirements.

You will fall into one of the Merchant Levels specified in the Merchant and Service Provider tables below.

\* In the case of Franchisors, this includes volume from their Franchisee Establishments. Franchisors who mandate that their Franchisees use a specified Point of Sale (POS) System or Service Provider also must provide validation documentation for the affected Franchisees.

### Merchant Validation Documentation Requirements

Merchants (not Service Providers) have four possible Merchant Level classifications. After determining the Merchant Level from the list below, see [Table 8-3: Merchant Levels](#) to determine validation documentation requirements.

**Level 1 Merchant** – 2.5 million American Express Card Transactions or more per year; or any Merchant that American Express otherwise, in its discretion, assigns a Level 1.

**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.

Table 8-3: Merchant Levels

Merchant Level/ Annual American Express Transactions	Validation Documentation		
	Report on Compliance Attestation of Compliance (ROC AOC)	Questionnaire Attestation of Compliance (SAQ AOC) AND Quarterly External Network Vulnerability Scan (Scan)	STEP Attestation for eligible Merchants
Level 1/ 2.5 million or more	Mandatory	Not applicable	Optional with approval from American Express (replaces ROC)
Level 2/ 50,000 to 2.5 million	Optional	SAQ AOC mandatory (unless submitting a ROC AOC); scan mandatory with certain SAQ types	Optional (replaces SAQ and network scan or ROC)
Level 3**/ 10,000 to 50,000	Optional	SAQ AOC 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 AOC 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 this Data Security Operating Policy.

American Express reserves the right to verify the completeness, accuracy, and appropriateness of your PCI Validation Documentation. American Express may require you to provide additional supporting documents for evaluation in support of this purpose. Additionally, American Express has the right to require you to engage a PCI Security Standards Council approved QSA or PFI.

### Security Technology Enhancement Program (STEP)

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.

STEP applies 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 a combination of the following enhanced security options:

- **EMV, EMV Contactless or Digital Wallet** – on an active Chip-Enabled Device having a valid and current EMVCo ([www.emvco.com](http://www.emvco.com)) approval/certification and capable of processing AEIPS compliant Chip Card Transactions

- **Point-to-Point Encryption (P2PE)** – communicated to the Merchant's processor using a PCI-SSC-approved or QSA-approved Point-to-Point Encryption system
- **Tokenized** – the implemented tokenization solution must:
  - meet EMVCo specifications,
  - be secured, processed, stored, transmitted, and wholly managed by a PCI compliant third-party Service Provider, and
  - the Token cannot be reversed to reveal unmasked Primary Account Numbers (PANs) to the Merchant.

Merchants eligible for STEP have reduced PCI Validation Documentation requirements, as further described in [Action 3: Complete the Validation Documentation that you must send to American Express](#) below.

### Service Provider Requirements

Service Providers (not Merchants) have two possible Level classifications. After determining the Service Provider Level from the list below, see [Table 8-4: Service Provider](#) to determine validation documentation requirements.

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

**Level 2 Service Provider** – less than 2.5 million American Express Card Transactions per year; or any Service Provider not deemed Level 1 by American Express.

Service Providers are not eligible for STEP.

**Table 8-4: Service Provider**

Level	Validation Documentation	Requirement
1	Annual Report on Compliance Attestation of Compliance (ROC AOC)	Mandatory
2	Annual SAQ D (Service Provider) and Quarterly Network Scan or Annual Report on Compliance Attestation of Compliance (ROC AOC), if preferred	Mandatory

It is recommended that Service Providers also comply with the PCI Designated Entities Supplemental Validation.

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

Visit  
[www.pcisecuritystandards.org](http://www.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)

The following documents are required for different levels of Merchants and Service Providers as listed in [Table 8-3: Merchant Levels](#) and [Table 8-4: Service Provider](#) above.

You must provide the Attestation of Compliance (AOC) for the applicable assessment type. The AOC is a declaration of your compliance status and, as such, must be signed and dated by the appropriate level of leadership within your organization.

In addition to the AOC, American Express may require you to provide a copy of the full assessment and, at our discretion, additional supporting documents demonstrating compliance with the PCI DSS requirements. This Validation Documentation is completed at your expense.

#### **Report on Compliance Attestation of Compliance (ROC AOC) - (Annual Requirement) –**

The Report on Compliance documents the results of a detailed onsite examination of your equipment, systems, and networks (and their components) where Cardholder Data or Sensitive Authentication Data (or both) are stored, processed, or transmitted. There are two versions: one for Merchants and another for Service Providers. The Report on Compliance must be performed by:

- a QSA, or
- you and attested to by your chief executive officer, chief financial officer, chief information security officer, or principal

The AOC must be signed and dated by a QSA or the Internal Security Assessor (ISA) and the authorized level of leadership within your organization and provided to American Express at least once per year.

#### **Self-Assessment Questionnaire Attestation of Compliance (SAQ AOC) - (Annual Requirement) –**

The Self-Assessment Questionnaires allow self-examination of your equipment, systems, and networks, (and their components) where Cardholder Data or Sensitive Authentication Data (or both) are stored, processed, or transmitted. There are multiple versions of the SAQ. You will select one or more based on your Cardholder Data Environment.

The SAQ may be completed by personnel within your Company qualified to answer the questions accurately and thoroughly or you may engage a QSA to assist. The AOC must be signed and dated by the authorized level of leadership within your organization and provided to American Express at least once per year.

#### **Approved Scanning Vendor External Network Vulnerability Scan Summary (ASV Scan) - (90 Day Requirement) –**

An external vulnerability scan is a remote test to help identify potential weaknesses, vulnerabilities, and misconfigurations of internet-facing components of your Cardholder Data Environment (e.g., websites, applications, web servers, mail servers, public-facing domains, or hosts).

The ASV Scan must be performed by an Approved Scanning Vendor (ASV).

If required by the SAQ, the ASV Scan Report Attestation of Scan Compliance (AOSC) or executive summary including a count of scanned targets, certification that the results satisfy PCI DSS scanning procedures, and compliance status completed by ASV, must be submitted to American Express at least once every 90 days.

ROC AOC or STEP are not required to provide an AOSC or ASV Scan executive summary unless specifically requested. For the avoidance of doubt, Scans are mandatory if required by the applicable SAQ.

**STEP Attestation Validation Documentation (STEP) - (Annual Requirement)** – STEP is only available to Merchants who meet the criteria listed in [Action 2: Understand your Merchant Level and Validation Requirements](#) above. If your company qualifies, you must complete and submit the STEP Attestation form annually to American Express. The Annual STEP Attestation form is available to download from the Portal.

**Non-Compliance with PCI DSS - (Annual, 90 Day and/or Ad-Hoc Requirement)** – 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” (available for download via the PCI Security Standards Council website)
- a PCI Prioritized Approach Tool Summary (available for download via the PCI Security Standards Council website)
- a Project Plan Template (available for download from the Portal). A Project Plan can be submitted in lieu of the annual attestation (SAQ/ROC) and/or in lieu of the scan requirement

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 shall provide American Express with periodic updates of your progress toward remediation of your Non-Compliant Status (Level 1, Level 2, Level 3, and Level 4 Merchants; All Service Providers). Remediation actions necessary to achieve compliance with PCI DSS are to be completed at your expense.

American Express shall not impose non-validation fees (described below) on you for non-compliance prior to the remediation date, but you remain liable to American Express for all indemnity obligations for a Data Incident and are subject to all other provisions of this policy.

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

#### **Action 4: Send the Validation Documentation to American Express**

All Merchants and Service Providers required to participate in the Program must submit the Validation Documentation marked “mandatory” in the tables in [Action 2: Understand your Merchant Level and Validation Requirements](#) to American Express by the applicable deadlines.

You must submit your Validation Documentation to American Express using the Portal provided by the Program Administrator selected by American Express.

By submitting Validation Documentation, you represent and warrant to American Express that the following is true (to the best of your ability):

- Your evaluation was complete and thorough;
- The PCI DSS status is accurately represented at the time of completion, whether compliant or non-compliant;
- You are authorized to disclose the information contained therein and are providing the Validation Documentation to American Express without violating any other party's rights.

#### **Non-Validation Fees and Termination of Agreement**

American Express has the right to impose non-validation fees on you and terminate the Agreement if you do not fulfil these requirements or fail to submit the mandatory Validation Documentation to American Express by the applicable deadline.

American Express will attempt to notify the data security contact of any applicable deadlines for each annual and quarterly reporting period. The fees for non-validation are outlined in [Section 14.2, "Types of Fees"](#).

## 8.8 Confidentiality

American Express shall take reasonable measures to keep (and cause its agents and subcontractors, including the Portal provider, to keep) your reports on compliance, including AOCs rendered in connection with an annual onsite security assessment or SAQ and the AOSC and executive summaries of findings rendered in connection with quarterly network scans, in confidence and not disclose the Validation Documentation to any third party (other than American Express' Affiliates, agents, representatives, Service Providers, and subcontractors) for a period of three (3) years from the date of receipt, except that this confidentiality obligation does not apply to Validation Documentation that:

- is already known to American Express prior to disclosure;
- is or becomes available to the public through no breach of this paragraph by American Express;
- is rightfully received from a third party by American Express without a duty of confidentiality;
- is independently developed by American Express; or
- is required to be disclosed by an order of a court, administrative agency or governmental authority, or by any law, rule or regulation, or by subpoena, discovery request, summons, or other administrative or legal process, or by any formal or informal inquiry or investigation by any government agency or authority (including any regulator, inspector, examiner, or law enforcement agency).

## 8.9 Disclaimer

AMERICAN EXPRESS HEREBY DISCLAIMS ANY AND ALL REPRESENTATIONS, WARRANTIES, AND LIABILITIES WITH RESPECT TO THIS DATA SECURITY OPERATING POLICY, 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 this Data Security Operating Policy.

For further information about American Express Data Security, please visit [www.americanexpress.com/datasecurity](http://www.americanexpress.com/datasecurity).

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](http://www.pcisecuritystandards.org)



# Fraud Prevention

- 9.1 Introduction
- 9.2 Transaction Process
- 9.3 Strategies for Deterring Fraud
- 9.4 Card Acceptance Policies
- 9.5 Card Security Features
- 9.6 Recognizing Suspicious Activity
- 9.7 Prepaid Card Security Features
- 9.8 Recognizing Suspicious Activity for Prepaid Cards
- 9.9 Fraud Mitigation Tools
- 9.10 Verification Services
- 9.11 American Express SafeKey Program



## 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.

We offer 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. We offer a variety of premium value tools that complement many aspects of your business. We and our Affiliates also may offer separate fraud tools and services, which are not a subject of the Agreement.

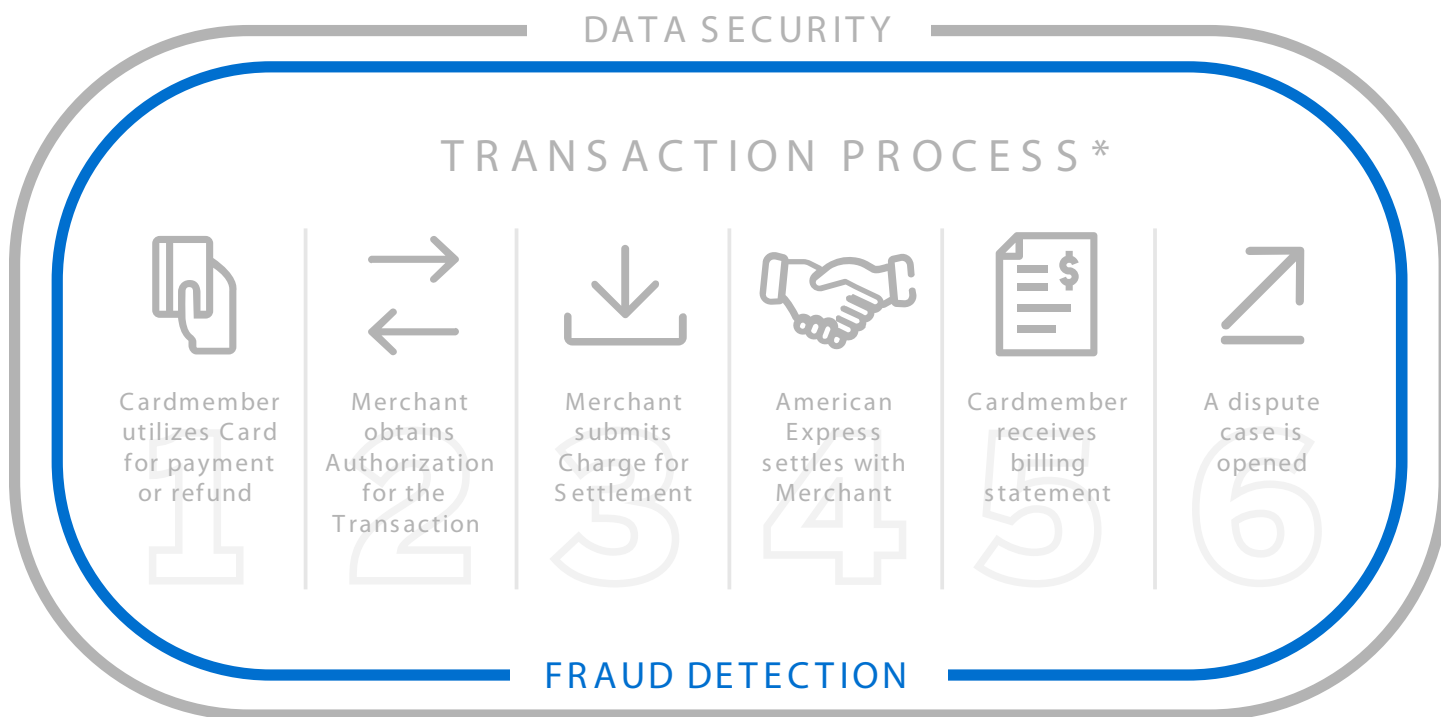
Some Merchants may not be eligible to participate in the full suite of fraud tools and fraud liability shift programs offered. Additionally, we may, in our sole discretion, immediately suspend or terminate a Merchant from using any fraud tool or participation in any fraud liability shift program and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

This chapter of the *Merchant Operating Manual* offers fraud mitigation tips for both Card Present and Card Not Present Transactions.

## 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 you 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.

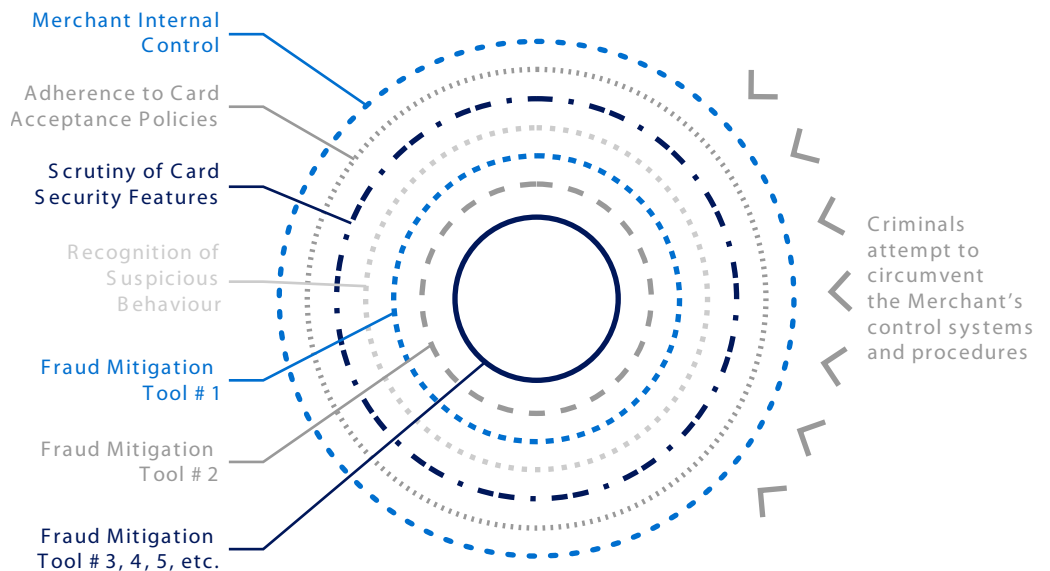
## 9.3 Strategies for Deterring Fraud

We recommend implementing multiple layers of fraud protection to help secure your business. 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 our 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 behaviours or circumstances that may signal fraudulent activity
- implementation of fraud mitigation tools that take advantage of our risk controls to identify fraudulent activity
- additional risk models or controls that you can develop internally or obtain externally from third parties



We are committed to working with Merchants to deploy tools that can help reduce the likelihood that fraudulent Charges will be Approved. The implementation and use of the strategies and tools detailed in this chapter, 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 the data captured during a standard Card Not Present Charge (left) with the amount of data that can be captured when our full suite of fraud mitigation tools is implemented (right).

## DATA CAPTURED

Card Not Present Charge: Standard	Card Not Present Charge: Our Suite of Fraud Mitigation Used
Card: 37XXXXXXXXXX2009 Amount: \$257 Merchant: Internet Merchant XXXXXX01	Card: 37XXXXXXXXXX2009 Name: C.F. Frost Amount: \$257 Merchant: Internet Merchant XXXXXX01 CID Number: XXXX AAV: 2213 E Main, M5R 3R5 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, M2k 2R6 Ship to Phone: 415.555.5555 Ship to Country: Canada

## 9.4 Card Acceptance Policies

A critical component in your overall fraud mitigation strategy is to follow our Card acceptance procedures, as defined in [Chapter 4, "Transaction Processing"](#). The procedures outlined in [Chapter 4, "Transaction Processing"](#) are required under the Agreement and can also serve as your first line of defence against potential fraud. The additional layers of fraud mitigation mentioned previously can supplement this line of defence.

## 9.5 Card Security Features



### 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. See [Subsection 9.10.1, "Electronic Verification Services"](#) for additional information.

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

Our Card security features are designed to help 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; we offer a number of different Cards. 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.
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 are listed in [Section 9.7, "Prepaid Card 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 the [Authorization Department](#) 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. Visit our website at: [www.americanexpress.com/ca/en/content/merchant/card-fraud/tips-to-prevent-fraud.html](http://www.americanexpress.com/ca/en/content/merchant/card-fraud/tips-to-prevent-fraud.html).

## 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 behaviours 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 behaviours that may flag a fraudulent customer.

### Suspicious Behaviours

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

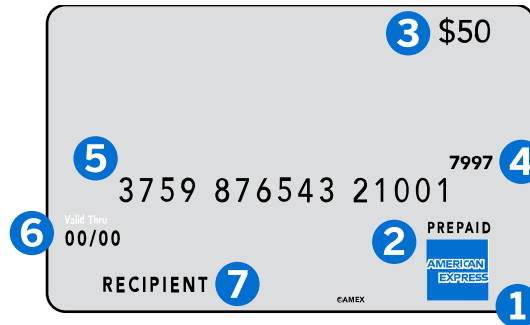
- larger-than-normal Transaction dollar amounts,
- orders containing many of the same items,
- orders shipped to an address other than a billing address,
- orders using anonymous/free email domains,
- orders sent to postal codes or countries where you show a history of fraudulent claims,
- orders of 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 colour, 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 the [Authorization Department](#) with a Code 10. **Never put yourself or your employees in unsafe situations, nor physically detain or harm the holder of the Card.** For clarity, this does not limit your other obligations and liabilities under the Agreement.

## 9.7 Prepaid Card Security Features

You are responsible for following all our Prepaid Card acceptance procedures in [Subsection 4.4.8. "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 "Traveller" may appear, or this area might be blank.

## 9.8 Recognizing Suspicious Activity for Prepaid Cards

We recommend that you follow the procedures in the preceding [Section 9.6. "Recognizing Suspicious Activity"](#) in addition to being vigilant for the following suspicious behaviours related specifically to Prepaid Cards:

- customer frequently makes purchases and then returns goods for cash. (To avoid being the victim of this scheme, we suggest you 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 Fraud Mitigation Tools

We offer fraud mitigation tools 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 2.6. "Compliance with the Technical Specifications"](#)), and
- you provide high quality data in the Authorization request.

Failure to comply with all applicable sections of the *Technical Specifications* can impair or prevent your use of our fraud mitigation tools.



The following table shows the tools available to you and indicates which tools are appropriate for each type of Transaction.

**Table 9-1: Fraud Mitigation Tools**

Tool	In-Person	CAT	Card Not Present
Track 1	•	•	
Code 10	•		
Terminal ID	•	•	
Enhanced Authorization			•
Verification Services			
Electronic Verification Services			
• American Express SafeKey Program			•
• Card Identification (CID) Verification	•		•
• Automated Address Verification (AAV)			•
• Telephone Number Verification			•
• Email Address Verification			•
Additional Services			
• Name and Address Verification			•

## 9.9.1 Track 1

Table 9-2: Track 1

Description	There are two tracks of information encoded in the Magnetic Stripe. Track 1 contains additional data that provides an extra layer of fraud protection.
Purpose	Criminals often alter the data when creating a counterfeit Magnetic Stripe. Sending the Track 1 data as part of the Authorization request helps facilitate additional verifications.
How It Works	The POS System captures data encoded in Track 1 of the Magnetic Stripe and sends it to the Issuer in the Authorization request. The Issuer can utilize this information to assess whether the transmitted Track 1 data is fraudulent.
Industry	Appropriate for all Card Present Charges.
Implementation	To implement this tool, work with your Processor, Terminal Provider, or if you have a direct link to American Express, your American Express representative.

## 9.9.2 Code 10

Table 9-3: Code 10

Description	A special phrase ("Code 10 Authorization Request") that you use to indicate to the American Express representative that you have suspicions concerning the Cardmember, the Card, the CID Number, the circumstances of the sale, or any combination thereof.
Purpose	"Code 10 Authorization Request" is used so that the customer does not know that you are suspicious.
How It Works	By asking for a "Code 10 Authorization" you alert the American Express representative that you are suspicious of this Card, customer or Transaction. The representative then asks "yes" or "no" questions in order to assess the situation and make a recommendation. Respond to the representative's questions calmly; avoid rousing the customer's suspicions.
Industry	Appropriate for all In-Person Charges.
Implementation	If you suspect Card misuse, follow your internal store policies, and, if directed to do so, call the <a href="#">Authorization Department</a> with a Code 10 Authorization Request. Only pick up a Card if directed to do so by an American Express representative or the Issuer. <b>Never put yourself or your employees in unsafe situations nor physically detain or harm the holder of the Card.</b>

### 9.9.3 Terminal ID

Table 9-4: Terminal ID

Description	The Terminal ID tool captures a numeric identifier uniquely assigned to each register or terminal at a particular Establishment and sends the numeric identifier ("Terminal ID") to American Express with each Authorization request.
Purpose	The Terminal ID tool helps detect high risk patterns of a particular register or terminal. Certain registers or terminals may be the source for higher-than-normal fraud due to their location (e.g., proximity to an exit) or other circumstances that a criminal may find appealing (e.g., self-check out). When you submit the Terminal ID with each Charge, the Issuer can apply its risk modelling to each Charge originating from a high-risk register or terminal and incorporate the result into the appropriate Authorization response to you.
How It Works	As a Card is used to initiate payment, the POS System captures the Terminal ID and sends it to the Issuer with the Authorization Request. The Issuer reviews this information using risk modelling and incorporates the result into the Authorization decision.
Industry	Appropriate for all Card Present Charges.
Implementation	To implement this tool, work with your Processor, Terminal Provider, or if you have a direct link with American Express, your American Express representative.

## 9.9.4 Enhanced Authorization

Table 9-5: Enhanced Authorization

### Further Information

Criminals rely on the anonymity of confirming orders via email, shipping goods and then converting them to cash. That is why we request data such as email address and shipping address with Enhanced Authorization. Sending this information with an Authorization request reduces the anonymity criminals rely upon. It also allows us to identify multiple Cards being used to ship goods to a single compromised location.

Description	Charges that contain Enhanced Authorization data provide valuable information for determining the risk of Card Not Present Charges. When these additional data elements are included in Authorization requests, the Issuer can make a more thorough risk assessment, enabling a more informed Authorization decision.
Purpose	Enhanced Authorization helps mitigate fraud before a Charge is Authorized by analyzing key data elements submitted with Authorization requests. While sending all data elements is the most effective use of Enhanced Authorization, any additional data elements can provide a more informed Authorization response. Enabling the review of your Enhanced Authorization data against Cardmembers', Merchants', and industry information improves risk assessment and enables legitimate Charges to be processed with greater efficiency.
How It Works	<p>You may already be capturing Enhanced Authorization data elements and other Card information as part of the ordering process. You can submit the enhanced data in the Authorization request. Enhanced data elements may include:</p> <ul style="list-style-type: none"> <li>• <b>Internet Data</b> – IP address, email address, product SKU (Stock Keeping Unit)</li> <li>• <b>Phone Data</b> – Order telephone number</li> <li>• <b>Airline Data</b> – Passenger name, origin airport, destination airport, travel date, routing, class of service, number of passengers, airline carrier codes, email address, IP address</li> <li>• <b>Shipping Data</b> – Ship-to address, postal code, country code, telephone number, first and last name, and shipment method</li> </ul> <p>Using these data elements to assess Charge risk is widely accepted for Card Not Present Charges. Where this American Express tool can add additional value is in the ability to leverage Cardmember and Merchant information history, combined with large volumes of data that flow on our Network, all of which can then be analyzed and incorporated into the Authorization response.</p>
Industry	Appropriate for all Card Not Present Charges.
Implementation	To implement this tool, work with your Processor, Terminal Provider, or if you have a direct link to American Express, your American Express representative.

## 9.10 Verification Services

We also offer tools that help verify information provided by your customer for both Card Present Charges and Card Not Present Charges. These verification tools can be used in multiple layers simultaneously to help you mitigate the risk of fraud, 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.

These verification services help mitigate the risk of fraud prior to the completion of a purchase by comparing information provided by the customer at the point of sale with information on file with the Issuer. The response from the Issuer only indicates the validity of and/or discrepancies

in the information you provided for the customer. Although the Authorization may have been approved, you can decide whether to submit the Charge based on the verification response and your internal policies.

Prepaid Cards do not always require a Cardmember to provide an address to the Issuer. For these Charges you may receive an “Information Unavailable” response. Apply your existing policies for handling online purchases that receive an “Information Unavailable” response.

9.10.1 Electronic Verification Services

Electronic verification services offer a way to help mitigate the risk of fraud at the point of sale. These services allow you to compare information provided by the customer with information about the Cardmember not available on the Card, thereby allowing you to make a more informed decision about the validity of the Charge prior to completion of the purchase.

Electronic verification can be used:

- when processing Authorizations in real time and/or when combining Authorizations and submitting all at once,
- to help identify high-risk Charges, and
- with, or in the case of some verification tools, without an Authorization request.

9.10.1.1 Card Identification (CID) Verification

Table 9-6: CID Verification

The CID Number must not be stored after Authorization even if it has been encrypted. See [Section 8.4, "Standards for Protection of Encryption Keys, Cardholder Data, and Sensitive Authentication Data"](#) for additional information.


Description	<p>The CID Verification tool helps mitigate fraud on keyed and swiped Charges. The CID Number is associated with each individual Card. Merchants request the four-digit CID Number printed on the Card from the customer at the time of purchase and then submit the CID Number with the Authorization request. Verification of the CID Number is one method to authenticate whether an individual making a purchase has possession of the Card.</p> <div></div> <p>The CID is a four-digit (un-embossed) number that is printed on every American Express Card. The CID Number is usually located above the Card Number on the face of the Card.</p>
Purpose	<p>Because the CID Number is associated with each individual Card, prompting for the CID Number assists in authenticating the Card.</p> <ul style="list-style-type: none"><li>• Requesting the CID Number for Card Not Present Charges helps to determine that the person placing the order actually has the Card in their possession.</li><li>• Requesting the CID Number for Card Present Charges helps to determine that the person making the purchase is not using an altered or counterfeit Card.</li></ul>

Table 9-6: CID Verification (Continued)

Requirement	<p>To utilize this tool, you must:</p> <ul style="list-style-type: none"><li>• capture the CID Number and enable your POS System to be able to receive a CID response code. If you receive a response that the CID Number does not match, follow your internal processes.</li><li>• add systematic editing and monitoring abilities to prevent unlimited and repetitive (more than two) entries of the CID Number.</li><li>• monitor and maintain a high positive match rate.</li></ul>
How It Works	<p>You obtain the four-digit CID Number and send it with the Authorization request. The Issuer compares this CID Number with that on file for the Card and, based on the comparison, returns a response code to your POS System.</p> <p>Check with your Processor, Terminal Provider or, if you have a direct link to American Express, your American Express representative to determine the codes that will be returned to your POS System. Use the code received to assess the level of risk and determine whether to complete the Charge.</p>
Industry	Appropriate for all Card Present and Card Not Present Charges.
Implementation	To implement this tool, work with your Processor, Terminal Provider, or if you have a direct link to American Express, your American Express representative.

## 9.10.1.2 Automated Address Verification

We recommend that you utilize AAV with the Authorization request. In doing so, you will receive a match response, based on the AAV data sent, in addition to the Authorization response.

Table 9-7: Automated Address Verification

Description	The Automated Address Verification tool compares the billing name, street address, and postal code provided by the customer with the Cardmember's billing information on file with the Issuer.
Purpose	The Automated Address Verification tool helps you evaluate the validity of a Charge by comparing information provided by the customer at the point of sale with information about the Cardmember not available on the Card.
How It Works	<p>You request information about your customer at the point of sale, including all or any of the following:</p> <ul style="list-style-type: none"><li>• name</li><li>• billing address</li><li>• postal code</li></ul> <p>You supply this information in the Authorization request, through your POS System.</p> <p>The Issuer compares the information provided by you with the Cardmember's records, and returns a response code.</p> <p>You should use the AAV response code from the Issuer to assess the level of risk and determine whether to complete the Charge.</p> <p>Check with your Processor, Terminal Provider, or if you have a direct link to American Express, your American Express representative to determine the codes that will be returned to your POS System.</p>
Industry	Appropriate for all Card Not Present Charges.
Implementation	To implement this tool, work with your Processor, Terminal Provider, or if you have a direct link to American Express, your American Express representative.

## 9.10.1.3 Telephone Number Verification

Table 9-8: Telephone Number Verification

Description	The Telephone Number Verification tool compares the telephone number information provided by the customer with that on file with the Issuer.
Purpose	The Telephone Number Verification tool helps you evaluate the validity of a Charge by comparing information provided by the customer at the point of sale with information about the Cardmember that is not available on the Card.
How It Works	<p>You request telephone number information from the customer at the point of sale.</p> <p>You supply this information in the Authorization request, through your POS System.</p> <p>The Issuer compares the information provided by you with the Cardmember's records, and returns a response code.</p> <p>You should use the response code from the Issuer to assess the level of risk and determine whether to complete the Charge.</p> <p>Check with your Processor, Terminal Provider, or if you have a direct link to American Express, your American Express representative to determine the codes that will be returned to your POS System.</p>
Industry	Appropriate for all Card Not Present Charges.
Implementation	To implement this tool, work with your Processor, Terminal Provider, or if you have a direct link to American Express, your American Express representative.



## 9.10.1.4 Email Address Verification

Table 9-9: Email Address Verification

Description	The Email Address Verification tool compares email information provided by the customer with that on file with the Issuer.
Purpose	The Email Address Verification tool helps you evaluate the validity of a Charge by comparing information provided by the customer at the point of sale with information about the Cardmember not available on the Card.
How It Works	<p>You request email information from the customer at the point of sale. You supply this information in the Authorization request, through your POS System.</p> <p>The Issuer compares the information provided by you with the Cardmember's records, and returns a response code.</p> <p>You should use the response code from the Issuer to assess the level of risk and determine whether to complete the Charge.</p> <p>Check with your Processor, Terminal Provider, or if you have a direct link to American Express, your American Express representative to determine the codes that will be returned to your POS System.</p>
Industry	Appropriate for all Card Not Present Charges.
Implementation	To implement this tool, work with your Processor, Terminal Provider, or if you have a direct link to American Express, your American Express representative.

## 9.10.2 Additional Services

In addition to our electronic verification services, we also offer verification services that can be utilized by telephone. These services allow you to compare information provided by the customer with information about the Cardmember not available on the Card, thereby allowing you to make a more informed decision about the validity of the Charge prior to completion of the purchase.

## 9.10.2.1 Name and Address Verification (NAV)

Table 9-10: NAV

Description	The Name and Address Verification (NAV) tool helps you validate the billing name, street address, postal code and telephone number provided by the customer with that information on file with the Issuer. The validation takes place when you call our <a href="#">Authorization Department</a> .
Purpose	The NAV tool helps you evaluate the validity of a Charge by comparing information provided by the customer at the point of sale with information about the Cardmember not available on the Card.
How It Works	<p>You request information from the customer at the point of sale, including all or any of the following:</p> <ul style="list-style-type: none"> <li>• name</li> <li>• billing address</li> <li>• postal code</li> <li>• telephone number</li> </ul> <p>You supply this information to American Express by calling our <a href="#">Authorization Department</a> and following the prompts on the automated system or providing information directly to the appropriate Issuer. You will be advised of whether or not the information provided by the customer matches the Cardmember Information on file with the Issuer. You should use the responses to help assess the level of risk and determine whether to proceed with the Charge.</p>
Industry	Appropriate for all Card Not Present Charges.
Implementation	To use this tool, call our <a href="#">Authorization Department</a> and request a name and address verification.

## 9.11 American Express SafeKey Program

The American Express SafeKey® Program ("SafeKey Program") enables Merchants to verify Cardmembers during the online authentication process in order to help reduce the likelihood of American Express Card fraud.

The SafeKey Program does not eliminate online fraud, especially where no authentication occurs. We encourage you to employ other reasonable fraud mitigation practices and continue to perform fraud screening to mitigate fraud.

American Express offers different versions of the SafeKey Program, supporting different types of Transactions. Your Establishments must use the version of SafeKey that supports the types of Transactions you process. For additional information about the American Express SafeKey Program, please refer to the relevant *SafeKey Implementation Guide*, *SafeKey Protocol Guide*, and *Technical Specifications* which are available at [www.americanexpress.com/merchantspecs](http://www.americanexpress.com/merchantspecs).

To participate in the SafeKey Program, your Establishments must:

- complete the required SafeKey technical integration with your SafeKey service provider;
- comply with the relevant *SafeKey Implementation Guide* and the *SafeKey Protocol Guide*, as may be updated from time to time, which are available at [www.americanexpress.com/merchantspecs](http://www.americanexpress.com/merchantspecs);

- provide complete and accurate data for SafeKey Charges, as specified in the relevant *SafeKey Implementation Guide* and the *SafeKey Protocol Guide and Specifications*; and
- comply with the SafeKey branding requirements detailed in the *American Express SafeKey Logo Guidelines*, available at [www.americanexpress.com/merchantspecs](http://www.americanexpress.com/merchantspecs).

We may suspend, terminate, amend, or prevent access to the SafeKey Program at any time, with or without notice to you. We shall not be liable and shall have no obligation to you in the event we suspend, terminate, amend, or prevent access to the SafeKey Program. If you do not agree with the modified or current SafeKey Program, you must cease participation.

### 9.11.1 American Express SafeKey Fraud Liability Shift

Under our SafeKey Program, we will not exercise our Chargeback rights for certain types of fraudulent Transactions, including Card Not Present Chargebacks (ISO 4540 / F29), see [Section 10.6, "Chargeback Reasons"](#). The SafeKey Fraud Liability Shift does not apply to Disputed Charges involving dispute reasons other than fraud (e.g., SafeKey Fraud Liability Shift does not apply to goods or services disputes).

To qualify for requirements below:

- The SafeKey Charge was SafeKey Authenticated and received an Electronic Commerce Indicator (ECI) 5, or SafeKey Attempted and received an ECI 6; and
- Do not exceed a fraud ratio of 0.9% and fraud charges of USD \$25,000 or local currency equivalent, calculated monthly, based on all Charges as determined by American Express. If at any time you exceed the Fraud to Sales Ratio, you must work with us to reduce the number of Disputed Charges at your Establishment.

For the avoidance of doubt, we reserve the right, in our sole discretion, to revoke, modify, or terminate your Establishment's eligibility for the SafeKey Fraud Liability Shift where:

- You do not meet any of the requirements listed above (e.g., you exceed the Fraud to Sales Ratio, or where you do not provide clear and accurate data for SafeKey Charges);
- You submit SafeKey authentication data to us that is different from the authentication data used during the SafeKey authentication process; or
- You submit authentication data that is invalid or reused authentication data from a different SafeKey Charge.

**Note:** Some American Express Cards, such as Gift Cards, where available, are not eligible for the SafeKey Program, as they cannot be fully authenticated by the Issuer at the time of the Charge.

# Chargebacks and Inquiries

- 10.1 Introduction
- 10.2 Transaction Process
- 10.3 Disputed Charges Rights
- 10.4 Disputed Charges Process
- 10.5 Chargebacks and Inquiries Response Timeframe
- 10.6 Chargeback Reasons
- 10.7 Compelling Evidence
- 10.8 Inquiry Types
- 10.9 Chargeback and Inquiry Monitoring
- 10.10 How We Chargeback
- 10.11 Chargeback Programs
- 10.12 Ways to Receive Chargebacks and Inquiries
- 10.13 Response Methods



## 10.1 Introduction

This chapter describes how American Express processes Inquiries and Chargebacks.

Highlights of this chapter include:

- a discussion of the American Express Disputed Charge process,
- a review of the ways to handle Disputed Charges,
- examples of various Inquiry types and recommended supporting documentation, and
- an overview of the American Express Chargeback policies.

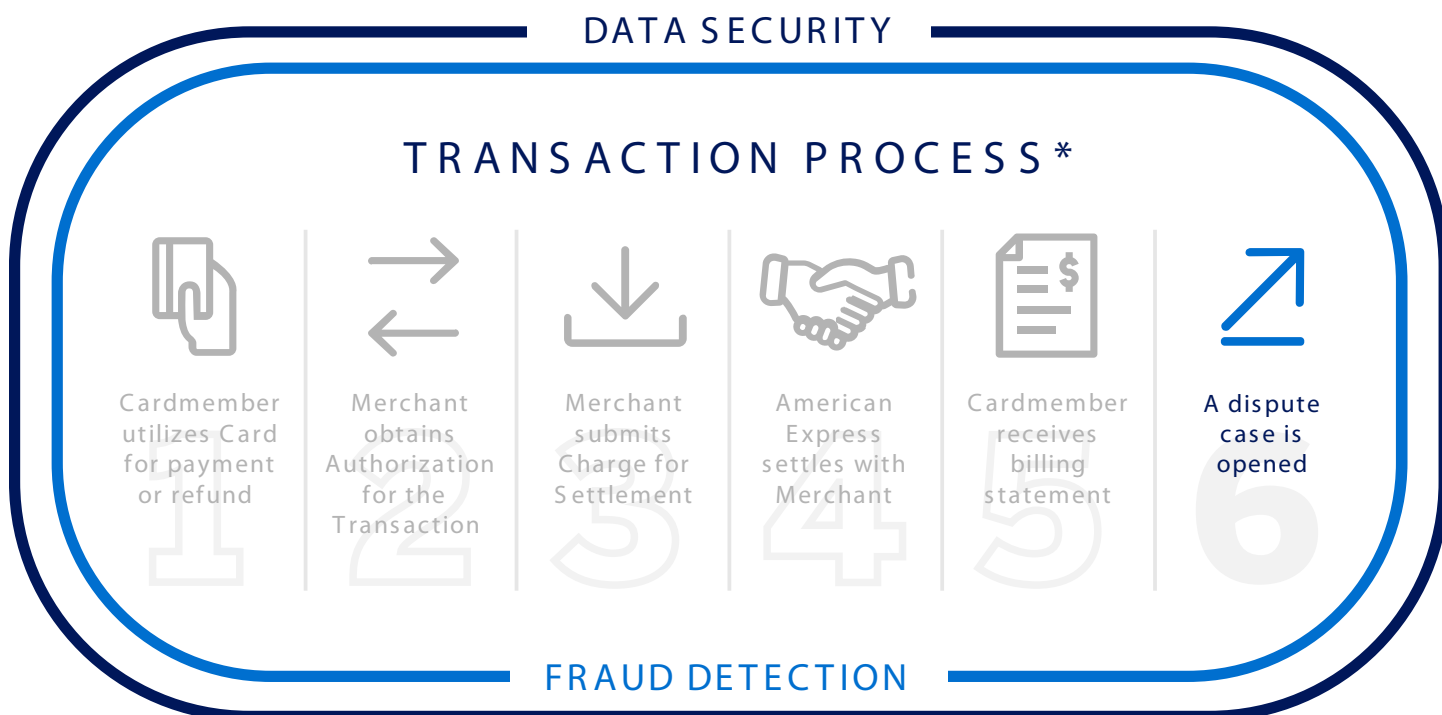
## 10.2 Transaction Process

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),
- unrecognized Charge where the Cardmember requests additional information,
- Cardmember billed for goods or services not yet received, 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, as a condition to accepting the Card.



\* 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.

10.3 Disputed Charges Rights

- With respect to a Disputed Charge:
- we may send you an Inquiry prior to exercising Chargeback;
  - if we determine we have sufficient information to resolve the Disputed Charge in favour of the Cardmember, we will exercise our Chargeback rights; or
  - for Charges subject to the Chargeback Programs, we have Chargeback rights where you do not have the right to request a reversal of our decision to exercise our Chargeback rights (See [Section 10.11, "Chargeback Programs"](#)).

- We have Chargeback rights:
- whenever Cardmembers bring Disputed Charges, as described in this chapter, 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 sending incomplete or incorrect Transaction Data in Charge Submissions), even if we had notice when we paid you 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.

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

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

You must not resubmit a Disputed Charge after it has been resolved in favour of the Cardmember. We will Chargeback all such Disputed Charges that are resubmitted.

If you have established a process whereby your Service Provider will receive and manage Disputed Charges on your behalf, you agree that we are not liable for your Service Provider's failure to perform its responsibilities to you, including responding to us within the dispute resolution timelines set out in the Agreement.

10.4 Disputed Charges Process

The following describes the Disputed Charges process:

Table 10-1: Disputed Charge Process

Case is opened	<p>We may take one of the following actions, based upon the information provided by you, the Cardmember, Issuer, or Network:</p> <ul style="list-style-type: none"><li>• We may send you a Chargeback or, if we cannot resolve the Disputed Charge without further information from you, an Inquiry.</li><li>• We may resolve the Disputed Charge in your favour and either take no further action (if we have not previously exercised Chargeback) or reverse our previous Chargeback.</li></ul> <p>None of these actions affect procedures under any Chargeback programs (see <a href="#">Subsection 10.6.6, "Chargeback Programs"</a>) in which you have been placed.</p>
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Table 10-1: Disputed Charge Process (Continued)

Merchant receives a Chargeback or Inquiry	<p>American Express tries to resolve a Disputed Charge by first using information available to us. However, in instances where we cannot resolve a Disputed Charge, we will send you a Chargeback or, if we cannot resolve the Disputed Charge without further information from you, an Inquiry.</p> <p>The Chargeback or Inquiry that we will send to you includes information about the Charge in question, required documentation that you must send us to support the Charge, and a deadline by which your response must be received.</p> <p>Refer to the following sections for more information:</p> <ul style="list-style-type: none"> <li>• <a href="#">Section 10.5, "Chargebacks and Inquiries Response Timeframe"</a></li> <li>• <a href="#">Section 10.6, "Chargeback Reasons"</a></li> <li>• <a href="#">Section 10.8, "Inquiry Types"</a></li> <li>• <a href="#">Section 10.12, "Ways to Receive Chargebacks and Inquiries"</a></li> </ul>
Merchant responds	<p>You may respond to the Chargeback or Inquiry by:</p> <ul style="list-style-type: none"> <li>• providing the required documentation to support the validity of the Charge,</li> <li>• authorizing a Chargeback to your Merchant Account,</li> <li>• issuing a Credit to the Card Number, or</li> <li>• issuing a partial Credit to the Card Number and providing American Express with supporting documentation for the remainder of the Charge and the reason for providing only a partial Credit.</li> </ul> <p>See <a href="#">Section 10.13, "Response Methods"</a> for the process to follow when responding to a Chargeback or Inquiry.</p> <p><b>Note:</b> If you choose not to respond to our Inquiry, we will debit your Merchant Account with a "No Reply" Chargeback (see <a href="#">Section 10.6, "Chargeback Reasons"</a>).</p>
American Express reviews	<p>American Express reviews your response to ensure it includes all the required and requested pieces of information about the Disputed Charge. Upon receipt of the required information, we will determine whether to process, reverse, or uphold the Chargeback.</p>
Disputed Charge is resolved	<p>When a Disputed Charge is resolved, one of the following may occur:</p> <ul style="list-style-type: none"> <li>• We will notify the Cardmember and Issuer of the resolution, with consideration to any supporting documentation you provide.</li> <li>• We will notify you of a Chargeback and debit your Bank Account. See <a href="#">Section 10.10, "How We Chargeback"</a> for details.</li> </ul> <p>We typically resolve Disputed Charges within two (2) Cardmember billing cycles from the time the dispute is opened or as required by Applicable Law. The documentation you receive from us may provide a more exact timeframe.</p>

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

You must not resubmit a Disputed Charge after it has been resolved in favour of the Cardmember. We will Chargeback all such Disputed Charges that are resubmitted.

## 10.5 Chargebacks and Inquiries Response Timeframe

You must respond in writing to our Chargeback and Inquiry within twenty (20) days.

## 10.6 Chargeback Reasons

When we process a Chargeback to you, we will provide information about the Chargeback.

For each Chargeback reason, the following tables include:

- Description – brief description of the Chargeback reason,
- Information provided with Chargeback – type of information provided by the Cardmember or Issuer (or both) to support the Chargeback (documentation may not be provided with the Chargeback if it was preceded by an Inquiry),
- Support required to request a Chargeback Reversal – examples of required documentation if you request a Chargeback Reversal.

The tables in the following subsections list the Chargeback reasons and information related to each Chargeback reason. The key below describes the applicable classification and code structure of Chargeback codes by country.

**Table 10-2: Chargeback Reason Codes**

Classification	Code Structure	Country
International Standards Organization (ISO)	4 numeric digits	All countries outside of U.S. and Canada
U.S./Canada Chargeback reason code	1 alpha followed by 2 numeric digits	U.S. and Canada

### 10.6.1 Authorization

**Table 10-3: Invalid Authorization (ISO 4521) / Charge amount exceeds authorization amount (A01)**

Invalid Authorization (ISO 4521) / Charge amount exceeds authorization amount (A01)	
Description	The amount of the Authorization Approval was less than the Charge amount you submitted. Certain exceptions apply, see <a href="#">Section 5.4, "Variable Authorization"</a> .
Information provided with the Chargeback	Charge Data
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>• Proof that valid Authorization Approval(s) were obtained for the full Charge amount in accordance with the Agreement unless exceptions apply, or</li> <li>• Proof that a Credit which directly offsets the Disputed Charge has already been processed</li> </ul>



Table 10-4: Invalid Authorization (ISO 4521) / No valid authorization (A02)

Invalid Authorization (ISO 4521) / No valid authorization (A02)	
Description	The Charge you submitted did not receive a valid Authorization Approval; it was declined or the Card was expired. See <a href="#">Section 5.4, "Variable Authorization"</a> for industry clarifications.
Information provided with the Chargeback	Charge Data
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>• Proof that valid Authorization Approval(s) were obtained for the full Charge amount in accordance with the Agreement unless exceptions apply, or</li> <li>• Proof that a Credit which directly offsets the Disputed Charge has already been processed</li> <li>• For a Transit Contactless Transaction, proof that: <ul style="list-style-type: none"> <li>▪ An approved Account Status Check or Authorization was obtained within the Authorization Time Period, prior to the Submission of the corresponding Aggregated Charge for an amount that does not exceed the Chargeback Protection Threshold, or</li> <li>▪ Authorization was obtained for an Aggregated Charge that exceeded the Chargeback Protection Threshold or the Authorization Time Period, or</li> <li>▪ if the Account Status Check or Authorization was declined, the Transaction amount was less than or equal to the Declined Authorization Protection threshold</li> </ul> </li> </ul> <p>For "expired or not yet valid Card", the following support is also acceptable:</p> <ul style="list-style-type: none"> <li>• Proof that the Charge was incurred prior to the Card Expiration Date or within the Valid Dates on the Card</li> </ul>

Table 10-5: Invalid Authorization (ISO 4521) / Authorization approval expired (A08)

Invalid Authorization (ISO 4521) / Authorization approval expired (A08)	
Description	The Charge was submitted after the Authorization Approval expired. See <a href="#">Section 5.3, "Authorization Time Limit"</a> and <a href="#">Section 5.4, "Variable Authorization"</a> .
Information provided with the Chargeback	Charge Data
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>• Proof that valid Authorization Approval(s) were obtained in accordance with the Agreement, or</li> <li>• Proof that a Credit which directly offsets the Disputed Charge has already been processed</li> </ul>

## 10.6.2 Cardmember Disputes

Table 10-6: Credit Not Presented (ISO 4513 / C02)

Credit Not Presented (ISO 4513 / C02)	
Description	We have not received the Credit (or partial Credit) you were to apply to the Card.
Information provided with the Chargeback	<ul style="list-style-type: none"> <li>• Charge Data, or</li> <li>• Copy of the Credit Record or details showing that you were to provide Credit to the Cardmember</li> </ul>
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>• 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</li> <li>• Proof that a Credit which directly offsets the Disputed Charge has already been processed</li> </ul>

Table 10-7: Credit Not Presented (ISO 4513) / Goods/services returned or refused (C04)

Credit Not Presented (ISO 4513) / Goods/services returned or refused (C04)	
Description	The goods or services were returned or refused but the Cardmember did not receive Credit.
Information provided with the Chargeback	<ul style="list-style-type: none"> <li>• Charge Data, and</li> <li>• If returned: Details of the return (e.g., returned date, shipping documentation, etc.), or</li> <li>• If refused: Date of the refusal and the method of refusal</li> </ul>
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>• 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 either did not follow the return policy or did not return the goods to your business, or</li> <li>• 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</li> <li>• 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</li> <li>• Proof that a Credit which directly offsets the Disputed Charge has already been processed</li> </ul>

**Table 10-8: Credit Not Presented (ISO 4513) / Goods/services cancelled (C05)**

Credit Not Presented (ISO 4513) / Goods/services cancelled (C05)	
Description	The Cardmember claims that the goods/services ordered were cancelled.
Information provided with the Chargeback	<ul style="list-style-type: none"> <li>• Charge Data, and</li> <li>• Cancellation details (e.g., cancellation number, cancellation date, email notification, written documentation requesting cancellation, acknowledgement that cancellation request was received)</li> </ul>
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>• 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</li> <li>• 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</li> <li>• Proof that a Credit which directly offsets the Disputed Charge has already been processed</li> </ul>

**Table 10-9: Credit Not Presented (ISO 4513) / “No show” or CARD Deposit cancelled (C18)**

Credit Not Presented (ISO 4513) / “No show” or CARD Deposit cancelled (C18)	
Description	The Cardmember claims to have cancelled an Assured Reservation or a Credit for a CARDDeposit Charge was not received by the Cardmember.
Information provided with the Chargeback	<ul style="list-style-type: none"> <li>• Charge Data, and</li> <li>• Cancellation details (e.g., cancellation number, cancellation date, email notification, written documentation requesting cancellation, acknowledgement that cancellation request was received)</li> </ul>
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>• Documentation that supports the validity of the “no show” reservation or CARDDeposit Charge, or</li> <li>• Proof that a Credit which directly offsets the Disputed Charge has already been processed</li> </ul>

Table 10-10: Goods and Services Not Received (ISO 4554 / C08)

Goods and Services Not Received (ISO 4554 / C08)	
Description	The Cardmember claims to have not received (or only partially received) the goods/services.
Information provided with the Chargeback	<ul style="list-style-type: none"> <li>• Charge Data, and</li> <li>• Written description of the goods/services the Cardmember purchased, or</li> <li>• Documentation showing return, or attempt to return, the partially received goods (e.g., pickup/delivery confirmation)</li> </ul>
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>• Proof that the goods or services were received in their entirety by the Cardmember or the Cardmember's authorized representative, or</li> <li>• Proof that the goods or services were delivered to the address specified by the Cardmember, or</li> <li>• 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</li> <li>• Proof refuting Cardmember's claim that services were cancelled or that the goods were returned to the Merchant, or</li> <li>• Proof that a Credit which directly offsets the Disputed Charge has already been processed, or</li> <li>• For Installment Payment Transactions and Bill Payment Provider Transactions, provide a copy of your terms and conditions agreed to by the Cardmember and details explaining how the Cardmember did not comply with the terms and conditions, or</li> <li>• Compelling Evidence as defined in <a href="#">Subsection 10.71, "Compelling Evidence for goods/services not received or only partially received (ISO 4554/C08)"</a></li> </ul>

Table 10-11: Paid Through Other Means (ISO 4515 / C14)

Paid Through Other Means (ISO 4515 / C14)	
Description	The Cardmember has provided us with proof of payment by another method.
Information provided with the Chargeback	<ul style="list-style-type: none"> <li>• Charge Data, and</li> <li>• Documentation or written explanation describing how the Cardmember paid with another form of payment</li> </ul>
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>• Documentation showing that the Cardmember's other form of payment was not related to the Disputed Charge, or</li> <li>• Proof that the Cardmember provided consent to use the Card as a valid form of payment for the Disputed Charge, or</li> <li>• Proof or an explanation that the other form of payment is not valid or that the Merchant did not receive payment from a third party for the same goods or services, or</li> <li>• Proof that a Credit which directly offsets the Disputed Charge has already been processed</li> </ul>

Table 10-12: Cancellation of Recurring Goods/Services (ISO 4544 / C28)

Cancellation of Recurring Goods/Services (ISO 4544 / C28)	
Description	Cardmember claims to have cancelled or attempted to cancel Recurring Billing Charges for goods or services. Please discontinue all future billing for this Recurring Billing Charge.
Information provided with the Chargeback	<ul style="list-style-type: none"> <li>• Charge Data, and</li> <li>• Cancellation or attempted cancellation details (e.g., cancellation number, cancellation date, email notification, written documentation requesting cancellation, acknowledgement that cancellation request was received)</li> </ul>
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>• Proof that the Cardmember has not cancelled and continues to use the Service or receives the Goods, and 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. For Charges in connection with an Introductory Offer, proof that you have fulfilled the requirements set forth in <a href="#">Subsection 4.4.7.1, "Introductory Offers"</a>, or</li> <li>• Proof that a Credit which directly offsets the Disputed Charge has already been processed</li> </ul>

Table 10-13: Not as Described or Defective Merchandise (ISO 4553 / C31)

Not as Described or Defective Merchandise (ISO 4553 / C31)	
Description	The Cardmember claims to have received goods/services that are different than the written description provided at the time of the Charge.
Information provided with the Chargeback	<ul style="list-style-type: none"> <li>• Charge Data, and</li> <li>• A description of the Cardmember's claim that the goods/services received differ from your written description provided at the time of Charge, and</li> <li>• In the case of goods: written description of the Cardmember's attempt to return the goods</li> </ul>
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>• Proof refuting the Cardmember's claim that the written description differs from the goods/services received, or</li> <li>• Proof that the Cardmember agreed to accept the goods/services as provided, or</li> <li>• Proof that a Credit which directly offsets the Disputed Charge has already been processed, or</li> <li>• Proof that goods and services matched what was described at time of purchase (e.g., photographs, e-mails), or</li> <li>• For Installment Payment Transactions and Bill Payment Provider Transactions, provide a copy of your terms and conditions agreed to by the Cardmember and details explaining how the Cardmember did not comply with the terms and conditions.</li> </ul> <p>For goods or services purchased by the Cardmember that were received in a damaged or defective state, the Merchant must provide one (1) or more of the following items:</p> <ul style="list-style-type: none"> <li>• Show that an attempt was made by the Merchant to repair or replace damaged or defective goods or to provide replacement services</li> <li>• If returned, state how the Cardmember did not comply with the Merchant's clearly documented cancellation, return policy or applicable law and regulations</li> <li>• Show that the Cardmember agreed to accept the goods or services "as is"</li> </ul>

Table 10-14: Not as Described or Defective Merchandise (ISO 4553 / C32)

Not as Described or Defective Merchandise (ISO 4553 / C32)	
Description	The Cardmember claims to have received damaged or defective goods/services.
Information provided with the Chargeback	<ul style="list-style-type: none"> <li>• Charge Data, and</li> <li>• Description of the damage or defective goods/services, date of receipt of the goods/services, extent of the damage to the goods or how the service was defective, and</li> <li>• Details of how you were notified or how the Cardmember attempted to notify you of the issue, and</li> <li>• If returned: Details of how the Cardmember returned, or attempted to return, the goods to you</li> </ul>
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>• Proof refuting the Cardmembers claim that the goods/services were damaged or defective (provided that, in the case of goods, they were not returned to you), or</li> <li>• Proof that an attempt was made to repair or replace damaged or defective goods or to provide replacement services, or</li> <li>• Proof that the Cardmember did not comply with your clearly documented cancellation and return policies or Applicable Law (provided that, in the case of goods, they were returned to you), or</li> <li>• Proof that the Cardmember agreed to accept the goods as delivered, or</li> <li>• Proof that the goods/services were not returned to you, or</li> <li>• Proof that a Credit which directly offsets the Disputed Charge has already been processed, or</li> <li>• For Installment Payment Transactions and Bill Payment Provider Transactions, provide a copy of your terms and conditions agreed to by the Cardmember and details explaining how the Cardmember did not comply with the terms and conditions.</li> </ul>

**Table 10-15: Car Rental Charge Non-Qualified or Unsubstantiated (ISO 4750) / Vehicle rental – Capital Damage, theft, or loss of use (M10)**

Car Rental Charge Non-Qualified or Unsubstantiated (ISO 4750) / Vehicle rental – Capital Damage, theft, or loss of use (M10)	
Description	The Cardmember claims to have been incorrectly billed for Capital Damages, theft, or loss of use. See <a href="#">Subsection 11.3.9.2.3. "Capital Damages"</a> .
Information provided with the Chargeback	<ul style="list-style-type: none"> <li>• Charge Data, and</li> <li>• If the Transaction amount exceeds the estimated amount by more than 15%, a copy of the specific estimate of the Capital Damages agreed to by the Cardmember.</li> <li>• If the Cardmember purchased the Merchant's collision, loss, or theft insurance—documentation that proves the Cardmember purchased, and was charged for the car rental Merchant's collision, loss, or theft insurance.</li> <li>• If the Cardmember was charged for theft or loss of use of the vehicle—documentation that proves the Cardmember was charged for theft or loss of use of the vehicle.</li> </ul>
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>• Proof that the Charge submitted was within the specific estimate of the Capital Damages agreed in writing by the Cardmember, plus 15%.</li> <li>• 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)</li> <li>• Proof that the Charge was valid and not for theft or loss of use</li> <li>• Proof that the Cardmember agreed in writing to accept liability for the Capital Damages</li> <li>• Proof that a credit which directly offsets the Disputes Charge has already been processed.</li> </ul>



Table 10-16: Local Regulatory/Legal Disputes (ISO 4754)

Local Regulatory/Legal Disputes (ISO 4754)	
Description	Certain laws may provide Cardmembers with the right to be refunded by the Issuer. In such circumstances we will have Chargeback rights with respect to such Transactions. Where such laws are in effect and the Cardmember claims the rights provided, the Issuer may charge back for this reason, but only where no other Chargeback rights apply, the Transaction meets the defined requirements, and both the Acquirer and Issuer have an obligation under the applicable law or regulation.
Information provided with the Chargeback	Charge Data and applicable law or regulation.
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>Supporting documentation demonstrating that the alleged law/regulation does not exist (e.g., was repealed or expired), the Cardmember is not covered by it, or it does not apply to the facts of the Cardmember's dispute, or it does not establish an obligation of the acquirer.</li> <li>Proof that a correcting Transaction, which directly offsets the disputed Transaction, has already been processed.</li> </ul>

### 10.6.3 Fraud

Table 10-17: Missing imprint (ISO 4527 / F10)

Missing imprint (ISO 4527 / F10)	
Description	<p>The Cardmember claims they did not participate in this Charge that was not processed using Magnetic Stripe or Chip Card Data.</p> <p><b>Note:</b> Not applicable to Card Not Present Charges, and Digital Wallet Payments.</p>
Information provided with the Chargeback	Charge Data
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>Proof that this was a Card Not Present Charge, or</li> <li>Proof that a Credit which directly offsets the Disputed Charge has already been processed, or</li> <li>Proof that the Card was present by providing an imprinted Charge Record or showing capture of the Magnetic Stripe</li> </ul>

Table 10-18: Multiple ROCs (ISO 4534 / F14)

Multiple ROCs (ISO 4534 / F14)	
Description	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.

Table 10-18: Multiple ROCs (ISO 4534 / F14) (Continued)

Multiple ROCs (ISO 4534 / F14)	
Information Provided with the Chargeback	<ul style="list-style-type: none"> <li>Charge Data for each Charge.</li> </ul>
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>Proof that each of the Transactions are valid Charges, or</li> <li>Proof that a Credit which directly offsets the Disputed Charge has already been processed</li> </ul>

Table 10-19: No Valid Authorization (ISO 4755) / No Cardmember Authorization (F24)

No Valid Authorization (ISO 4755) / No Cardmember Authorization (F24)	
Description	<p>The Cardmember claims they did not participate in this Charge. You submitted the Charge for payment, but the Charge was not Authorized, was declined or was submitted with an expired Authorization.</p> <p><b>Note:</b> If prior Authorization was provided for a lesser amount, the Chargeback amount is restricted to the difference of the Authorized amount and the submitted Transaction amount.</p> <p>For Estimated Charge amounts, the Chargeback amount is restricted to the difference of the Authorized amount plus the Estimated Charge variance percentage and the submitted Transaction amount. See <a href="#">Table 5-1: Estimated Charge Amount</a> in <a href="#">Subsection 5.4.2, "Estimated Charge Amount"</a> and <a href="#">Chapter 11, "Regulations for Specific Industries and Monitoring"</a>.</p>
Information provided with the Chargeback	Charge Data
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>Proof that a Credit which directly offsets the Disputed Charge has already been processed, or</li> <li>Proof that you received a valid Authorization for the Charge</li> <li>For a Transit Contactless Transaction, proof that: <ul style="list-style-type: none"> <li>An approved Account Status Check or Authorization was obtained within the Authorization Time Period, prior to the Submission of the corresponding Aggregated Charge for an amount that does not exceed the Chargeback Protection Threshold, or</li> <li>Authorization was obtained for an Aggregated Charge that exceeded the Chargeback Protection Threshold or the Authorization Time Period, or</li> <li>if the Account Status Check or Authorization was declined, the Transaction amount was less than or equal to the Declined Authorization Protection threshold.</li> </ul> </li> </ul>

Table 10-20: Card Not Present (ISO 4540 / F29)

Card Not Present (ISO 4540 / F29)	
Description	The Cardmember denies participation in a mail order, telephone order, application-initiated, or Internet Charge.
Information provided with the Chargeback	Charge Data
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>• Proof of Delivery to the Cardmember's billing address, or</li> <li>• Proof that a valid Authorization Approval was obtained, and that you attempted to validate the CID and the response received was: <ul style="list-style-type: none"> <li>▪ a "no match,"</li> <li>▪ an "unchecked," or</li> </ul> </li> <li>• Proof that you validated the address via Authorization and shipped goods to the validated address, or</li> <li>• Proof that a Credit which directly offsets the Disputed Charge has already been processed, or</li> <li>• Compelling Evidence as defined in <a href="#">Subsection 10.7.2, "Compelling Evidence for Card Not Present Fraud (ISO 4540/F29)"</a>.</li> </ul>

Table 10-21: Fraud Liability Shift – Counterfeit (ISO 4798) / EMV Counterfeit (F30)

Fraud Liability Shift – Counterfeit (ISO 4798) / EMV Counterfeit (F30)	
Description	<p>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 Card Transaction because either the POS System was unable to process a Chip Card or the Transaction was manually keyed.</p> <p><b>Note:</b> Not applicable to Contactless Transactions and Digital Wallet Payments.</p>
Information provided with the Chargeback	Charge Data
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>• Proof that this was a Card Not Present Charge,</li> <li>• Proof that the POS System processed a Chip Card Transaction, or</li> <li>• Proof that a Credit, which directly offsets the Disputed Charge, has already been processed</li> </ul>

**Table 10-22: Fraud Liability Shift - Lost/Stolen/Non-Received (ISO 4799) / EMV Lost / Stolen / Non-Received (F31)**

Fraud Liability Shift - Lost/Stolen/Non-Received (ISO 4799) / EMV Lost / Stolen / Non-Received (F31)	
Description	<p>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.</p> <p><b>Note:</b> Not applicable to Contactless Transactions, Digital Wallet Payments, and Charges that qualify under the No PIN Program. (See <a href="#">Subsection 4.2.1, "No PIN Program"</a>).</p>
Information provided with the Chargeback	Charge Data
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>• Proof that this was a Card Not Present Charge,</li> <li>• Proof that the POS System processed a Chip Card Transaction with PIN validated, or</li> <li>• Proof that a Credit, which directly offsets the Disputed Charge, has already been processed</li> </ul>

#### 10.6.4 Inquiry/Miscellaneous

**Table 10-23: Insufficient Reply (ISO 4517 / R03)**

Insufficient Reply (ISO 4517 / R03)	
Description	Complete support and/or documentation were not provided as requested in response to an Inquiry.
Information provided with the Chargeback	Charge Data
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>• Proof that a Credit which directly offsets the Disputed Charge has already been processed</li> </ul>

Table 10-24: No Reply (ISO 4516 / R13)

No Reply (ISO 4516 / R13)	
Description	We did not receive your response to our Inquiry within the specified timeframe. See <a href="#">Section 10.5, "Chargebacks and Inquiries Response Timeframe"</a> .
Information provided with the Chargeback	Charge Data
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>• Proof you responded to the original Inquiry within the specified timeframe, or</li> <li>• Proof that a Credit which directly offsets the Disputed Charge has already been processed</li> </ul>

Table 10-25: Chargeback authorization (M01)

Chargeback authorization (M01)	
Description	In response to our Inquiry, we have received your authorization to process Chargeback for the Charge.
Information provided with the Chargeback	Charge Data
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>• Proof that a Credit which directly offsets the Disputed Charge has already been processed</li> </ul>

## 10.6.5 Processing Error

Table 10-26: Unassigned Cardmember Account Number (ISO 4523 / P01)

Unassigned Cardmember Account Number (ISO 4523 / P01)	
Description	<p>You have submitted a Charge using an invalid or otherwise incorrect Card Number.</p> <p><b>Note:</b> You may resubmit the Charge to us if you are able to verify and provide the correct Card Number.</p>
Information provided with the Chargeback	Charge Data
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>• Copy of the imprint that confirms Card Number, or</li> <li>• Proof that you obtained an Authorization Approval for such Card Number, or</li> <li>• Copy of the Charge Record from the terminal that electronically read the Card Number, or</li> <li>• Proof that a Credit which directly offsets the Disputed Charge has already been processed</li> </ul>

**Table 10-27: Credit/Debit Presentment Error (ISO 4752) / Credit processed as Charge (P03)**

Credit/Debit Presentment Error (ISO 4752) / Credit processed as Charge (P03)	
Description	The Cardmember claims the Charge you submitted should have been submitted as a Credit.
Information provided with the Chargeback	<ul style="list-style-type: none"> <li>• Charge Data, and</li> <li>• Copy of the Credit Record or details showing you agreed to provide Credit to the Cardmember</li> </ul>
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>• Proof that the Charge was submitted correctly, or</li> <li>• Proof that a Credit which directly offsets the Charge has already been processed</li> </ul>

**Table 10-28: Credit/Debit Presentment Error (ISO 4752) / Charge processed as Credit (P04)**

Credit/Debit Presentment Error (ISO 4752) / Charge processed as Credit (P04)	
Description	The Cardmember claims the Credit you submitted should have been submitted as a Charge.
Information provided with the Chargeback	<ul style="list-style-type: none"> <li>• Charge Data, and</li> <li>• Copy of the Charge Record or details of the Charge</li> </ul>
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>• Proof that the Credit was submitted correctly, or</li> <li>• Proof that a Charge that directly offsets the Credit has already been processed</li> </ul>

**Table 10-29: Incorrect Transaction Amount or Primary Account Number (PAN) Presented (ISO 4507) / Incorrect Charge amount (P05)**

Incorrect Transaction Amount or Primary Account Number (PAN) Presented (ISO 4507) / Incorrect Charge amount (P05)	
Description	The Charge amount you submitted differs from the amount the Cardmember agreed to pay.
Information provided with the Chargeback	<ul style="list-style-type: none"> <li>Charge Data, and</li> <li>Details describing the discrepancy and a copy of the Charge Record, if available</li> </ul>
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>Proof that the Cardmember agreed to the amount submitted, or</li> <li>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</li> <li>Itemized contract/documentation substantiating the Charge amount submitted (e.g., copy of the itemized Charge Record or the Charge Record combined with itemized documentation showing the breakdown of charges), or</li> <li>Proof that a Credit which directly offsets the Disputed Charge has already been processed</li> </ul>

**Table 10-30: Late Presentment (ISO 4536) / Late submission (P07)**

Late Presentment (ISO 4536) / Late submission (P07)	
Description	The Charge was not submitted within the required timeframe. See <a href="#">Section 6.5, "Submission Requirements—Electronic"</a> .
Information provided with the Chargeback	Charge Data
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>Proof the Charge was submitted within the required timeframe, or</li> <li>Proof that a Credit which directly offsets the Disputed Charge has already been processed</li> </ul>

**Table 10-31: Multiple Processing (ISO 4512) / Duplicate Charge (P08)**

Multiple Processing (ISO 4512) / Duplicate Charge (P08)	
Description	The individual Charge was submitted more than once.
Information provided with the Chargeback	Charge Data for each Charge
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>Documentation showing that each Charge is valid, or</li> <li>Proof that a Credit which directly offsets the Disputed Charge has already been processed</li> </ul>

**Table 10-32: Non-matching Card Number (ISO 4507 / P22)**

Non-matching Card Number (ISO 4507 / P22)	
Description	The Card Number in the Submission does not match the Card Number in the original Charge.
Information provided with the Chargeback	<ul style="list-style-type: none"> <li>Charge Data, and</li> <li>Supporting documentation showing the Card Number on the Charge Record is different than on the Submission</li> </ul>
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>Copy of the Card imprint confirming the Card Number, or</li> <li>Copy of the Charge Record from the terminal that electronically read the Card Number, or</li> <li>Proof that a Credit which directly offsets the Disputed Charge has already been processed</li> </ul>

**Table 10-33: Currency Discrepancy (ISO 4530 / P23)**

Currency Discrepancy (ISO 4530 / P23)	
Description	The Charge was incurred in an invalid currency. See <a href="#">Section 6.5. "Submission Requirements—Electronic"</a> .
Information provided with the Chargeback	Charge Data
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>Proof that a Credit which directly offsets the Disputed Charge has already been processed</li> </ul>

## 10.6.6 Chargeback Programs

**Table 10-34: Fraud Full Recourse (ISO 4763 / FR2)**

Fraud Full Recourse (ISO 4763 / FR2)	
Description	The Cardmember denies authorizing the Charge and your Establishment has been placed in the Fraud Full Recourse Program.
Information provided with the Chargeback	Charge Data
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>Proof that you had not been placed in the Fraud Full Recourse Program at the time of the Chargeback, or</li> <li>Proof that the POS System processed a Transit Contactless Transaction for less than or equal to the Chargeback Protection Threshold, or</li> <li>Proof that a Credit which directly offsets the Disputed Charge has already been processed</li> </ul>



Table 10-35: Immediate Chargeback Program (FR4)

Immediate Chargeback Program (FR4)	
Description	The Cardmember has disputed the Charge and you have been placed in the Immediate Chargeback Program.
Information provided with the Chargeback	Charge Data
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>• Proof that you are not enrolled in the Immediate Chargeback Program at the time of the Chargeback, or</li> <li>• Proof that a Credit which directly offsets the Disputed Charge has already been processed</li> </ul>

Table 10-36: Partial Immediate Chargeback Program (FR6)

Partial Immediate Chargeback Program (FR6)	
Description	The Cardmember has disputed the Charge and you have been placed in the Partial Immediate Chargeback Program.
Information provided with the Chargeback	Charge Data
Support required to request a Chargeback Reversal	<ul style="list-style-type: none"> <li>• Proof that you are not enrolled in the Partial Immediate Chargeback Program at the time of the Chargeback, or</li> <li>• Proof that a Credit which directly offsets the Disputed Charge has already been processed</li> </ul>

## 10.7 Compelling Evidence

If you provide Compelling Evidence, 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).

You may provide Compelling Evidence as support to demonstrate the Cardmember participated in the Transaction, received goods or services, or benefited from the Transaction. If we determine that the evidence satisfies the relevant section(s) of the Compelling Evidence policy, the Issuer will review the Compelling Evidence with the Cardmember prior to making a decision on the Chargeback reversal request. Merchants are expected to provide all available information, and to only submit Compelling Evidence when the Merchant strongly believes 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 10.7.1, "Compelling Evidence for goods/services not received or only partially received \(ISO 4554/C08\)"](#) and [Subsection 10.7.2, "Compelling Evidence for Card Not Present Fraud \(ISO 4540/F29\)"](#).

### 10.7.1 Compelling Evidence for goods/services not received or only partially received (ISO 4554/C08)

**Table 10-37: Allowable Compelling Evidence for goods/services not received or only partially received (ISO 4554 / C08)**

Item #	Allowable Compelling Evidence for goods/services not received or only partially received (ISO 4554 / C08) 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 Airline or other passenger transportation Transactions, one (1) of the following must be provided: <ul style="list-style-type: none"> <li>• Evidence that the Cardmember or designated passenger participated in the flight or transportation (e.g., scanned boarding pass or passenger manifest), or</li> <li>• Credits of frequent flyer miles or loyalty point program rewards for the flight or travel in question, showing a direct connection to the Cardmember, or</li> <li>• Proof flight in question was available during airline bankruptcy proceedings, or</li> <li>• Evidence of additional Transactions related to the original Transaction, such as seat upgrades, baggage payment, or purchases made on board the aircraft or passenger transport, or</li> <li>• Itemized invoice for associated Charges, or</li> </ul> Or,
3	For Card Not Present Transactions where the goods are picked up at the Merchant's location: <ul style="list-style-type: none"> <li>• The 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</li> </ul> Or,

**Table 10-37: Allowable Compelling Evidence for goods/services not received or only partially received (ISO 4554 / C08) (Continued)**

Item #	Allowable Compelling Evidence for goods/services not received or only partially received (ISO 4554 / C08) Chargeback Reversal request must include one (1) of the following items:
4	<p>For e-commerce Transactions representing the sale of Digital Goods or Services downloaded from a Merchant's website or application or accessed online, one (1) of the following must be provided:</p> <ul style="list-style-type: none"> <li>• Proof that the Cardmember's IP address at the time of purchase matches the IP address where the digital goods were downloaded, or</li> <li>• Proof the Cardmember's email address provided at the time of purchase matches the email address used to deliver the digital goods, or</li> <li>• Proof that the Merchant's website was accessed by the Cardmember for Digital Goods or Services after the Transaction Date.</li> </ul> <p><b>Note:</b> In addition to the above, one (1) of the following may also be provided:</p> <ul style="list-style-type: none"> <li>• Description of the digital goods, or</li> <li>• Date and time the digital goods were downloaded or accessed.</li> </ul>

## 10.7.2 Compelling Evidence for Card Not Present Fraud (ISO 4540/F29)

**Table 10-38: Allowable Compelling Evidence for Card Not Present fraud (ISO 4540 / F29)**

Item #	Allowable Compelling Evidence for Card Not Present fraud (ISO 4540 / F29) 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	<p>For Airline or other passenger transportation Transactions, one (1) of the following must be provided:</p> <ul style="list-style-type: none"> <li>• Evidence that the Cardmember participated in the flight or transportation (e.g., scanned boarding pass, or passenger manifest), or</li> <li>• Credits of frequent flyer miles or loyalty point program rewards earned or redeemed for the flight or travel in question, showing a direct connection to the Cardmember, or</li> <li>• Proof of receipt of the flight or transportation ticket at the Cardmember's billing address, or</li> <li>• Proof that the Transaction contains the designated passenger name that matches a previously used passenger name from an undisputed Transaction,</li> </ul> <p>Or,</p>

**Table 10-38: Allowable Compelling Evidence for Card Not Present fraud (ISO 4540 / F29) (Continued)**

Item #	Allowable Compelling Evidence for Card Not Present fraud (ISO 4540 / F29) Chargeback Reversal request must include one (1) of the following items:
3	<p>For e-commerce Transactions involving the sale of goods or services, provide all of the following:</p> <ul style="list-style-type: none"> <li>a. Description of goods or services</li> <li>b. Date and time the goods or services were purchased and when the Cardmember downloaded, accessed, or was provided the goods or services.</li> <li>c. Proof that the Cardmember participated in at least one prior undisputed e-commerce Transaction at the Merchant using the same Payment Credential for the same unique Account in the twelve (12) months preceding the Chargeback processing date, including the following information for the undisputed Transaction(s) and disputed Transaction: <ul style="list-style-type: none"> <li>i. The customer name and login information linked to the Cardmember account at the Merchant.</li> <li>ii. Two or more of the following, which must be the same for the previous undisputed Transaction(s) and the disputed Transaction: <ul style="list-style-type: none"> <li>a. Device ID</li> <li>b. The full IP address</li> <li>c. Email address used to receive confirmation of the Transaction from the Merchant</li> </ul> </li> </ul> </li> <li>d. Proof that the Merchant verified the Cardmember on the Merchant website or platform, in order to complete the Transaction. Examples include: <ul style="list-style-type: none"> <li>i. Proof that the Cardmember password was captured by the Merchant in order to complete the Transaction</li> <li>ii. Proof of prior history with Device ID and IP address used for the disputed Transaction</li> <li>iii. Proof that Two Factor Authentication was performed in order for the Cardmember to complete the Transaction</li> <li>iv. Proof that the Merchant validated the Card and the Cardmember at the time of the Transaction using AAV (Automated Address Verification) verification response of "Y" or CID/CVV verification response of "Y"</li> </ul> </li> </ul> <p>Or,</p>

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.

**Table 10-38: Allowable Compelling Evidence for Card Not Present fraud (ISO 4540 / F29) (Continued)**

Item #	Allowable Compelling Evidence for Card Not Present fraud (ISO 4540 / F29) Chargeback Reversal request must include one (1) of the following items:
4	<p>For Recurring Billing Transactions, all of the following must be provided:</p> <ul style="list-style-type: none"> <li>a. Proof that the Cardmember agreed in writing to authorize the Merchant to bill the Cardmember's Card account on a periodic basis for the goods or services.</li> <li>b. Cardmember name and login information linked to the Cardmember account with the Merchant.</li> <li>c. Proof that the Cardmember participated in at least one prior undisputed Recurring Billing Transaction for the same goods or services at the Merchant using the same Payment Credential for the same unique Account, including: <ul style="list-style-type: none"> <li>i. Description of goods or services for the previous, undisputed Transaction(s) and the disputed Transaction.</li> <li>ii. Date and time of purchase of the previous, undisputed Transaction(s) and disputed Transaction.</li> </ul> </li> <li>d. Evidence showing how the Merchant notified the Cardmember of the Recurring Billing Transaction, including: <ul style="list-style-type: none"> <li>i. The communication sent to the Cardmember after the first customer-initiated Recurring Billing Transaction for the same goods or services,</li> <li>ii. And, if the disputed Transaction was an annual or semi-annual Merchant-Initiated Transaction, provide details about how the Merchant obtained the Cardmember's express consent of the upcoming renewal. <ul style="list-style-type: none"> <li>a. Date and time of the notification regarding the upcoming Recurring Billing [renewal /Transaction]</li> <li>b. Communication method and the Cardmember's contact information used for the notification (e.g., if the communication was sent by email, provide the Cardmember's email address)</li> </ul> </li> </ul> </li> </ul> <p>Or,</p>

**Table 10-38: Allowable Compelling Evidence for Card Not Present fraud (ISO 4540 / F29) (Continued)**

Item #	Allowable Compelling Evidence for Card Not Present fraud (ISO 4540 / F29) Chargeback Reversal request must include one (1) of the following items:
5	<p>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:</p> <ol style="list-style-type: none"> <li>a. Proof of a legally binding contract held between the Merchant and the Cardmember, and</li> <li>b. Details of the initial ad-service setup, including at least two (2) of the following items:               <ol style="list-style-type: none"> <li>i. Purchaser's IP address and geographical location at the date and time of the initial ad-service setup</li> <li>ii. Email address of purchaser</li> <li>iii. Company name or purchaser name, and</li> </ol> </li> <li>c. Proof the Cardmember has accessed the Merchant's website to establish services on or before the Transaction date, and</li> <li>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 is currently linked to the Cardmember account with the Merchant:               <ol style="list-style-type: none"> <li>i. Device ID</li> <li>ii. IP address and geographical location</li> <li>iii. Device name (if available), and</li> </ol> </li> <li>e. Proof that the Cardmember received the goods or services, and</li> <li>f. Description of the goods or services and the date they were provided.</li> </ol>

## 10.8 Inquiry Types

American Express tries to resolve Disputed Charges by first using information available to us. This includes, but is not limited to, replying with a Substitute Charge Record on your behalf in attempts to resolve the Disputed Charge. American Express relies on the information previously provided by the Merchant related to the disputed transaction when generating a Substitute Charge Record. No warranty, express or implied, is made by American Express, nor do we accept any liability regarding the accuracy, adequacy, completeness, reliability, or usefulness of the information provided by the Merchant and used in creating a Substitute Charge Record.

In instances where we cannot resolve a Disputed Charge, we will send you an Inquiry. The form of Inquiry that we will send you includes information about the Charge in question, explanations of the material you must send us to support the Charge, and a deadline by which your response must be received. In response to Inquiries, we will accept Compelling Evidence items ([Section 10.7, "Compelling Evidence"](#)) to show that the Cardmember participated in the Transaction, received the goods or services, or benefited from the Transaction. In addition, when providing Proof of Delivery, a signature from the Cardmember or an authorized signer of the Card is not required.

Table 10-39: Inquiry Types

Inquiry category and definition	Industry and supporting documentation
<p><b>(127 / 176) Does Not Recognize/ Remember/ No Knowledge</b></p> <p>(127) <i>Cardmember does not recognize or remember the Charge.</i></p> <p>(176) <i>Cardmember does not recognize or remember the Card Not Present Charge.</i></p>	<p>The Cardmember claims to not recognize the Charge. Please perform one of the following:</p> <ul style="list-style-type: none"> <li>• provide support and itemization; or</li> <li>• issue Credit</li> </ul> <p>Optional support, if available:</p> <ul style="list-style-type: none"> <li>• If the Charge relates to shipped goods, please include shipping details with the full delivery address.</li> </ul>
<p><b>(158) Credit Not Processed</b></p> <p><i>Cardmember claims Credit is due from Merchant, but has not received the Credit.</i></p>	<p>The Cardmember has requested Credit for goods that were returned to your Establishment. Please perform one of the following:</p> <ul style="list-style-type: none"> <li>• issue Credit, or</li> <li>• explain why Credit is not due along with a copy of your return policy</li> </ul>
<p><b>(004) Non Receipt of Goods/Services</b></p> <p><i>Cardmember did not receive the goods or services.</i></p>	<p>The Cardmember requests delivery of goods / services ordered but not received. Please perform one of the following:</p> <ul style="list-style-type: none"> <li>• provide the service or ship the goods</li> <li>• issue Credit, or</li> <li>• provide Proof of Delivery or proof that the Cardmember received the services in full.</li> </ul> <p>For other recommended supporting documentation, please refer to <a href="#">Section 10.7, "Compelling Evidence"</a>.</p> <p>When providing Proof of Delivery, a signature from the Cardmember or an authorized signer of the Card is not required.</p>
<p><b>(680) Overcharge/ Incorrect Transaction Amount</b></p> <p><i>Cardmember claims that the amount of the Transaction is incorrect.</i></p>	<p>The Cardmember claims the Charge amount you submitted differs from the amount the Cardmember agreed to pay. Please perform one of the following:</p> <ul style="list-style-type: none"> <li>• issue Credit, or</li> <li>• explain why Credit is not due and provide relevant documentation.</li> </ul>
<p><b>(024) Damaged or Defective Goods</b></p> <p><i>Goods received from the Merchant were damaged or defective.</i></p>	<p>The Cardmember claims the goods received are damaged or defective and requests return authorization. If a return is not permitted, please provide:</p> <ul style="list-style-type: none"> <li>• a copy of your return or refund policy, and</li> <li>• information on your efforts to resolve the claim.</li> </ul>

Table 10-39: Inquiry Types (Continued)

Inquiry category and definition	Industry and supporting documentation
<b>(059) Repair or Replacement of Defective Goods</b> <i>Goods received from the Merchant were damaged or defective. Request for repair, replacement or return instructions.</i>	<p>The Cardmember requests repair or replacement of damaged or defective goods received. Please perform one of the following:</p> <ul style="list-style-type: none"> <li>• issue Credit, or</li> <li>• provide return instructions and make the appropriate repairs, or</li> <li>• provide a copy of your return/replacement policy and explain why the goods cannot be repaired/replaced.</li> </ul>
<b>(021) Goods or Services Cancelled or Returned</b> <i>The Cardmember recalls the purchase, but claims to have cancelled / returned it. This category includes billings for cancelled reservations, no show Charges, cancelled lodging/cruise deposits, cancelled recurring/continuing billing and other deposits.</i>	<p>The Cardmember claims the goods / services were cancelled / expired or the Cardmember has been unsuccessful in an attempt to cancel the goods / services. Please discontinue future billings and perform one of the following:</p> <ul style="list-style-type: none"> <li>• issue Credit, or</li> <li>• provide a copy of your cancellation or return policy provided to the Cardmember at the time of the purchase and an explanation regarding how the Cardmember did not follow your cancellation or return policy, or</li> <li>• if the Charge is a Recurring Billing Charge, provide evidence the Cardmember has not cancelled and continues to use the service or receive the goods.</li> </ul>
<b>(063) Not as Described or Dissatisfied with Goods or Services</b> <i>Goods or services do not conform to the documented description; or the Cardmember is not satisfied with the goods or services that were delivered or provided</i>	<p>The Cardmember claims the goods / services do not conform to the documented description or they are not satisfied with the goods / services that were delivered or provided. Please perform one of the following:</p> <ul style="list-style-type: none"> <li>• provide proof of repair or replacement for goods or services that were not as described by your Establishment,</li> <li>• issue Credit, or</li> <li>• provide a copy of terms and conditions for all goods or services provided including warranty information, if applicable. Advise of efforts taken to resolve the issue and/or options available for resolution.</li> </ul>
<b>(155) Services Not Rendered</b> <i>Cardmember has not received the goods or services that were purchased.</i>	<p>The Cardmember has requested Credit for goods / services that were not received from your Establishment. Please perform one of the following:</p> <ul style="list-style-type: none"> <li>• issue Credit, or</li> <li>• provide Proof of Delivery or proof that services were provided in full</li> </ul> <p>For other recommended supporting documentation, please refer to <a href="#">Section 10.7, "Compelling Evidence"</a>.</p> <p>When providing Proof of Delivery, a signature from the Cardmember or an authorized signer of the Card is not required.</p>



Table 10-39: Inquiry Types (Continued)

Inquiry category and definition	Industry and supporting documentation
<b>(193) Fraudulent Transactions</b> <i>Cardmember claims Charge is fraudulent.</i>	<p>The Cardmember claims the Charge incurred at your Establishment is fraudulent.</p> <p>For a Card Present Charge, provide:</p> <ul style="list-style-type: none"> <li>a copy of the Charge Record and</li> <li>if applicable, an imprint of the Card, if one was taken.</li> </ul> <p>For a Card Not Present Charge, provide:</p> <ul style="list-style-type: none"> <li>a copy of the Charge Record,</li> <li>any contracts or other details associated with the purchase, and</li> <li>Proof of Delivery with the Cardmember's complete and valid billing address.</li> </ul> <p>For other recommended supporting documentation, please refer to <a href="#">Section 10.7. "Compelling Evidence"</a>.</p> <p>When providing Proof of Delivery, a signature from the Cardmember or an authorized signer of the Card is not required.</p>
<b>(062) Credit Presentment Error</b> <i>The Charge should have been submitted as a Credit</i>	<p>The Cardmember claims the referenced Charge should have been submitted as a Credit. Please perform one of the following:</p> <ul style="list-style-type: none"> <li>issue Credit, or</li> <li>provide support and itemization for the Charge and an explanation of why Credit is not due.</li> </ul>
<b>(154) Cancelled or refused</b> <i>The goods or services were cancelled or refused.</i>	<p>The Cardmember claims the goods / services were cancelled and /or refused. Please perform one of the following:</p> <ul style="list-style-type: none"> <li>issue Credit, or</li> <li>provide your cancellation or refund policy provided to the Cardmember at the time of the purchase, and an explanation regarding how the Cardmember did not follow your cancellation policy.</li> </ul>
<b>(173) Duplicate Billing</b> <i>Cardmember was Charged multiple times for the same Transaction</i>	<p>The Cardmember requests Credit from your Establishment for a duplicate billing.</p> <ul style="list-style-type: none"> <li>If your records show this is correct, please issue Credit.</li> <li>If Credit is not due, provide support and itemization of both charges and provide an explanation in full to us.</li> </ul>
<b>(175) Credit Not Presented</b> <i>Credit is due but does not appear.</i>	<p>The Cardmember claims that a Credit is due but has not appeared on their account. Please perform one of the following:</p> <ul style="list-style-type: none"> <li>issue Credit, or</li> <li>provide support for the Charge and an explanation of why Credit is not due.</li> </ul>

Table 10-39: Inquiry Types (Continued)

Inquiry category and definition	Industry and supporting documentation
<b>(684) Paid by Other Means</b> <i>Charge was paid by another form of payment</i>	The Cardmember claims the Charge was paid by another form of payment. Please perform one of the following: <ul style="list-style-type: none"> <li>• issue Credit, or</li> <li>• provide proof that the Cardmember's payment by other means was not related to the Disputed Charge; or</li> <li>• provide an explanation that you have no record of the Cardmember's other payment.</li> </ul>
<b>(691) Cardmember Requests Support</b> <i>Cardmember only requesting supporting documentation.</i>	The Cardmember is not disputing the Charge at this time, but is requesting support and itemization. Please provide this requested documentation.
<b>(693) Vehicle Rental and Capital Damages</b> <i>Cardmember has questioned the Charge for damages/theft or loss.</i>	The Cardmember has questioned the Charge for damages / theft or loss. Please perform one of the following: <ul style="list-style-type: none"> <li>• issue credit; or</li> <li>• provide a copy of the following documentation:               <ul style="list-style-type: none"> <li>▪ itemized rental agreement,</li> <li>▪ itemized documentation to support the Charge,</li> <li>▪ proof that the Cardmember agreed in writing to accept responsibility for the Charge, and</li> <li>▪ proof that the Cardmember agreed in writing to select American Express as the payment method for the Charge.</li> </ul> </li> </ul>

## 10.9 Chargeback and Inquiry Monitoring

We monitor the number of Chargebacks and Inquiries at all Merchants and Establishments on the Network. Your Chargebacks and/or Inquiries may be considered disproportionate if any of the following conditions are present:

- You are unable to provide supporting documentation for Charges made at your Establishment consistently.
- The number of No Reply and Insufficient Chargebacks at your Establishment is deemed to be excessive relative to your prior history or industry standards.
- We receive a disproportionately high number of Disputed Charges, resulting in a Chargeback or an Inquiry.

If any of the preceding conditions are present, we may place you in our Fraud Full Recourse program ([Section 10.11, "Chargeback Programs"](#)).

## 10.10 How We Chargeback

We may Chargeback by (i) deducting, withholding, recouping from, or otherwise offsetting against our payments to you or debiting your Bank Account, or we may notify you of your obligation to pay us, which you must do promptly and fully; or (ii) reversing a Charge for which we have not paid you. Our failure to demand payment does not waive our Chargeback rights.

In the event of a Chargeback, we will not refund the Discount or any other fees or assessments, or we will otherwise recoup such amounts from you.

## 10.11 Chargeback Programs

Certain Chargebacks arise because Merchants are in our Chargeback programs.

Table 10-40: Fraud Full Recourse Program

Fraud Full Recourse Program
<p>The Fraud Full Recourse (FFR) Program allows us to Chargeback any time a Cardmember disputes a Charge based on actual or alleged fraud without the right to request a reversal of our decision to exercise our Chargeback rights.</p> <p>You may be placed in this program for one or more of the following reasons:</p> <ul style="list-style-type: none"><li>You are a High Risk Merchant. For more information on the high risk criteria, see <a href="#">Subsection 11.4.1, "High Risk Merchants"</a>.</li><li>An Establishment's fraud performance levels meet or exceed either the Low Tier or High Tier Program Thresholds set forth in <a href="#">Subsection 10.11.1, "Low Tier and High Tier Program Thresholds"</a>.</li><li>You engage or participate in fraudulent, deceptive, or unfair business practices, illegal activities, or prohibited uses of the Card, see <a href="#">Subsection 11.4.2, "Fraudulent, Deceptive, or Unfair Business Practices, Illegal Activities, or Prohibited Uses of the Card"</a>.</li></ul> <p><b>Note:</b> We may place you in a Chargeback program upon signing, or any time during the term of the agreement. The above list is not exhaustive and we may, at our sole discretion, place you in the program for other reasons. Placement in the Fraud Full Recourse Program binds you to the program terms indicated above. We will have the rights set forth in this subsection, even if we had notice of such defect at the time of payment, you have received an Authorization and/or have complied with all other provisions of the Agreement. In the event of a conflict between this program and any other program, e.g., Fraud liability shift programs, the terms of the Fraud Full Recourse Program will prevail.</p>

Table 10-41: Immediate Chargeback Programs

Immediate Chargeback Program	Partial Immediate Chargeback Program
<p>If you are enrolled in this program, you will receive a Chargeback without first receiving an Inquiry any time a Cardmember disputes a Charge for any reason other than actual or alleged fraud.</p> <p>You may choose to enroll in this program to avoid receiving Inquiries or Disputes.</p>	<p>If you are enrolled in this program, you will receive a Chargeback below a predetermined amount without first receiving an Inquiry any time a Cardmember disputes a Charge for any reason other than actual or alleged fraud. All disputed amounts above the predetermined amount will be processed under our standard Chargeback and Inquiry policy.</p> <p>You may choose to enroll in this program to avoid receiving Inquiries below a specific dollar amount.</p>
<p><b>Note:</b> We may, at our sole discretion, place you in this program at any time during the term of the agreement for other reasons.</p>	

### 10.11.1 Low Tier and High Tier Program Thresholds

You will be placed in the Fraud Full Recourse Program if your Establishment's fraud performance levels meet or exceed either the Low Tier or High Tier Program Thresholds set forth in the following table:

**Table 10-42: FTG Performance Tiers**

Program Tier	Performance	Program Actions
Low Tier Program Threshold	<ul style="list-style-type: none"> <li>The monthly fraud to gross* Charges ratio at an Establishment equals or exceeds <b>0.9% and</b></li> <li>An Establishment has a minimum fraud amount of <b>USD \$25,000</b> in a one (1) month period</li> </ul>	<ul style="list-style-type: none"> <li>If you do not reduce your fraud performance levels below the Low Tier Program Threshold for three (3) consecutive calendar months following the date of our notice to you, you will be subject to FFR Chargebacks and will no longer qualify for SafeKey fraud liability shift (see <a href="#">Subsection 9.11.1, "American Express SafeKey Fraud Liability Shift"</a>).</li> <li>To exit the Fraud Full Recourse Program, see <a href="#">Subsection 10.11.2, "Removing a Merchant from the Fraud Full Recourse Program"</a>.</li> </ul>
High Tier Program Threshold	<ul style="list-style-type: none"> <li>The monthly fraud to gross* Charges ratio at an Establishment equals or exceeds <b>1.8% and</b></li> <li>An Establishment has a minimum fraud amount of <b>USD \$50,000</b> in a one (1) month period</li> </ul>	<ul style="list-style-type: none"> <li>Following the date of our notice to you, you will be subject to FFR Chargebacks and will no longer qualify for SafeKey fraud liability shift (see <a href="#">Subsection 9.11.1, "American Express SafeKey Fraud Liability Shift"</a>).</li> <li>To exit the Fraud Full Recourse Program, see <a href="#">Subsection 10.11.2, "Removing a Merchant from the Fraud Full Recourse Program"</a>.</li> </ul>

\* For the purposes of this table only, Fraud to Gross (FTG) means the ratio of fraudulent Transactions as compared to total Charge volume, provided that both volume amounts are in the same currency.

A Merchant will move from the Low Tier Program Actions and be subject to the High Tier Program Actions set forth in the above table if the Merchant meets or exceeds the High Tier Program Thresholds during placement in the program until the Merchant exits the program.

### 10.11.2 Removing a Merchant from the Fraud Full Recourse Program

A Merchant that is in the Fraud Full Recourse Program because of its fraud performance levels will be removed from the Fraud Full Recourse Program and the Merchant's SafeKey fraud liability shift will be reinstated (provided Merchant is enrolled in SafeKey Program) if Merchant's fraud performance levels fall below either of the following thresholds:

- The fraud to gross Charges ratio at an Establishment is below 0.9% per month for three (3) consecutive months, or
- An Establishment's fraud amount is below USD \$25,000 per month for three (3) consecutive months.

## 10.12 Ways to Receive Chargebacks and Inquiries

American Express has a variety of options for the exchange of Inquiry information with you. In addition to the traditional paper by mail method, you can access your Merchant Account online to receive and respond to Chargebacks and Inquiries.

Managing your Merchant Account online offers the following benefits:

- allows you to address Disputed Charges and urgent Chargebacks and Inquiries,
- helps eliminate the risk of mail delays and shuffling through stacks of paper, and
- allows you to upload and send scanned supporting documentation.

If you prefer, you can receive and respond to Inquiries by paper via mail.

## 10.13 Response Methods

You may respond to Inquiries through various channels depending on how you receive your Chargebacks and Inquiries.

Table 10-43: Response Methods

Online	Mail	Fax
<p>You may respond to Chargebacks and Inquiries online at <a href="http://www.americanexpress.com/merchant">www.americanexpress.com/merchant</a>:</p> <ul style="list-style-type: none"><li>• Respond to Chargebacks and Inquiries directly without paperwork.</li><li>• Address Disputed Charges and urgent Inquiries.</li></ul> <p>Online is our preferred method for handling Chargebacks and Inquiries.</p>	<p>If you prefer to mail your responses, use the Disputed Charge addresses listed in the <a href="#">Contact Information</a> page.</p>	<p>You may fax replies directly to <a href="#">Customer Service Disputes and Fraud Disputes</a>. Fax numbers are typically found in the dispute notification, the <a href="#">Contact Information</a> page, or the disputes fax number website. For paper by mail Disputes, we prefer that you fax all responses and include the Inquiry cover sheet. This will ensure the timely receipt of your documentation.</p>

For mail and fax responses, you must include the claim form with your response. The claim form must include the case number. Each page of the supporting documentation for the Disputed Charge must also include the case number. If the documentation does not contain the case number, or you are unable to locate the case number, you must include a copy of the initial Chargeback or Inquiry letter with your response. Failure to provide the correct case number or the cover letter may result in a liability to you.

# Regulations for Specific Industries and Monitoring

- 11.1 Introduction
- 11.2 Prohibited and Restricted Merchants
- 11.3 Specific Industries
- 11.4 Monitoring



## 11.1 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.

## 11.2 Prohibited and Restricted Merchants

Some Merchants, and/or some of their Establishments, are not eligible (or may become ineligible) to accept the Card. We may suspend acceptance of Cards by you or any of your Establishments or terminate the Agreement (including immediate termination without prior notice to you) 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 noncooperative with international Anti-Money Laundering principles or procedures.

Additionally, we may suspend acceptance of Cards by you or any of your Establishments or terminate the Agreement if:

- You are listed on the List of Names made subject to the Regulations Establishing a List of Entities pursuant to subsection 83.05(1) of the Criminal Code of Canada or the United Nations Suppression of Terrorism Regulations or any other such list or regulation that may exist now or in the future.
- 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](http://www.treas.gov/ofac)).
- You are listed on the U.S. Department of State's Terrorist Exclusion List (available at [www.state.gov](http://www.state.gov)).
- 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:

**Table 11-1: Prohibited Business Types**

Prohibited Business Types	Description	Merchant Category Code (MCC)
Bankruptcy services	A company or agency that is in the business of recovering money owed on delinquent accounts or supporting the bankruptcy process.	—
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.	—

**Table 11-1: Prohibited Business Types (Continued)**

Prohibited Business Types	Description	Merchant Category Code (MCC)
Cheque cashing / guarantee	A business that provides customers with a way to turn a cheque into cash without having to rely on a bank account.	—
Credit restoration	A service aimed at improving credit ratings by disputing errors and outdated claims with credit bureaus.	—
Cryptocurrency	Digital asset recognized as a medium of exchange, unit of account and/or store of value that employs blockchain technology and cryptography to submit, authenticate, and verify Transactions.	6051
Online adult entertainment	A business or Entity that provides internet adult digital content.	—
Overdue debt repayment (past due or defaulted)	A company collecting payment of overdue debt. Examples include: a payment to a collection agency, factoring company, liquidator, or insolvency practitioner/lawyer.	—
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.	—
Wire transfers in-person (not online)	A business that specializes in the transfer of money from one location to another.	4829

- You or any of your Establishments fall into one of the following categories and/or accept Transactions for the restricted activities displayed in the following table:

**Table 11-2: Restricted Business Types**

Restricted Business Types	Description	Merchant Category Code (MCC)
Air Charters	A company that provides on demand aircraft.	—
Airlines	A company that provides scheduled air transport for travelling passengers and freight. Airlines are recognized with an air operating certificate or license issued by a governmental aviation body. Airlines have an assigned ARC / IATA / ICAO / callsign.	—
Auction Houses	A company that runs auctions.	—



Table 11-2: Restricted Business Types (Continued)

Restricted Business Types	Description	Merchant Category Code (MCC)
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.	9223
Bullion	Bulk metal in bars or ingots. Examples include: <ul style="list-style-type: none"> <li>Gold, silver, platinum, or palladium bullion</li> <li>Gold, silver, platinum, or palladium bars</li> <li>Precious metals</li> </ul>	—
Cash at Point of Sale from a non-financial institution / Cash on Card	A cash-like Transaction from a non-financial Institution. Examples include: <ul style="list-style-type: none"> <li>Money Orders</li> <li>Post Office</li> <li>Peer to Peer (P2P)</li> <li>Funding source for payroll</li> </ul>	6051
Charity	A non-profit, non-political organization that collects donations, including fundraising. This category also includes donation crowdfunding merchants that accept donations on behalf of individuals raising money for various causes without any expectation of repayment and without any additional perceived or actual financial or tangible benefit.	8398
Collection agencies	A company that lenders use to recover funds that are past due. Examples include: debt collection agencies, factoring companies, and liquidators.	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. <b>This does not include residential Real Estate Agents and Managers – Rental (MCC 6513).</b>	—
Credit financing	A merchant that provides financing to customers, earning revenue on that financing via fees and interest. Examples include: credit cards, personal loans, student loans, Buy Now Pay Later (BNPL) wallets, car loans, mortgage payments, and loan crowdfunding.	6010 6011 6012 6051
Digital file hosting (cyberlockers)	Online data hosting services that provide remote storage space within a secure storage architecture; they can be accessed globally over the internet; Cyberlockers are also referred to as online storage or cloud storage.	4816

Table 11-2: Restricted Business Types (Continued)

Restricted Business Types	Description	Merchant Category Code (MCC)
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.	7273
Foreign exchange	A business or financial institution that has the legal right to exchange one currency for another currency.	6051
Gambling	<p>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:</p> <ul style="list-style-type: none"> <li>Regulated (real money) betting, including casino, poker, sports betting, lottery tickets</li> <li>Advance-deposit wagering, including horse/dog racing</li> <li>Fantasy sports</li> <li>Skill-based, pay-to-play games that award monetary prizes</li> <li>Games of chance that are not free to enter and award monetary prizes</li> <li>Government-owned and other lotteries</li> <li>Gambling chips</li> <li>Gambling credits</li> </ul>	7800 7801 7802 7995 9406
Indirect Acceptors	A payment intermediary that contracts with American Express to facilitate payments to multiple, eligible third-party End Beneficiaries. The Indirect Acceptor accepts the Card, but does not send Card information to the End Beneficiary and pays eligible End Beneficiaries using another method, such as bank transfer, cheque, or wire.	—
Investments	<p>A purchase made for speculative purposes, or with the intent of future profit or appreciation. Examples include, but are not limited to:</p> <ul style="list-style-type: none"> <li>Securities (stocks, bonds, commodities, mutual funds)</li> <li>Wine with delivery that exceeds one (1) year from purchase</li> <li>Investment on futures</li> </ul>	—
Licensed insolvency practitioners	A professional intermediary in insolvency procedures.	—

Table 11-2: Restricted Business Types (Continued)

Restricted Business Types	Description	Merchant Category Code (MCC)
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.	6012 6051
Multi-level marketing / pyramid selling	<p>A sales system that uses one or more of the following practices:</p> <ul style="list-style-type: none"> <li>participants pay money for the right to receive compensation for recruiting new participants.</li> <li>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.</li> <li>participants are knowingly sold commercially unreasonable quantities of the product or products (this practice is called inventory loading).</li> <li>participants are not allowed to return products on reasonable commercial terms.</li> </ul>	5966 5967
Non-Travel Related Memberships	Subscriptions where the goods or services are paid more than one month in advance.	—
Payment Facilitators	A provider of Payment Services (formerly referred to as "Payment Aggregator", "Payment Service Provider", or "PSP" in our materials).	—
Pharmacies (card not present)	Online pharmacies selling prescription drugs / products.	5122 5912
Prostitution	A person or business providing sexual services in return for payment.	—
Political party donations	Contributions, funds, goods, or services raised to promote the interests for a national, state, or local political party, candidate or campaign.	8651
Real estate down payments	An initial payment when the real estate is purchased on the Card.	6012 6051
Telemarketing – travel related	A business that telemarkets travel related products or services or other travel arrangements.	5962

Table 11-2: Restricted Business Types (Continued)

Restricted Business Types	Description	Merchant Category Code (MCC)
Timeshares	The selling of part ownership of a property for use as a holiday home whereby a Cardmember can buy the right to use the property for the same fixed period annually.	—
Tobacco and smokeless tobacco retailers (card not present)	A business that sells tobacco, smokeless tobacco, and e-cigarettes online.	5993
Top-up wallet	Functionality that provides a Stored Value, 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.	—
Travel tour operators	A business that provides travel information and booking services.	4722
Unregulated massage parlours	A massage parlour that is not registered with a governing body.	7297
Virtual currency	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

We have the right, in our sole discretion, whether or not to approve you as an eligible Merchant in a restricted industry.

Contact your American Express representative or Merchant Services.

### 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 our Card for these Transactions, we will exercise Chargeback. We may also place you or any of your Establishments in one of our Chargeback programs (see [Section 10.11, "Chargeback Programs"](#)), suspend acceptance of Cards by you or any of your Establishments, and/or terminate the Agreement (or take any combination of these actions).

## 11.3 Specific Industries

This section 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 [Section 11.3, "Specific Industries"](#) and the other provisions of the *Merchant Operating Manual* shall be interpreted to give each their full effect. However, if a conflict is deemed to exist between them, then the provisions of this [Section 11.3, "Specific Industries"](#) shall govern.

### 11.3.1 Rental Establishments

#### Rental Establishments

Long-term rentals used as primary residences.

In some countries, additional policies and procedures are applicable to Merchants who accept the Card for payment for Rental Establishments.

If we determine that you are primarily in the business of operating one or more Rental Establishments, then you must provide to us, promptly on request, a list of your Rental Establishments and notify us of any subsequent changes in the list. In order to qualify for the Discount for Charges of rent on Rental Establishments and related security deposits and common room fees (collectively, *Rent Payments*), you must offer Recurring Billing Charges for Rent Payments and actively promote acceptance of the Card (including by general communications to residents), and the majority of your Charge volume must come from Recurring Billing Charges for Rent Payments. See [Subsection 4.4.7, "Recurring Billing"](#).

We may charge you different Discount for Charges submitted by your Establishments that are not Rental Establishments (e.g., Discount for the parking lot industry will apply to Charges from parking lots operated at your Rental Establishments). We may use your name, addresses, (including your website addresses or URLs) and telephone numbers in any media at any time to indicate that you accept the Card for Rent Payments, including Recurring Billing Charges for Rent Payments.

Customers should feel free to use all forms of payment that Merchants accept without being penalized for choosing a particular form of payment. 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 electronic funds transfers, cash, and cheques.

Rental Establishments may assess convenience fees on Charges, provided that they comply with the other requirements of 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 third-party Service Provider can only assess a convenience fee when it accepts the Card for Charges in compliance with the requirements of this section.

### 11.3.2 Auto Dealers

In some countries, additional policies and procedures are applicable to Merchants classified in the auto dealer industry.

This section applies to Merchants that we classify 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 our other Chargeback rights, we also have 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 favour based upon unambiguous language contained in the written agreement/bill of sale.
- Should a Cardmember exercise their 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 us promptly.
- If we have classified you 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, we will have Chargeback rights for such Charge in addition to our other Chargeback rights (see [Chapter 10, "Chargebacks and Inquiries"](#)).

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

- We have classified you 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 our other Chargeback rights, we also have 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 favour based upon unambiguous language contained in the written agreement/bill of sale.
- Should a Cardmember exercise their 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 us 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, we will have Chargeback rights for such Charge in addition to our other Chargeback rights. See [Chapter 10, "Chargebacks and Inquiries"](#).

### 11.3.3 Business-to-Business (B2B)/Wholesale Distribution

In some countries, additional policies and procedures are applicable to Merchants we classify in the business-to-business (B2B) or wholesale distribution industry.

If we classify you in the business-to-business (B2B) or wholesale distribution industries, and we determine 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, in our reasonable judgment, been difficult to collect or uncollectible. 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 uncollectible.

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 us 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.

**Note:** For CPC Charges, you may qualify, at our sole discretion, for an adjustment in your Discount. See [Subsection 4.4.3, "Corporate Purchasing Card"](#).

### 11.3.4 Charitable Donations

In some countries, additional policies and procedures are applicable to Merchants who accept the Card for charitable donations.

You represent and warrant to us that you are a registered charity as defined under Subsection 248(1) of the Income Tax Act (ITA) and recognized by the Canada Revenue Agency as an Entity qualifying for tax exemption under paragraph 149(1)(f) of the ITA. You may accept the Cards only for charitable donations which are tax-deductible or creditable to the payor as a charitable donation under the ITA. You:

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

If you accept the Card for Transactions which are not tax-deductible or creditable to the payor as a charitable donation under the ITA, we may charge you a different Discount for such Transactions.

### 11.3.5 Insurance

In some countries, additional policies and procedures are applicable to Merchants classified in the insurance industry.

In this section only, "you" and "your" include Agencies that conduct business in the same industry.

This section contains provisions specific to Merchants that we classify in the insurance industry. If any of your goods or services are sold or billed by independent Agencies, then you must provide to us a list of such independent Agencies and notify us of any subsequent changes in the list.

We may use this list to conduct mailings that encourage such independent Agencies to accept the Card. We may mention your name in such mailings, and you must provide us with a letter of endorsement or assistance as we may require.

You must use your best efforts to encourage independent Agencies to accept the Card. We acknowledge that you have no control over such independent Agencies. From time to time, and subject to [Chapter 3, "Card Acceptance"](#), we may establish joint marketing campaigns that promote Card acceptance specifically at your Establishments or, generally, at insurance companies. A necessary purpose for which you submit Cardmember Information that is responsive to such joint marketing campaigns includes our use of that information to perform back-end analyses to determine the success of such joint marketing campaigns.

We undertake no responsibility on your behalf for the collection or timely remittance of premiums. We will not be subject to any liability, under any circumstances, for any claim arising from, or related to, any insurance policy issued by you. You must indemnify, defend, and hold harmless us and our 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.

### 11.3.6 Oil, Petroleum, and Electric Vehicles

In some countries, additional policies and procedures are applicable to Merchants classified in the oil, petroleum and electric vehicle charging industries.

For information about CATs, see [Subsection 4.2.2, "Unattended Terminals"](#).

#### 11.3.6.1 Requirements

You must:

- Obtain unique Merchant Numbers for your CAT gas pump and electric vehicle charging 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

#### 11.3.6.2 Automated Fuel Pumps

Due to the high risk of fraud at the gas pump, we recommend that you adopt our full set of fraud mitigation tools. See [Chapter 9, "Fraud Prevention"](#).

American Express has implemented several policies and fraud prevention tools to assist in combating fraud at the gasoline pump.

If you allow customers to initiate Transactions at CATs, you must:

- Set a pre-Authorization request at your CAT gas pumps based on a good faith estimate of the final charge amount.



- 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.
- Upon completion of the sale, submit an Authorization Adjustment Advice for the final sale amount.
- Request a separate Authorization for purchases that exceed the original pre-Authorization amount.

#### 11.3.6.3 Electric Vehicle Charging

If you allow customers to initiate transactions at CATs, use one of these options:

- **Option 1: Pre-Authorization**
  - Set Pre-Authorization request at your electric vehicle charging stations based on a good faith estimate of the maximum charge amount.
  - Upon completion of the sale, submit an Authorization Adjustment Advice for the final sale amount.
  - Set your charging stations to shut off when they reach the Pre-Authorization amount.
- **Option 2: Estimated with Incremental Authorization (where applicable)**
  - Using Variable Authorization capabilities, obtain an Estimated Authorization based on a good faith estimate of the final Charge amount.
  - If the final sale amount is greater than the Estimated Authorization, obtain an Incremental Authorization for the additional amount.
  - If the final sale amount is less than the Estimated Authorization plus any incremental amounts, submit a Partial Authorization Reversal for the excess Authorization amount.
  - Refer to [Section 5.4, "Variable Authorization"](#) for additional information and requirements.

Variable Authorizations, including Estimated Authorizations and Incremental Authorizations, may not be available in all areas, Refer to the *Technical Specifications* for details.

#### 11.3.7 Telecommunications

In some countries, additional policies and procedures are applicable to Merchants classified in the Telecommunications industry.

##### Telecommunications

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

We may establish audit procedures determined in our discretion to ensure that no Charges except for Recurring Billing Charges are submitted under the Merchant Number designated for Recurring Billing Charges.

*The list of Affiliates that you must provide to us under the "List of Affiliates" section of the Agreement must include any Agency in the geographic area where you offer any Telecommunications services.*

### 11.3.8 Timeshares

#### Timeshare Unit

The exclusive right to occupy a unit in a real estate development.

In some countries, additional policies and procedures are applicable to Merchants accepting the card for Timeshare Units.

If we determine (or you otherwise provide documentation to us) that you are a member of the Canadian Vacation Ownership Association (CVOA) ([www.canadianvoa.org/](http://www.canadianvoa.org/)) and for at least two (2) years you have been in the business of selling Timeshare Units or listing Timeshare Units for sale, rental, or exchange, you must accept the Card for:

- no more than 50% of the purchase price of an ownership interest or other annual occupancy right in a Timeshare Unit, if the total amount of Charges you submit to us during any consecutive twelve (12)-month period is no more than a threshold we determine (currently CAN \$3 million), or the full purchase price of an ownership interest or other annual occupancy right in a Timeshare Unit, if the total amount of Charges you submit to us during any consecutive twelve (12)-month period exceeds that threshold.
- membership fees to register or list a Timeshare Unit for sale, rental, or exchange.
- maintenance fees or annual fees associated with the Timeshare Units, subject to the provisions of [Subsection 4.4.7. "Recurring Billing"](#).

You must not submit any Charge until you have the irrevocable right to retain the payment under Applicable Law and under a written agreement signed by the Cardmember. You must not accept the Card for campground memberships, recreational fees, or interests in real property other than Timeshare Units, subject to what is described in [Subsection 4.4.7. "Recurring Billing"](#).

### 11.3.9 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 11.3.9.3. "Assured Reservations"](#)).

#### 11.3.9.1 Lodging

This section applies to Merchants that we classify 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.

##### 11.3.9.1.1 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 honour 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 Processor or Terminal Provider, or if you have a direct link to American Express, your American Express representative.

If you do not honour the Assured Reservation 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 we receive disproportionate numbers of Disputed "no show" Charges, you must work with us to reduce the number of disputes. If such efforts fail to reduce the number of disputes, we may place you in any of our Chargeback programs. See [Section 10.11, "Chargeback Programs"](#).

11.3.9.1.2 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 [Subsection 4.4.1, "Advance Payment"](#).
- 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 Processor, Terminal Provider, or if you have a direct link to American Express, your American Express representative.

Table 11-3: CARDeposit Program Procedures

If	Then
The CARDeposit is cancelled	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 Processor or Terminal Provider, or if you have a direct link to American Express, your American Express representative.
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.

Table 11-3: CARDeposit Program Procedures (Continued)

If	Then
You are unable to honour a CARDeposit that was not previously cancelled	<p>Your obligation to the Cardmember includes the following:</p> <ul style="list-style-type: none"> <li>You must issue a Credit for the CARDeposit.</li> <li>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.</li> <li>You must provide transportation to and from the alternate location once a day until the original accommodations are available.</li> <li>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.</li> </ul>

#### 11.3.9.1.3 Emergency Check-in

If a Cardmember whose Card is lost or stolen requests check-in, you must call the [Authorization Department](#), ask for an American Express representative, request Authorization for an "Emergency Check-In", and follow the representative's instructions.

#### 11.3.9.2 Vehicle Rentals

This section applies to Merchants that we classify 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 follow the listed procedures.

##### 11.3.9.2.1 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 [Subsection 4.4.1, "Advance Payment"](#).
- Ensure that your vehicle rental contract with the Cardmember contains the terms and conditions of said reservation and cancellation policies.

##### 11.3.9.2.2 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 honour 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 [Section 11.3.9.3, "Assured Reservations"](#) for details.

**11.3.9.2.3 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 payment 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 acknowledgement 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 Processor or Terminal Provider, or if you have a direct link to American Express, your American Express representative.
  - In addition to the other Chargeback rights contained in the Agreement, we may exercise 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 11.3.9.2.3, "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.

**11.3.9.2.4 Capital Damages to Rental Vehicles - Documentation**

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

### 11.3.9.3 Assured Reservations

**Assured Reservations Program**

The Assured Reservations Program allows Cardmembers to contact a participating property or rental agency, to make an Assured Reservation and guarantee the reservation by providing their American Express Card. The Assured Reservations 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 honour 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 Processor or Terminal Provider, or if you have a direct link to American Express, your American Express representative.

If you do not honour 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 11.3.9.1.1, "Assured Reservations – Lodging"](#).

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

If we receive disproportionate numbers of Disputed "no show" Charges, you must work with us to reduce the number of disputes. If such efforts fail to reduce the number of disputes, we may place you in any of our Chargeback programs. See [Section 10.11, "Chargeback Programs"](#).

### 11.3.10 Government/Utilities/Education

In some countries, additional policies and procedures are applicable to Merchants in government, utilities or education industries.

This section applies to Merchants that we classify 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 Merchants 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"](#).

The Merchant 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 it imposes on Other Payment Products, except for electronic funds transfers, cash, and cheques. American Express views discrimination against Cardmembers as a breach of the Agreement.

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

The Merchant 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 the Merchant's administrative costs and not as an assessment to cover the Merchant's cost of accepting the Card.

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

## 11.3.11 Transit Contactless Transactions

### 11.3.11.1 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 the following Cards:
  - expired Cards
  - Cards within the specified BIN ranges provided by us
  - Cards that are on the Deny List at the time the Cardmember attempts to access the transit system
- Flag all requests for Authorization and Submission with a transit indicator and meet additional transit technical requirements (see [Section 2.6, "Compliance with the Technical Specifications"](#)).

### 11.3.11.2 Authorization and Submission Requirements

When accepting a Transit Contactless Transaction, you must obtain an Account Status Check for a nominal amount or any amount up to the Chargeback Protection Threshold (as set forth in [Subsection 11.3.11.3, "Transit Thresholds"](#)) or an Authorization. The following sets out how to proceed based on the response you receive to the Account Status Check or Authorization.

**Table 11-4: Contactless Transit Authorization and Submission Requirement**

If	Then
The Account Status Check or Authorization is approved	<p>Continue to accept taps and submit the Aggregated Transit Charge up to the Chargeback Protection Threshold, within the Authorization Time Period (as set forth in <a href="#">Subsection 11.3.11.3, "Transit Thresholds"</a>). Authorizations for partial fares cannot be submitted.</p> <p>If the Card is on the Deny List and an Accounts Status Check or an Authorization is approved, remove the Card from the Deny List.</p>



Table 11-4: Contactless Transit Authorization and Submission Requirement (Continued)

If	Then
The Account Status Check or Authorization is declined	<p>You must place the Card on the Deny List.</p> <p>If the final fare amount is less than or equal to the Declined Authorization Protection threshold (as defined in <a href="#">Subsection 11.3.11.3. "Transit Thresholds"</a>), submit the Transaction.</p> <p>If the final fare amount is greater than the Declined Authorization Protection threshold, you must not submit the Transaction.</p> <p>You may request a new Authorization as outlined in <a href="#">Subsection 11.3.11.5. "Transit Debt Recovery"</a>.</p> <p><b>Note:</b> Authorizations for partial fares cannot be submitted. You must not split a Transaction with the intent of avoiding a single Authorization for the final fare amount.</p>
The combined taps are within the Chargeback Protection Threshold and Authorization Time Period	<p>You may submit the Transaction.</p> <p>You may obtain a new Account Status Check or Authorization for future taps.</p> <p><b>Note:</b> You must submit the Transaction according to the Submission Frequency (as set forth in <a href="#">Subsection 11.3.11.3. "Transit Thresholds"</a>).</p>
The combined taps exceed the Chargeback Protection Threshold or the Authorization Time Period is exceeded	<p>You may submit the Transaction, provided that you obtain Authorization at the time of submission.</p> <p>You may be subject to the "Invalid Authorization (ISO 4521) / No valid authorization (A02) No Valid Authorization (ISO 4755) / No Cardmember Authorization (F24)" Chargeback should you submit a Transaction for a value above the Chargeback Protection Threshold.</p>

#### 11.3.11.3 Transit Thresholds

- Chargeback Protection Threshold is \$25.
- Authorization Time Period is seven (7) days.
- Submission Frequency is seven (7) days.
- Declined Authorization Protection is \$12.

#### 11.3.11.4 Transit Charge Information

You must ensure the Cardmember has access to the following information for a minimum of one hundred and twenty (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



#### 11.3.11.5 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.
- You should adhere to the requirements in [Subsection 4.4.6. "Merchant-Initiated"](#), when processing Merchant-Initiated Transactions for Debt Recovery.

#### 11.3.11.6 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. You must not add a Card Number to the Deny List for any reason other than in the exceptional circumstance where you reasonably suspect travel irregularities associated with the use of the relevant Card. 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 Transit Contactless 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 11.3.11. "Transit Contactless Transactions"](#).

#### 11.3.11.7 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 are available for a defined value 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 on these passes are reduced as the Cardmember uses the transit system, either in terms of value or number of trips, depending on the type of pass purchased.

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.

#### 11.3.12 Cannabis

The Government of Canada has introduced a law, known as the *Cannabis Act*, which permits some Cannabis-related activities that had previously been prohibited and provides a framework in relation to the cultivation, production, handling, distribution, and sale of Cannabis, including how licenses for permitted Cannabis-related activities will be issued and overseen.

This section applies to Merchants that we classify as operating in the Cannabis industry, either as a Cannabis merchant (selling Cannabis only or primarily Cannabis) or as a merchant that

sells Cannabis, amongst other products and services, have all licenses and permits required under Applicable Law and that wish to accept the Card in Canada, in all cases in accordance with Applicable Law and the Agreement.

#### 11.3.12.1 Defined Terms

**Cannabis** means a Cannabis plant and anything referred to in Schedule 1 of the *Cannabis Act*, including the phytocannabinoids produced by, or found in, such a plant, regardless of whether that part has been processed or not, any substance or mixture of substances that contains or has on it any part of such a plant and any substance that is identical to any phytocannabinoid produced by, or found in, such a plant, regardless of how the substance was obtained or created but does not include anything referred to in Schedule 2 of the *Cannabis Act*, as may be amended.

**Cannabis Products** means Cannabis and any item made with Cannabis including derivative products and related accessories.

**Marijuana/cannabis Related Businesses** means 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 government licensing regime.

**Cannabis Transaction** means a charge or a credit completed by the means of the Card in relation to Cannabis Products.

**Illicit Cannabis** means Cannabis that is or was sold, produced or distributed by a person prohibited from doing so under the *Cannabis Act* or other Applicable Law or that was imported into Canada by a person prohibited from doing so under the *Cannabis Act* or other Applicable Law.

#### 11.3.12.2 General Terms

You may accept the Card for lawful Cannabis Products, subject to the following preconditions and requirements:

- Satisfactory completion of all due diligence and compliance requirements including the review and validation of all licenses and permits required under Applicable Law as required by us; and
- Providing a copy of the license(s) or, if you are not required by Applicable Law to have a license, a copy of your permit(s), authorization(s), and/or statutory authority(ies) that authorize you to sell and/or distribute Cannabis in Canada, as re-issued or updated over time; and
- The enablement of SafeKey on any of your websites that sell Cannabis Products.

Because of the potential brand risks currently associated with Cannabis Products, Card acceptance for Cannabis Products is also conditioned upon the simultaneous enablement and active acceptance by you of all other network branded credit cards available in Canada.

As outlined in [Section 12.10, "Prohibited, Excluded, and High Risk Categories"](#), Payment Facilitators are prohibited from recruiting Sponsored Merchant Prospects that fall within any Marijuana/cannabis-related Business.

#### 11.3.12.3 Representations and Warranties

You represent and warrant that you will:

- ensure that your business including any Marijuana/cannabis-related Business does not and will not target or relate to the United States or any other jurisdiction outside Canada; or otherwise involve or enable in any way any provincial or national cross-border activities that might violate Applicable Law; and

- provide us notice of any (i) intention to engage with the Cannabis industry outside of the province(s) in which you are licensed to sell Cannabis Products except as permitted by Applicable Law; and (ii) of any material change to your business activities including any material expansion in the Cannabis industry or to another provincial or foreign jurisdiction; licensing; and/or (iii) if you are subject to a regulatory or enforcement violation or decision relating to your Marijuana/cannabis-related Business; and
- comply with all Applicable Law including related to Health Canada and other applicable federal, provincial, and municipal requirements related to Cannabis Products; and
- not handle, distribute, sell, or otherwise deal with Illicit Cannabis; and
- not cultivate, produce, handle, distribute, or sell any other controlled drug or substance within the meaning the *Controlled Drugs and Substances Act* or otherwise; and
- maintain all physical and technological security measures required to comply with Applicable Law; and
- maintain identification method(s) and internal controls that comply with Applicable Law including with respect to confirming the age and residence of the Cardmembers seeking to purchase Cannabis Products; and
- complete and sign the due diligence checklist and certification form, as updated from time to time which, once signed and approved by American Express, is incorporated by reference into the Agreement and comply with any other compliance requirements as required by American Express; and
- ensure that all Cannabis Transactions will only be run on the new Service Establishment number, to be issued by American Express.

#### 11.3.12.4 Audit and Inspection Rights

American Express and its agents, auditors (internal and external), Regulators, and other representatives as American Express may designate will have the right to request, at all times acting reasonably, to inspect, examine and audit your systems, records, data, information, and practices that are used in connection with Cannabis Transactions to verify compliance with Applicable Law and this Amendment (Audits). As an alternative, you agree that, in the event that you do not or cannot agree to such a request, you agree to conduct such Audit(s) as reasonably requested by American Express.

#### 11.3.12.5 Requirement to Make Changes as a Result of Audit

You agree that you will remediate or implement new or revised processes as a result of any Audit report on a timely basis as required by us, acting reasonably, to enable compliance with Applicable Law.

#### 11.3.12.6 Agreements Already in Force

Except as specifically amended or supplemented by these terms, all terms and conditions of the Agreement shall remain unchanged and in full force and effect.

#### 11.3.12.7 Suspension and Termination

We may suspend or terminate acceptance of the Card for Cannabis Products at any time without notice if we have reasonable grounds to believe that you are not in compliance with any provision in [Section 11.3.12, "Cannabis"](#).

For the avoidance of doubt, you are prohibited from accepting the Card for Cannabis Products unless and until you have satisfied all of the provisions in [Section 11.3.12, "Cannabis"](#) including the submission of a signed due diligence checklist and certification form, a copy of the license(s) or, if you are not required by Applicable Law to have a license, a copy of your permit(s), authorization(s), and/or statutory authority(ies) that authorize you to sell and/or distribute Cannabis in Canada, and approval by American Express of same and have been

issued with a new Service Establishment number by American Express through which all Cannabis Transactions must be facilitated.

11.4 Monitoring

After you become a Merchant on the Network, we monitor to identify potential risks, assess your financial status and compliance with the Agreement.

We use internal and third-party information when monitoring and look for, among other things:

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

We will monitor you for actions or behaviours (or both) which may put us, Issuers or Cardmembers at risk. Based on the results of our monitoring, we reserve the right to take action to mitigate our risk, including one or more of the following (in our sole judgment):

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

11.4.1 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 the Agreement. For more information on our Chargeback programs, see [Section 10.11 "Chargeback Programs"](#).

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

Table 11-5: High Risk Merchants

Category	Description
High risk industry	A Merchant whose 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).
Performance	A Merchant whose recent high occurrences of fraud present an excessive risk to us. These Merchants have high occurrences of fraud and/or high fraud amounts for a number of consecutive months.
Cancelled derogatory	A Merchant whose Agreement was cancelled due to unsatisfactory activity.
Fictitious	A Merchant that accepts Cards fraudulently.

Table 11-5: High Risk Merchants (Continued)

Category	Description
Prohibited	A Merchant is not eligible to accept our Card on our Network. For the prohibited criteria see <a href="#">Section 11.2, "Prohibited and Restricted Merchants"</a>

\* This list is not exhaustive and we may, at our sole discretion, consider other criteria as high risk.

If we classify you in the oil/petroleum industry, we consider you to be in the high risk industry category and may place you in our Fraud Full Recourse Program (see [Subsection 10.11, "Chargeback Programs"](#)), if you accept charges originating at a CAT gas pump.

#### 11.4.2 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 your Merchant Account, which may include but is not limited to:

- placement in our Chargeback programs (see [Section 10.11, "Chargeback Programs"](#)),
- exercising Chargeback, rejecting Charges or withholding Settlements, or
- termination of the Agreement (including immediate termination without prior notice to you).

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	<p>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 fraudulent, deceptive, or unfair business practices, or accepted the Card to facilitate, directly or indirectly, illegal activity of any kind, and without waiving our other rights and remedies, we have the right to terminate the Agreement.</p> <p>If we find that the Transaction involved a prohibited use of the Card (see <a href="#">Section 3.3, "Prohibited Uses of the Card"</a>), we may apply the corrective actions listed above.</p>

This list is not exhaustive and does not reflect all circumstances under which we may act to protect our interests.

# Payment Facilitator

- 12.1 Introduction
- 12.2 Definitions
- 12.3 Recruitment of Sponsored Merchants
- 12.4 General Payment Facilitator Requirements
- 12.5 Financial and Payment Terms
- 12.6 Sponsored Merchant Reporting Requirements
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- 12.9 Anti-Money Laundering and Anti-Terrorist Financing
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## 12.1 Introduction

Additional policies and procedures apply to Merchants who provide payment services on behalf of Sponsored Merchants, as set out in this [Chapter 12. "Payment Facilitator"](#).

American Express offers Payment Facilitators access to a web portal, Amex 360Connect. You must enroll, with up-to-date contacts, at <https://amex360.americanexpress.com>, and once enrollment has been verified, your access to secured online publications will be granted.

If you wish to provide Payment Services, as such term is defined in [Section 12.2. "Definitions"](#), you must notify us and obtain our prior approval. We may request that you provide to us additional information about your business. We have the right, in our sole discretion, to decide whether or not to approve and/or designate you as a Payment Facilitator on our Network. If we so approve and/or designate you, then:

- you must comply with the requirements of this [Chapter 12. "Payment Facilitator"](#),
- you must cooperate and provide reasonable assistance when requested by American Express, prior to the effective date of a change, to conduct certification and test activities verifying compliance of updates. American Express reserves the right to limit, impose conditions on, or withhold any component of, or any benefit associated with, such changes until American Express certifies Payment Facilitator's changes,
- the prohibitions in the Agreement (including [Section 3.3. "Prohibited Uses of the Card"](#)) against acting on behalf of other parties will not apply to your Payment Services,
- you must provide us, promptly on request, with such information as we require about Sponsored Merchants, and

Failure to comply with policies and requirements in this [Chapter 12. "Payment Facilitator"](#) adversely affects American Express, undermines the integrity of the American Express Network, and results in incremental costs to us. Accordingly, as liquidated damages, Payment Facilitator's failure to comply with the requirements outlined in this [Chapter 12. "Payment Facilitator"](#) may result in the assessment of non-compliance fees. In lieu of or in addition to the imposition of a non-compliance fee, American Express, in its sole discretion, may require Payment Facilitator to take such action and American Express itself may take such action as it deems necessary or appropriate to ensure compliance with this [Chapter 12. "Payment Facilitator"](#). In the exercise of such discretion, American Express may consider the nature, willfulness, number and frequency of occurrences and possible consequences resulting from a failure to comply with this [Chapter 12. "Payment Facilitator"](#). American Express may also, in its sole discretion, provide notice and limited time to cure such non-compliance before assessing a non-compliance fee.

This [Chapter 12. "Payment Facilitator"](#) states additional requirements applicable to Merchants classified as Payment Facilitators. All other provisions and requirements of the Agreement, including the *Merchant Operating Manual*, apply to such Merchants. To the extent possible, the provisions of this [Chapter 12. "Payment Facilitator"](#) and the other provisions of the *Merchant Operating Manual* shall be interpreted to give each their full effect. However, if a conflict is deemed to exist between them, the provisions of this [Chapter 12. "Payment Facilitator"](#) shall control, with respect to Payment Services.

For the avoidance of doubt, Payment Facilitators are not permitted to provide Payment Services to Sponsored Merchants that are engaged in Marijuana/cannabis-related Business and/or Illicit Cannabis activities.



## 12.2 Definitions

For purposes of this [Chapter 12, "Payment Facilitator"](#), the following definitions apply:

**American Express Technical Specifications** – The *Technical Specifications* (including the *American Express Authorization Guide* and *Financial Settlement Guide*), *BIN Range Specifications*, *Close Rate reporting requirements*, mandatory, conditional, and optional Sponsored Merchant Data elements described in the *Sponsored Merchant Information Interface*, and *Secure File Transfer Protocol Quick Reference Guide*.

**American Express Data** – (i) all confidential information of Amex Bank of Canada and its Affiliates as set forth in the Agreement, including any adaptations, derivative works and translations, in whole or in part and (ii) all Personal Data, in each case, in any form, format or media whatsoever, including electronic and paper records, and including text, image, audio and video formats, that Payment Facilitator receives access to in connection with the Agreement (other than data owned by the Payment Facilitator as specifically set forth in the Agreement).

**Amex 360Connect** (<https://amex360.americanexpress.com>) – An online tool that allows Payment Facilitators to access materials, trainings, *Technical Specifications*, and more information to assist designated personnel with important information in connection with Card acceptance.

**Applicable Law** – Shall have the meaning given in the glossary. For the avoidance of doubt, references to Applicable Law in this [Chapter 12, "Payment Facilitator"](#) shall include the Code of Conduct.

**Compliance Requirements** – Our Anti-Money Laundering (AML), anti-terrorist financing (ATF), know your client (KYC), operational policies and other compliance policies, requirements and procedures that are based on (i) Applicable Law and (ii) our risk based analysis and assessments of AML, ATF, KYC and other risks.

**Estimated Annual Charge Volume** – The annual Charges that you estimate a Sponsored Merchant Prospect will submit using a Card in the first twelve months after executing a Sponsored Merchant Agreement with you.

**Merchant Category Code or MCC** – The code representing the primary category (or industry segment) in which the Sponsored Merchant does business.

**Oversight Review** – A periodic review of a Payment Facilitator's Payment Services.

**Payment Facilitator** – A provider of Payment Services (formerly referred to as "Payment Aggregator", "Payment Service Provider", or "PSP" in our materials).

**Payment Services** – The provision of payment services in connection with Transactions between Cardmembers and Sponsored Merchants whereby you, the Entity providing such services (and not the Sponsored Merchant), are the Merchant of record, submit Transactions under your Merchant Number and receive payment from us for Charges (among other things).

**Personal Data** – Any (i) individually identifiable information from or about an identified or identifiable individual in any form, format or media whatsoever, or any information that is combined with such individually identifiable information, including information that can be used to authenticate that individual or access an account, such as passwords or PINs, biometric data, recordings of individuals, unique identification numbers, answers to security questions, and (ii) information protected under Applicable Laws, such as, where applicable, "personal information" as defined in the *Personal Information Protection and Electronic Documents Act* (Canada).

**Regulators** – The Financial Transactions Reports Analysis Centre of Canada (FinTrac), the Office of the Superintendent of Financial Institutions Canada (OSFI), the Financial Consumer

Agency of Canada (FCAC) and any other regulator, governmental authority or law enforcement body with jurisdiction over you or us.

**Sales Agent** – An employee, agent, contractor, or other representative used by Payment Facilitator to solicit Sponsored Merchant Prospects or otherwise market Card acceptance.

**Sponsored Merchant** – Any third-party Entity (or seller of goods) appointed by you and who has executed a Sponsored Merchant Agreement. Sponsored Merchants are one of your Covered Parties pursuant to [Chapter 8, "Data Security Operating Policy"](#).

**Sponsored Merchant Agreement** – The standard form agreement governing your provision of Payment Services that you must have the Sponsored Merchant Prospect execute pursuant to this [Chapter 12, "Payment Facilitator"](#).

**Sponsored Merchant Data** – The mandatory, conditional, and optional requirements including, but not limited to, names, postal and email addresses, tax ID numbers, names and social security numbers of the authorized signer of Sponsored Merchants, and similar identifying information about Sponsored Merchants, as set forth in the American Express *Technical Specifications*. For clarification, Sponsored Merchant Data does not include Transaction Data.

**Sponsored Merchant Information Interface** – Any format (including, but not limited to data files transmitted by secure file transfer protocol (SFTP), application programming interfaces (APIs), or through other methods) containing the Sponsored Merchant Data requirements set forth in the *American Express Technical Specifications*. The Global Sponsored Merchant File and Sponsored Merchant Acquisition API are examples of Sponsored Merchant Information Interface formats.

**Sponsored Merchant Prospect** – Any third-party seller of goods and services that either:

- does not accept the Card and which operates one or more Sponsored Merchant Websites or other Establishments, or
- accepts the Card with respect to its existing methods for selling goods and services but also proposes to submit Transactions through a Payment Facilitator.

**Sponsored Merchant Website** – Any website operated by a Sponsored Merchant Prospect for the sale of goods or services (or both).

**Suspicious or Unusual Activity** – Any activity that has no business or apparent lawful purpose or is not the type of activity that the particular customer would normally be expected to engage and for which there is no reasonable explanation for the activity after examining the available facts.

## 12.3 Recruitment of Sponsored Merchants

If we approve and/or designate you as a Payment Facilitator, you must recruit and manage your Sponsored Merchants for Payment Services in accordance with the provisions of this [Chapter 12, "Payment Facilitator"](#). You are only permitted to recruit Sponsored Merchant Prospects that:

- Are located in Canada. For clarification, if a Sponsored Merchant Prospect is located in Canada and is an Affiliate of a merchant that is located outside of Canada, the Sponsored Merchant Prospect located within Canada may still qualify for Card acceptance if it otherwise meets the requirements in [Section 12.3, "Recruitment of Sponsored Merchants"](#);
- Do not fall within any of the prohibited categories or meet the requirements for the restricted categories set forth in [Section 12.10, "Prohibited, Excluded, and High Risk Categories"](#);

- The Sponsored Merchant is not a Payment Facilitator, aggregator, or third party Service Provider;
- Have an Estimated Annual Charge Volume of less than CAD \$1,000,000;
- To the extent that Sponsored Merchant is given payment currency choices, a prohibition against (i) the Sponsored Merchant conducting any currency conversion with respect to Charges, and (ii) charging Cardmembers for any currency conversion;
- You agree and warrant that each Sponsored Merchant holds and that you will only deposit settlement funds into a Sponsored Merchant's Canadian financial institution deposit account;
- You will not sign any merchant to accept Cards that is not a Sponsored Merchant Prospect;
- You must accurately describe Sponsored Merchant Prospect criteria in any type of communications, publications, promotional or marketing materials, whether internal, external, oral, or written;
- You will not combine the Charge volume of separate Sponsored Merchant organizations (e.g., industry organizations, separate legal entities, establishments in separate industries) in order to obtain a lower Discount Rate or for any other reason.

You will ensure that Sponsored Merchant Prospects are made aware that the definition of American Express Card or Card includes JCB cards and references to our Marks include the marks of JCB. Merchants in Canada are able to accept JCB cards on the same terminal on which they accept the American Express Card.

### 12.3.1 Sponsored Merchant Agreements

You must enter into a Sponsored Merchant Agreement with each Sponsored Merchant Prospect that meets the foregoing requirements, and you must enforce each Sponsored Merchant's compliance with the provisions of the Sponsored Merchant Agreements, including terminating your provision of Payment Services to it if it has breached any of those provisions. You must not provide Payment Services before the Sponsored Merchant Agreement has been executed.

All Sponsored Merchant Agreements must be legally enforceable, consistent with the American Express Brand, all Applicable Laws, rules and regulations, and must include the following basic provisions:

- An express agreement from the Sponsored Merchant to accept Cards in accordance with the terms of its Sponsored Merchant Agreement.
- An express authorization from the Sponsored Merchant that authorizes for the Payment Facilitator to submit Transactions to, and receive settlement from, American Express on its behalf.
- Express disclosures and consents necessary for:
  - Payment Facilitator to disclose Transaction Data, and information about the Sponsored Merchant to American Express; and
  - American Express to use such information as follows (i) to perform under the Agreement, including its responsibilities in connection with processing Cards, (ii) to operate and promote the American Express Network, (iii) to perform analytics and create reports, and for other administrative purposes, (iv) for commercial marketing communications (within the parameters of the Agreement), (v) for important transactional or relationship communications from American Express, (vi) for Card marketing, and (vii) for any other lawful business purposes.
- A third-party beneficiary provision, conferring on American Express third-party beneficiary rights, but not obligations, to the Sponsored Merchant Agreement that will fully provide American Express with the ability to enforce the terms of the Sponsored Merchant Agreement against the Sponsored Merchant.

- A limitation of liability provision, including a provision in which the Sponsored Merchant agrees to abide by the limitation on our liability set forth in the Agreement.
- Covenant that the Sponsored Merchant is not a third-party beneficiary under the Agreement.
- A requirement to comply with all Applicable Laws, including all rules and regulations relating to the conduct of the Sponsored Merchant's business.
- A right for Payment Facilitator to terminate the Sponsored Merchant's right to accept Cards if it breaches any of the provisions of the Sponsored Merchant Agreement required under this [Chapter 12, "Payment Facilitator"](#).
- A right for Payment Facilitator to immediately terminate a Sponsored Merchant for cause or fraudulent or other willful misconduct, or upon American Express' request.
- A marketing opt-in/opt-out mechanism and/or process for Sponsored Merchants. A marketing opt-out mechanism should contain a clear disclosure to Sponsored Merchants that opting-out of marketing messages will not preclude them from receiving important transactional or relationship communications from American Express. Refer to [Subsection 12.4.4, "Marketing and Communication"](#) for more detail on opt-in/opt-out.
- A provision to ensure data quality and that Transaction Data and Cardmember information is processed promptly, accurately and completely, and complies with the *American Express Technical Specifications*.
- A requirement to ensure that the Sponsored Merchant website does not contain libelous, defamatory, obscene, pornographic, or profane material or any information or instruction that may cause harm to any individuals or to the American Express brand.
- Prohibition against the Sponsored Merchant processing Card transactions or receiving payments on behalf of, or (unless required by law) re-directing payments to any other party.
- To the extent that we allow Payment Facilitator to provide control to the Sponsored Merchant over payment currency choices, a prohibition against the Sponsored Merchant from conducting any currency conversion with respect to Charges and from charging Cardmembers for any currency conversion.
- An express agreement that the Sponsored Merchant shall not assign to any third party any payments due to it under their respective Sponsored Merchant Agreements, and all indebtedness arising from Charges will be for bona fide sales of goods and services (or both) at its establishments and free of liens, claims, and encumbrances other than ordinary sales taxes; provided, however, that the Sponsored Merchant may sell and assign future Transaction receivables to Payment Facilitator, its affiliated entities and/or any other cash advance funding source that partners with Payment Facilitator or its affiliated entities, without consent of American Express.
- An express option for the Sponsored Merchant to opt out of accepting Cards at any time without penalty and without directly or indirectly affecting its rights to accept Other Payment Products.
- A requirement to cease all use of, and remove American Express Licensed Marks from the Sponsored Merchant's website and wherever else they are displayed upon termination of the Sponsored Merchant Agreement or a Sponsored Merchant's participation in accepting Cards.
- Requirements to display our Marks and otherwise honour the Card in accordance with [Chapter 3, "Card Acceptance"](#) and the following sections of the *Merchant Operating Manual* must be included verbatim, except as appropriate to conform with the phrasing and terminology of the Sponsored Merchant Agreement (e.g., references in the sections to "you" can be changed to the term by which you refer to the Sponsored Merchant).
  - First paragraph of [Section 3.1, "Card Acceptance"](#).
  - Second paragraph of [Section 3.2, "Treatment of the American Express Brand"](#).
  - Last paragraph of [Section 3.2, "Treatment of the American Express Brand"](#).

- First and third paragraphs of [Section 3.2.1, "Treatment of the American Express Marks"](#).
- Second paragraph, and first sentence of third paragraph, of [Section 3.5, "Treatment of American Express Cardmember Information"](#).
- Requirement that the Sponsored Merchant comply with the applicable website information display guidelines set forth in [Section 12.4, "General Payment Facilitator Requirements"](#).
- Requirements that will enable you to comply with [Chapter 4, "Transaction Processing"](#), [Chapter 5, "Authorization"](#), [Chapter 6, "Submission"](#), [Chapter 8, "Data Security Operating Policy"](#), and [Chapter 10, "Chargebacks and Inquiries"](#).
- Industry-specific requirements of [Chapter 11, "Regulations for Specific Industries and Monitoring"](#), as applicable to the Sponsored Merchant.
- Requirement to maintain customer service information pursuant to [Subsection 12.4.1, "Customer Service Information"](#).
- A requirement that Sponsored Merchants' refund policies for purchases on the Card must be at least as favourable as its refund policy for purchases on any Other Payment Products, and the refund policy be disclosed to Cardmembers at the time of purchase and in compliance with Applicable Law.
- A prohibition against billing or collection from any Cardmember for any purchase or payment on the Card unless Chargeback has been exercised, the Sponsored Merchant has fully paid for such Charge, and it otherwise has the right to do so.
- The dispute resolution provision in [Appendix A.3, "Arbitration Agreement \(as to Claims involving American Express\)"](#), except as appropriate to conform with the phrasing and terminology of the Sponsored Merchant Agreement.

You shall notify us promptly if a Sponsored Merchant has breached any of these provisions.

You shall provide us with copies of your standard Sponsored Merchant Agreement from time to time on request.

If we notify you that a Sponsored Merchant has breached any of these provisions, then you shall cease providing Payment Services to it within five (5) days after your receipt of such notice and cause it to remove all our Marks from its Sponsored Merchant Website and other locations immediately.

## 12.4 General Payment Facilitator Requirements

During the application and setup process, Payment Facilitator will perform verification checks, credit checks, "Know Your Customer," and Anti-Money Laundering checks of Sponsored Merchants in accordance with all Applicable Law and otherwise as we may require. On request, you shall provide us with copies of your policies governing these checks and otherwise respond to our requests about your performance of these checks.

In the event that a Sponsored Merchant Prospect operates an e-commerce business, Payment Facilitator shall perform minimum verification processes (e.g., capturing screen shot images and/or website reviews), following a risk-based approach, to ensure that Sponsored Merchant Prospect adheres to the following website information display requirements (before such Sponsored Merchant Prospect becomes a Sponsored Merchant). In addition, you shall ensure that each Sponsored Merchant continues to adhere to the following website display requirements:

- An accurate description of the goods/services offered including the currency type for the Transaction (e.g., CAD). Transaction currency must be in Canadian Dollars.
- Sponsored Merchant's physical address in Canada.
- An email address and telephone number for customer service disputes.

- Return/refund policy.
- A description of the Sponsored Merchant's delivery policy (e.g., No COD, No overnight).
- A description of the Sponsored Merchant's security practices.
- A statement of known export restrictions, tariffs, and other regulations.
- A privacy statement regarding the type of personal information collected and how the information is used. Additionally, the Sponsored Merchant must provide customers with the option to decline being included in marketing campaigns or having their personal information included on lists sold to third parties.
- The website must not contain libelous, defamatory, obscene, pornographic, or profane material or any instructions that may cause harm to any individuals or Entities or damage to the American Express Brand. Note: It is strongly recommended that Payment Facilitator utilize an automated web scanning service.

Payment Facilitator is subject to, and shall comply with, each of the following requirements:

- Comply with all applicable provisions in [Chapter 3, "Card Acceptance"](#), [Chapter 4, "Transaction Processing"](#), [Chapter 5, "Authorization"](#), [Chapter 6, "Submission"](#), [Chapter 8, "Data Security Operating Policy"](#), [Chapter 9, "Fraud Prevention"](#), [Chapter 10, "Chargebacks and Inquiries"](#), [Chapter 11, "Regulations for Specific Industries and Monitoring"](#) and [Chapter 14, "Merchant Fees"](#).
- Maintain all licenses and legal and regulatory permissions necessary to perform your Payment Services.
- Establish separate Merchant Numbers with us as we may require, and submit Charges thereunder in the same currency that the Sponsored Merchant presented the price to the Cardmember.
- Settle payments for Sponsored Merchant Charges to the applicable Sponsored Merchant. You shall not process payment on behalf of any Entity other than a Sponsored Merchant.
- Not combine purchases or refunds (or both) from more than one Sponsored Merchant when processing an Aggregated Charge.
- Maintain, update as necessary, and execute an escheatment process with respect to amounts payable to a Sponsored Merchant that complies with Applicable Laws. If Payment Facilitator is unable to locate a Sponsored Merchant or a Sponsored Merchant's bank account to remit payment of Charges to the Sponsored Merchant, then Payment Facilitator will adhere to Applicable Laws.
- Ensure, on an ongoing basis, that its website does not contain libelous, defamatory, obscene, pornographic or profane material, or any instructions that may cause harm to any individuals or Entities or damage to the American Express Brand.
- If we should establish any method to identify Sponsored Merchants by additional descriptors, you shall comply with our implementation of such method of identification.
- Inform your Processor that you are classified as a Payment Facilitator and work with them to ensure that your submission of required data elements comply with the *American Express Technical Specifications*.
- Inform us promptly of any information related to any Sponsored Merchant or any Sponsored Merchant Website or other location that could reasonably lead to a Claim or demand against us, or our liability to, a third party.
- Upon termination of the Agreement, require that all Sponsored Merchants remove our Marks from their Sponsored Merchant Websites and all other locations.
- Agree to not process Transactions that may adversely impact the American Express brand.
- Agree and warrant that you will not subcontract any part of the Payment Services and you agree that you may not assign or subcontract any of your rights or obligations under the Agreement, including the *Merchant Operating Manual*, without prior written consent from us.



- Ensure additional due diligence is performed on any prospects classified as high risk in accordance with [Section 12.10, "Prohibited, Excluded, and High Risk Categories"](#).

If any Sponsored Merchant Prospect (in any of the categories listed above) does not provide you with the required documentation, you agree that you shall not sign them as a Sponsored Merchant.

For each Sponsored Merchant that carries on business in any of the industry categories listed above, you must ensure that such Sponsored Merchant continues to adhere to the terms set forth above. If a Sponsored Merchant does not adhere to such terms, you shall terminate them as a Sponsored Merchant.

### 12.4.1 Customer Service Information

You and each Sponsored Merchant must maintain customer service information that is readily available for review by Cardmembers transacting with the Sponsored Merchant. The customer service information should provide clear instructions on how to contact you or the Sponsored Merchant, including an active customer service email address and telephone number.

### 12.4.2 Disclosures to Cardmembers and Sponsored Merchants

The billing descriptor information you submit must be adequate enough to reduce instances of Cardmember "no knowledge" disputes.

It is important that Cardmembers recognize Transactions made through your Payment Services on their billing statements. Accordingly, you must:

- make clear to Cardmembers at the time of sale and on their billing statements who is the seller (e.g., you or, when you are providing Payment Services, the Sponsored Merchant), and
- advise the Cardmember that you are accepting the Charge and ensure that your name prominently appears wherever appropriate (i.e., on the Sponsored Merchant Website payment page, and on any Transaction receipt or confirmation email issued to the Cardmember by you or the Sponsored Merchant).

It is also important that Sponsored Merchants understand your Payment Services. Accordingly, to the extent that you assess fees or assessments for your Payment Services, you must:

- clearly disclose to any Sponsored Merchant that you are charging such fees or assessments (or both) for your Payment Services and the amount thereof, and
- make clear to the Sponsored Merchant that we have not required or requested such fees or assessments (or both).

You must ensure all statements for Sponsored Merchants include a sufficient level of detail, are easy to understand and include appropriate calculation and representation of the "Effective Discount Rate" as required under the Code of Conduct.

### 12.4.3 Chargebacks / Disputed Charges

Payment Facilitators should use best efforts to extend additional time to Sponsored Merchants to provide support to comply with these timeframes.

We may exercise Chargeback on Disputed Charges arising in connection with your Payment Services. You are fully responsible and financially liable for all Transactions and all other issues involving Sponsored Merchants. We shall have no responsibility in this regard except as expressly set forth in this [Chapter 12, "Payment Facilitator"](#).

In addition, we may place you or your Sponsored Merchant in one of our Chargeback programs. See [Section 10.11, "Chargeback Programs"](#).

As a provider of Payment Services to Sponsored Merchants, including disputes management, you must comply with all applicable provisions in [Chapter 10, "Chargebacks and Inquiries"](#).

Notwithstanding the timeframes set forth in [Section 10.11, "Chargeback Programs"](#), requests for Chargeback Reversals and responses to Inquiries must be made no later than thirty (30)

days from the date of the Chargeback or Inquiry. The thirty (30) day reply timeframe applies to any Payment Facilitator submitting Sponsored Merchant Data via a Sponsored Merchant Information Interface in accordance with the *American Express Technical Specifications*.

#### 12.4.4 Marketing and Communication

Amex Bank of Canada

2225 Sheppard Avenue East  
Mail Drop: 62-06-150  
Toronto, ON M2J 5C2

Attn: Payment Facilitator Team

Payment Facilitator shall comply with the rules outlined in [Subsection 3.2, "Treatment of the American Express Brand"](#).

To the extent that any of your marketing materials for recruiting Sponsored Merchant Prospects refer to us or the Card, that portion of the materials is subject to our prior review and written approval in each instance. You must send such marketing materials to your American Express representative or to the following address for written approval. We may, in our sole discretion, withhold or delay our approval to use those materials. You shall bear all costs and expenses relating to those materials.

Under no circumstances shall our approval of, or provision of pre-approval, material or any content therein (or both) be construed to imply any endorsement, representation, or warranty by us, and you shall not state or imply anything to the contrary. We disclaim any and all representations, warranties, whether express, implied, oral or statutory, and liabilities with respect to such materials or any content therein (or both). Your use of such materials or content (or both) is at your own risk.

You shall not use any Cardmember Information or lists of partial or complete Cardmember names for the purpose of providing or selling this information to third parties or other internal uses (e.g., marketing). You shall not use for marketing, sell, or disseminate a list compiled specifically of those Cardmembers who make purchases on the Card at Sponsored Merchants.

Payment Facilitator must provide Sponsored Merchants a choice to opt-in/opt-out of receiving American Express commercial marketing communications about products and services. Payment Facilitator may collect this choice by using an "opt-in/opt-out checkbox" or other acceptable means such as directing Sponsored Merchants who wish to opt-in/opt-out to contact Payment Facilitator directly via inbound telephone, email, website and any other means identified by Payment Facilitator. If a Sponsored Merchant has opted-out, Payment Facilitator must disclose to Sponsored Merchant that it may continue to receive important transactional or relationship communications from American Express. In the applicable field as set forth in the Sponsored Merchant Information Interface, Payment Facilitator must identify Sponsored Merchants that opt-in/opt-out in order for American Express to update its records accordingly.

In performing the Payment Services, Payment Facilitator shall not act in a way that adversely affects American Express, the American Express Brand, or Cardmembers. Payment Facilitator shall properly communicate eligibility requirements to all Sales Agents and shall not knowingly make misrepresentations about the scope of its relationship with American Express or eligibility criteria for Sponsored Merchant Prospects. If Payment Facilitator or a Sales Agent makes a misrepresentation about the scope of its relationship with American Express or eligibility criteria for Sponsored Merchant Prospects, or markets Card acceptance to merchants that do not meet the eligibility criteria, Payment Facilitator shall promptly correct the misrepresentation and clarify eligibility requirements for affected merchants.

Any disclosure to the media in the form of a press release concerning Payment Facilitator's and/or its Sponsored Merchants' relationship with American Express must be mutually agreed to in advance by American Express and the parties involved in making such disclosure.

Payment Facilitator is obligated to comply with Applicable Law, including privacy, data protection, and anti-spam measures.



### 12.4.5 Treatment of Specific Industries

This subsection describes the requirements applicable to the assessment of convenience fees for Sponsored Merchants classified in the rental establishments, government, utilities, or certain education (i.e., higher education, private school–kindergarten to grade 12) categories. These requirements apply regardless of whether the convenience fee is imposed by the Sponsored Merchant or Payment Facilitator.

Customers should feel free to use all forms of payment that Sponsored Merchants accept without being penalized for choosing a particular form of payment. To promote consumer choice, Sponsored 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.

Sponsored Merchants 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 it imposes on Other Payment Products, except for electronic funds transfers, cash, and cheques. American Express views such discrimination against Cardmembers as unfair and in breach of Card acceptance terms.

Sponsored Merchants classified in the rental establishments, government, utilities, and applicable education (i.e., higher education, private school–kindergarten to grade 12) categories may assess convenience fees on Charges, provided that such Sponsored Merchants comply with this [Subsection 12.4.5, "Treatment of Specific Industries"](#) and the requirements in [Chapter 11, "Regulations for Specific Industries and Monitoring"](#).

Sponsored Merchants must clearly disclose the amount of convenience fees to the customer, which may include itemization on the billing statement, invoice or receipt, 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 or your Sponsored Merchant's administrative costs and not as an assessment to cover your or your Sponsored Merchant's cost of accepting the Card.

Prior to a Sponsored Merchant assessing a convenience fee, Payment Facilitator shall notify each Sponsored Merchant of the aforementioned requirements, and monitor each Sponsored Merchant's compliance with these requirements.

### 12.4.6 Monitoring for Unusual Transactions

As a Canadian financial institution, American Express is required under Applicable Law to file suspicious or attempted suspicious transaction reports (Suspicious Transaction Reports) with FinTrac where there are reasonable grounds to suspect that a transaction or an attempted transaction is related to the commission or attempted commission of a money laundering offence or a terrorist activity financing offence. You agree to provide American Express with information and reporting to enable the identification of suspicious transactions (including, without limitation, information pertaining to any suspicious or unusual transactions that are attempted or completed) for further review by American Express and potential inclusion in Suspicious Transaction Reports. We may file Suspicious Transaction Reports with FinTrac and/or other Regulators if, in our sole discretion, we are of the view that the transactions are suspicious. The parties agree to work together to develop a list of scanners and/or behaviours that will be analyzed and reported on a regular basis. You are prohibited from disclosing to a Sponsored Merchant that a flag of suspicious or unusual activity has occurred. Information must be broken down to the individual Sponsored Merchant so that American Express can determine on an individual basis if any behaviour is suspicious. Frequency of such reporting will vary in accordance with unusual transaction patterns as they may arise, but will be no less frequent than monthly or as otherwise required by the Compliance Requirements. You agree

that you will share information with American Express in respect of all transactions processed on your behalf of your Sponsored Merchants so that American Express is able to track and investigate unusual transactions and determine who the relevant party is for such purposes. On our request, you will provide us with direct access to information about you and the Sponsored Merchants so that we may directly undertake transaction monitoring and analysis activities and the identification of unusual or suspicious transactions for detailed review and possible reporting to FinTrac and other Regulators.

#### 12.4.7 Merchant Support

Payment Facilitator shall serve as the primary interface with Sponsored Merchants for purposes of sales, customer service and relationship management in connection with Card acceptance. Payment Facilitator is responsible for servicing Sponsored Merchants in the same manner it does for Other Payment Products. This includes:

- Administering statements in connection with Sponsored Merchant accounts;
- Responding to any questions or concerns Sponsored Merchants may have in connection with Card acceptance;
- Explaining financial Transactions on Sponsored Merchant statements and reconciling as needed; and
- Incorporating changes to a Sponsored Merchant account as needed.

#### 12.4.8 Compliance with Codes

You agree, represent and warrant that you comply and will continue to comply with the terms of the Code of Conduct for the Payment Card Industry in Canada (Code of Conduct) and any other codes or public commitments that come into effect or that we may provide notice of from time to time including, without limitation, the requirements in the Code of Conduct to disclose "Effective Discount Rate" on Sponsored Merchant statements and to provide ninety (90) days advance notice of new fees and/or fee increases to Sponsored Merchants before any such fees are to take effect.

#### 12.4.9 Sponsored Merchant Complaint Handling and Reporting

Payment Facilitator must ensure that Sponsored Merchants have access to a clear dispute resolution process that provides for an investigation and a timely response to complaints pertaining to the Code of Conduct.

Payment Facilitator must promptly inform American Express in writing of the aggregate number of any Code-related complaints received, the nature of the complaints, and the outcomes, together with any related material (as requested by American Express), on a semiannual basis according to the following schedule:

- Complaints received during the months of April – September are due to American Express by November 30;
- Complaints received during the months of October – March are due to American Express by May 31;

Payment Facilitator must send to American Express all required information, for all Sponsored Merchants accepting American Express Cards (which includes JCB cards), on the Aggregate Reporting template which lists all of the applicable Code-related complaint categories. The completed template must be sent to: [program.oversight.canada@aexp.com](mailto:program.oversight.canada@aexp.com).

Payment Facilitator acknowledges that American Express is required to submit this information to the Financial Consumer Agency of Canada (FCAC), along with aggregate information on any other Code-related complaints resolved by American Express during the same reporting period.

Reportable complaints must be Code of Conduct-related and only complaints where Sponsored Merchants have received a final response are to be reported; Payment Facilitator is not to include active complaints. Active complaints should be carried over to the next reporting period. If no complaints were received during the period, Payment Facilitator is required to submit a nil report. Prior to sending this information to American Express, Payment Facilitator must ensure that any confidential or personal information that is not directly related to the Sponsored Merchant complaint is deleted.

#### 12.4.10 Developments

If you plan to use any new or additional methods or mechanisms of selling goods or services, whether electronic, automated, computerized or otherwise that would enable payments using Cards (Development), you shall provide us with one hundred and eighty (180) days prior written notice before you implement any such Development, and we shall have the right to approve or deny, in our sole discretion, the acceptance of the Card through such Development, such approval not to be unreasonably withheld or delayed, and you shall not include the Card in such Development without our prior written consent.

Notwithstanding anything to the contrary herein, our approval with respect to a Development may be conditioned upon your agreement in writing to additional requirements, if any, that apply to such Development. If we provide you with such prior written consent then you shall include the Card in such Development to the same extent as you include Other Payment Products. If we do not deliver such approval or denial notice, then you may not assume our approval and shall communicate and escalate within American Express until you receive an affirmative approval or denial notice.

You shall use commercially reasonable efforts to build Developments in a sufficiently flexible manner so that the Card may be included or excluded from the Development without significant cost expenditure.

#### 12.4.11 Payment Facilitator Changes

You must update your Payment Facilitator information to keep such information current by notifying us of any changes.

In addition to your obligations under the Agreement, you must also notify us if you are terminating your participation as a Payment Facilitator.

## 12.5 Financial and Payment Terms

The Discount that we charge you with respect to Charges arising in connection with your Payment Services and our payments to you will be determined from time to time according to [Chapter 7, "Settlement"](#), except: our one-day payment plan does not apply, unless we notify you in writing otherwise, and we may change the speed of payment for Charges as appropriate to manage risk, mitigate harm, or otherwise to the extent appropriate to operate the American Express Network.

Subject to compliance with Applicable Law and [Section 12.4.5, "Treatment of Specific Industries"](#) and [Section 12.4.8, "Compliance with Codes"](#), you have the right to determine charges and fees payable by Sponsored Merchants to you for the services you provide to Sponsored Merchants, except that you must not discriminate against the Card by charging Sponsored Merchants higher or additional fees or assessments (or both) for such services than you would charge for your similar services you provide to Merchants for Other Payment Products.

## 12.6 Sponsored Merchant Reporting Requirements

It is important that we know all Sponsored Merchants that have retained you as a Payment Facilitator. Accordingly, we require Sponsored Merchant information. Upon initial setup and at any time upon notification by us, you must submit to us, via such method as we may prescribe, a list of all Sponsored Merchants that have retained you as a Payment Facilitator. Each list must contain the data elements required by, and must be provided in accordance with the timelines specified in, the *American Express Technical Specifications*.

We may notify you if we do not receive the list, or if we believe that it is not complete and accurate. If we still have not received the list or if you fail to correct any omission or inaccuracy in the list within ten (10) days of notice, we shall have the right to terminate the Agreement or your Authorization to provide Payment Services, in our sole discretion.

In addition to our other rights and remedies, we may assess a non-compliance fee as described in [Subsection 14.2.5, "Payment Facilitator and Indirect Acceptor Fees"](#) if you fail to fulfil these reporting requirements.

### 12.6.1 Transactional Data Requirements

In addition to the information and reporting requirements set forth in this [Chapter 12, "Payment Facilitator"](#), you shall provide us with the transaction data required by the *American Express Technical Specifications* with each Authorization and Submission request, as outlined in [Section 4.1, "Transaction Process"](#), and otherwise with the applicable frequency required by the *American Express Technical Specifications*. Under the Agreement, the requirement in [Chapter 4.1, "Transaction Process"](#) that Cardmembers provide Transaction Data directly to you is modified to the extent necessary to permit Sponsored Merchants to collect that Transaction Data directly from Cardmembers and provide it directly to you.

### 12.6.2 Record Retention Requirement

Payment Facilitator will maintain the following records (collectively, *Sponsored Merchant Records*):

- all Sponsored Merchant accounts;
- setup and supporting verification documentation;
- copies of its Sponsored Merchant Agreements (including evidence of acceptance);
- Transaction Data;
- all Customer Identification Information (or CII) obtained pursuant to [Subsection 12.9.1, "Customer Identification and Verification Requirements"](#);
- documentation of, or recording of, the due diligence or steps undertaken by Payment Facilitator to validate the identity of a Sponsored Merchant (Customer Identification Verification or CIV) in accordance with [Subsection 12.9.1, "Customer Identification and Verification Requirements"](#).

Payment Facilitator must keep Sponsored Merchant Records as follows:

- CII and CIV must be retained for the longer of five (5) years from the date of termination or cancellation of the Sponsored Merchant Agreement or such period required under Applicable Law;
- All other Sponsored Merchant Records must be retained for the longer of five (5) years from the date of termination or cancellation of the Agreement or such period required under Applicable Law.

Payment Facilitator will make data and documents cited in this [Subsection 12.6.2, "Record Retention Requirement"](#) available to American Express within seventy-two (72) hours upon request or sooner based on Applicable Law.

## 12.7 Indemnity—Limitation of Liability

You shall indemnify, defend and hold harmless us, any Third Party Issuer, and our Affiliates, successors, assigns and third party licensees from and against, and your indemnity obligations under the Agreement shall include all damages, liabilities, losses, costs and expenses, including legal fees, arising out of, or in connection with the following:

- your breach of any provision of this [Chapter 12. "Payment Facilitator"](#),
- your failure or omission in the provision of Payment Services,
- any Claim from:
  - a Sponsored Merchant Prospect that does not become a Sponsored Merchant,
  - a Sponsored Merchant arising out of or in connection with its Sponsored Merchant Agreement (or both), and
  - a Cardmember relating to the failure in the provision of Sponsored Merchant's goods or services.
- a Sponsored Merchant's act or omission in connection with the relationship established under a Sponsored Merchant Agreement, including liability arising from fraudulent Transactions or Data Incidents at Sponsored Merchants, and
- any claim or action by your personnel, agents, and subcontractors that we are liable to such person as the employee or joint employer of such person, including any claim for employee benefits as a result.

The limitation on our liability set forth in the Agreement shall apply to any damages you may incur in connection with your provision of Payment Services.

### 12.7.1 Termination

Without waiving our other rights and remedies, if you do not fulfil the requirements of this [Chapter 12. "Payment Facilitator"](#), we may terminate the Agreement, or your authorization to provide Payment Services, with immediate effect and in our sole discretion.

## 12.8 Audit and Oversight

The following sections apply to your provision of Payment Services.

### 12.8.1 Audit Rights

We reserve the right to conduct audits of you for the purpose of determining compliance with the policies set forth in this *Merchant Operating Manual*. You must provide to us and our auditors access at all reasonable times to (i) any facility or part of a facility at which either you or any of your subcontractors provide Payment Services, (ii) your personnel, and (iii) data and records relating to the Payment Services for the period you are required to maintain such records under this *Merchant Operating Manual* or the Agreement. Such access is necessary to:

- a. verify the security and integrity of American Express information, Cardmember Information, Transaction Data and Sponsored Merchant Data and examine the systems that process, store and support and transmit that data;
- b. verify the appropriate administration and retention of Sponsored Merchant Agreements;
- c. review communications generated from you to Sponsored Merchants that refer to us;
- d. conduct any of the audits or inspections referenced elsewhere in this *Merchant Operating Manual*;
- e. examine your performance of the Payment Services and conformance to the terms of this *Merchant Operating Manual* and the Agreement including, to the extent applicable to the Payment Services and to the Charges, by performing audits: (i) of practices and procedures; (ii) of systems, equipment and software; (iii) of general controls and security

practices and procedures; (iv) of disaster recovery and back-up procedures; and (v) as reasonably necessary to enable us to meet, or to confirm that you are meeting, Applicable Laws;

- f. review your risk management and compliance practices, policies and controls related to Payment Services;
- g. verify that Settlement for Sponsored Merchants is performed in the same manner as for Other Payment Products and that Settlement is directed to a Canadian bank account; and;
- h. verify that requisite "Know Your Customer," and Anti-Money Laundering efforts were performed by you in accordance with the requirements of this [Chapter 12. "Payment Facilitator"](#).

You will provide to us and our auditors such assistance as we may reasonably request. You will cooperate fully with us or our designees in connection with any audit functions, including Oversight Reviews described in [Subsection 12.8.3, "Oversight Reviews"](#) below, and with regard to examinations by Regulators.

We and our auditors will comply with your reasonable security requirements and will schedule and conduct audits in a manner that does not unreasonably interfere with your ordinary business operations.

You will maintain financial and non-financial records of transactions, policies and procedures, and activities used or performed in connection with Payment Services (subject to redaction of highly confidential information and other information not relevant to Payment Services) that is reasonably necessary to enable us to exercise our audit rights under this [Section 12.8, "Audit and Oversight"](#).

We may provide information obtained in connection with audits, including audit findings, to our auditors.

No information or materials received by us shall serve to modify any term of, or waive any of our rights under the Agreement, nor shall any attestation accepted by us in lieu of materials requested by us serve to limit our right to require such materials at any time thereafter.

## 12.8.2 Audit and Inspection Rights of Regulators

You agree to co-operate with and assist American Express to meet its obligations to and requests from Regulators from time to time. Regulators (or their authorized representatives) have the right to:

- exercise directly the audit rights granted to American Express under this Section;
- accompany American Express (or any auditor) when it exercises its audit rights under this Section;
- access and make copies of all internal audit reports (and associated working papers and recommendations) prepared by or for Payment Facilitator relating to the Payment Services, subject to Regulator agreeing to sign appropriate confidentiality documentation in a form and content satisfactory to you; and
- access any findings in the external audit of Payment Facilitator (and associated working papers and recommendations) prepared for you that relate to the Payment Services, subject to the consent of your external auditor and Regulator agreeing to sign appropriate confidentiality documentation.

You acknowledge and agree that all information provided to us pursuant to the Agreement, including this [Section 12.8, "Audit and Oversight"](#), may be made available by us for inspection, reporting and review by Regulators, at our sole discretion and without notice to you, together with any other reports, data or information from you that may be necessary, in our sole discretion, to comply with Applicable Law.

### 12.8.3 Oversight Reviews

Notwithstanding our audit rights set forth in [Subsection 12.8.1, "Audit Rights"](#), we shall have the right to conduct an Oversight Review at all reasonable times. The Oversight Review shall be conducted by us or our auditors.

We shall provide you with advance notice before conducting an Oversight Review. Prior to commencement, we shall schedule a kick-off meeting at which time the scope of the review shall be communicated to you. You shall have four (4) weeks to provide us with all requisite documentation requested in connection with the Oversight Review.

### 12.8.4 Audit and Oversight Review Follow-up

Following an audit or examination as set forth in [Subsection 12.8.1, "Audit Rights"](#), and [Subsection 12.8.3, "Oversight Reviews"](#), above, we may conduct, or request our auditors to conduct, an exit conference with you to obtain factual concurrence with issues identified in the review.

You and we will promptly meet to review each audit report after its issuance and to mutually agree upon the appropriate manner in which to respond to the changes suggested by the audit report.

If an audit identifies deficiencies in your systems or processes related to the performance of Payment Services, compliance with Applicable Law, or the integrity or security of American Express Information, you shall provide to us, within thirty (30) days after receiving notice, a remediation plan for our approval addressing the identified deficiencies and actions that you will take to cure such deficiencies.

If you fail to comply with the requirements set forth in [Subsection 12.8, "Audit and Oversight"](#) we have the right to issue a warning letter indicating your non-compliance. You shall have thirty (30) days to comply.

If you fail to comply within thirty (30) days, then we, in our sole discretion, may assess non-compliance fees set forth in [Subsection 14.2.5, "Payment Facilitator and Indirect Acceptor Fees"](#).

## 12.9 Anti-Money Laundering and Anti-Terrorist Financing

### 12.9.1 Customer Identification and Verification Requirements

- a. Payment Facilitator will conduct appropriate due diligence for all Sponsored Merchants during the application and setup process. As part of such due diligence, Payment Facilitator will obtain and verify customer identification information for each Sponsored Merchant (Customer Identification Information or CII) set forth in the *American Express Technical Specifications* and in accordance with Applicable Law.
- b. Payment Facilitator must validate the Sponsored Merchant's identity prior to setting up the Sponsored Merchant to receive Charges. Validation must be completed either via an independent source (e.g., Dun & Bradstreet or similar resource) or appropriate corporate registry. If the Sponsored Merchant cannot be validated via the independent source, Payment Facilitator should obtain and retain appropriate business documentation (e.g., articles of incorporation, business license or lease agreement), and/or by conducting an on-site inspection in order to support the Sponsored Merchant's identity. The documentation of, or recording of, the due diligence or steps undertaken by Payment Facilitator to validate the identity of a Sponsored Merchant is referred to as *Customer Identification Verification* or CIV.
- c. Payment Facilitator will retain CII and CIV documentation pursuant to the record retention requirements in [Section 12.6, "Sponsored Merchant Reporting Requirements"](#) of this *Merchant Operating Manual*.



- d. Payment Facilitator must capture CII and complete all requisite CIV before or at the time of a Sponsored Merchant signing a Sponsored Merchant Agreement.
- e. Payment Facilitator must provide American Express with the CII about each Sponsored Merchant (e.g., copies of articles of incorporation) within twenty-four (24) hours of request by American Express or earlier as required to satisfy regulatory obligations.
- f. Payment Facilitator will document and maintain Sponsored Merchant identification and verification procedures, and update such procedures as necessary to ensure these procedures continue to address Payment Facilitator's requirements under Applicable Law.
- g. Payment Facilitator will periodically review, validate, and update substantive changes to CII and CIV data for Sponsored Merchants. Reviews must follow a risk-based approach as defined by the Payment Facilitator to determine periodic review cycles and/or triggers. The risk based approach can be a part of existing processes that Payment Facilitator already has in place, including periodic credit risk reviews, validation within customer service functions, risk-based monitoring triggers, and/or validation via independent sources as referenced in this [Subsection 12.9.1, "Customer Identification and Verification Requirements"](#).
- h. Payment Facilitator must ensure that it undertakes appropriate due diligence in the selection and commission of subcontractors prior to performing services. At a minimum, such due diligence will include, but not be limited to, performing background checks to ensure that the subcontractors and their representatives represent a legitimate business and do not participate in any illegal products/services, fraudulent practices and unfair, deceptive or abusive practices, and are compliant with Applicable Law.

## 12.9.2 Sanction Screenings

As a Canadian financial institution, American Express is required under Applicable Law to screen its Merchants to ensure we are not engaging in business with known money launderers or individuals/entities involved in terrorist financing activities or other prohibited activities. As American Express does not have a direct relationship with the Sponsored Merchants we require that you provide American Express with Sponsored Merchant Data elements described in the specifications for the Sponsored Merchant Information Interface in order for us to be able to comply with Applicable Law and the Compliance Requirements, prior to setting up any Sponsored Merchant to accept Charges, you screen Sponsored Merchant Prospects to ensure that they are not on the List of Names made subject to the Regulations Establishing a List of Entities pursuant to subsection 83.05(1) of the Criminal Code of Canada or the United Nations Suppression of Terrorism Regulations, U.S. Department of Treasury, Office of Foreign Assets Control, Specially Designated Nationals and Blocked Persons List, U.S. Department of State's Terrorist Exclusion List, or any other such list or regulation that may exist now or in the future.

In addition, we require that you provide American Express with Sponsored Merchant Data elements described in the specifications for the Sponsored Merchant Information Interface in order for us to be able to comply with Applicable Law and the Compliance Requirements. Upon initial setup and upon notification by us, you must submit to us, via such method as we may prescribe, a list of all Sponsored Merchants that have retained you as a Payment Facilitator. Each list must contain the data elements required by, and must be provided in accordance with the timelines specified in, the *Technical Specifications*. At our request, on ten (10) days' notice, you will undertake regular sanctions screening and prepare and submit to us sanction screening reports, in such form and format and at such frequency as specified by us in the notice. We will review such reports and may submit information from such reports to Regulators.



## 12.10 Prohibited, Excluded, and High Risk Categories

Payment Facilitators must not sign any Sponsored Merchant Prospect that falls into and/or engages in a line of business listed in [Section 11.2, "Prohibited and Restricted Merchants"](#) or exclusion categories listed below:

- Travel industry, including, but not limited to:
  - Airlines and air carriers (including charter airlines) (MCC 3000-3302; 4511)
  - Car rental agencies (MCC 3351-3441; 7512)
  - Lodging – hotels, motels, resorts (including branded Central Reservation Services) (MCC 3501-3999; 7011)
  - Steamships and cruise lines (including onboard cruise shops) (MCC 4411)
  - Timeshares (MCC 7012)
  - Travel agencies and tour operators (MCC 4722)
- Other Entities acting as Payment Facilitators, including but not limited to:
  - Third Party Service Providers (TPSPs)
  - Integrated Software Vendors (ISVs)
  - Software as a Service Providers (SaaSs)
  - Any other Entities that act as Payment Facilitators to Merchants. Notwithstanding the foregoing, while Payment Facilitators may not sign another Payment Facilitator as a Sponsored Merchant, they may contract with TPSPs, ISVs, SaaSs, and other third parties to offer additional services to Sponsored Merchants, so long as the Payment Facilitator enters into a Sponsored Merchant Agreement directly with each of its Sponsored Merchants and pays Charges to the applicable Sponsored Merchants.
- Telecommunication services including wireless, cable, satellite, wire line, and internet service providers (ISPs) (MCC 4814, 4816, 4899)
- Indirect Acceptor models with the exception of Marketplaces.

At our request, you must notify us and cooperate with us, which may include providing to us the Sponsored Merchant's contact information, to transition a Sponsored Merchant that you are providing Payment Services to that falls within the above listed exclusion categories.

We may modify these exclusions at any time in our sole discretion. If you have begun to recruit a Sponsored Merchant Prospect that falls within such a modified exclusion, you must cease all such efforts immediately. If you have begun providing Payment Services to a Sponsored Merchant that falls within any category listed [Section 11.2, "Prohibited and Restricted Merchants"](#) or in any of the additional exclusion categories listed above, you must cease providing Payment Services to it immediately.

Payment Facilitator must have a monitoring process in place to ensure Sponsored Merchants do not operate in any of the categories listed in [Section 12.10, "Prohibited, Excluded, and High Risk Categories"](#) and if so, you must immediately notify us when identified.

Payment Facilitators are permitted to acquire a Sponsored Merchant Prospect that falls into and/or engages in a line of business that is in any of the high-risk merchant categories listed below even if they are listed in [Section 11.2, "Prohibited and Restricted Merchants"](#). At the time of signing a Sponsored Merchant Prospect, additional supporting information, documentation, licenses, or processes are required. Payment Facilitator will furnish such documentation to American Express within seventy-two (72) hours of request. This requirement is not intended to create a representation, warranty, or guarantee by Payment Facilitator that any Sponsored

Merchant conducts, or will continue to conduct, business in any particular industry. The categories and Due Diligence Requirements are as follows:

**Table 12-1: High Risk Merchant Category List – Additional Due Diligence Required**

High Risk Category	Description	MCC	Due Diligence Requirement
Bail/bail bond (fee only)	This does <i>not</i> include the actual bail or bond payment established to be paid by a criminal defendant to be released from jail under the condition that they appear for court appearances.	9223	At the time of signing a Sponsored Merchant Prospect that is classified as bail/bail bond, Payment Facilitator must ensure that such Sponsored Merchant Prospect submits transactions for the bail bond fee <i>only</i> . American Express reserves the right to exercise Chargeback for transactions submitted for actual bail/bail bond payments.
Charities and social service organizations	A non-profit, non-political organization that collects donations, including fundraising.  For the purpose of clarification, this category shall also include crowdfunding Merchants that solicit and accept financial contributions on behalf of individuals raising money for various causes without any expectation of repayment or receipt and without any additional perceived or actual financial, tax, or other benefit.	8398	At the time of signing a Sponsored Merchant Prospect that is a charitable organization or a registered Canadian athletic association and accepting payment for tax deductible donations, Payment Facilitator must obtain proof that the Sponsored Merchant Prospect is a registered charity or a registered Canadian athletic association both as defined under Subsection 248(1) of the Income Tax Act (ITA) and recognized by the Canadian Revenue Agency as an Entity qualifying for tax exemption under paragraph 149(1)(f) of the ITA.
Dating services	A business, agency, or person who, for a fee, provides or offers dating services.  For clarification purposes, escort services are strictly prohibited.	7273	At the time of signing a Sponsored Merchant Prospect that is classified as a dating service, Payment Facilitator must obtain proof that such Sponsored Merchant Prospect is a legitimate dating service and does NOT provide services that (i) accept payment directly or indirectly for potentially sexual related services (e.g., escort services, strippers, etc.) or (ii) promote or provide sexual services in return for payment (e.g., prostitution). A Sponsored Merchant Prospect that provides services in either (i) or (ii) is prohibited and must not be signed. In the event Sponsored Merchant Prospect is an online dating service, Payment Facilitator shall perform minimum verification and monitoring processes (e.g., utilizing an automated web scanning service, capturing screen shot images upon acquisition, and/or conducting periodic and ongoing website reviews), to ensure compliance with these additional verification requirements.

Table 12-1: High Risk Merchant Category List – Additional Due Diligence Required (Continued)

High Risk Category	Description	MCC	Due Diligence Requirement
Massage parlours	A massage parlour that is registered with a governing body.	7297	At the time of signing a Sponsored Merchant Prospect that is classified as a massage parlour, Payment Facilitator must obtain proof that such Sponsored Merchant Prospect is a legitimate therapeutic massage parlour, possesses the necessary licensure specializing in providing therapeutic massage services, and does NOT provide services that (i) accept payment directly or indirectly for potentially sexual related services or (ii) promote or provide sexual services in return for payment (e.g., prostitution). A Sponsored Merchant Prospect that provides services in either (i) or (ii) is prohibited and must not be signed.
Political party donations	Contributions, funds, goods, or services raised to promote the interests of a national, state, or local political party, candidate, or campaign.	8651	At the time of signing a Sponsored Merchant Prospect that is classified as a political organization, Payment Facilitator must obtain verification of Sponsored Merchant Prospect's status as a political organization. Such verification includes, but is not limited to, proof of Sponsored Merchant Prospect's tax exempt filing status with the Canada Revenue Agency, or articles of incorporation.

We retain the right, in our sole discretion, to not approve any Sponsored Merchant. If we notify you that we disapprove of a Sponsored Merchant, you shall:

- cease providing Payment Services to such Sponsored Merchant within five (5) days after your receipt of such notice,
- promptly on request, confirm details to us of such Sponsored Merchant, and
- cause the Sponsored Merchant to remove all our Marks from its Sponsored Merchant website or other locations immediately.

# Indirect Acceptors

- 13.1 Indirect Acceptors
- 13.2 Indirect Acceptor Models
- 13.3 General Requirements for Indirect Acceptors
- 13.4 Additional Requirements for Bill Payment Providers
- 13.5 Additional Requirements for Installment Payment Transactions
- 13.6 Additional Requirements for Marketplaces
- 13.7 Excluded Industries for Indirect Acceptors

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## 13.1 Indirect Acceptors

This [Chapter 13, "Indirect Acceptors"](#), states additional requirements applicable to Indirect Acceptors.

Indirect Acceptors bound by the terms of their Agreement and applicable provisions of the *Merchant Operating Manual*. American Express has the right, in its sole discretion, to approve and designate a Merchant as an Indirect Acceptor.

## 13.2 Indirect Acceptor Models

Indirect Acceptors may operate through one or more different models including, but not limited to, the following:

- Bill Payment Provider
- Marketplaces
- Digital Wallet Operator allowing Cardmembers to make purchases or transfer funds through one or more methods:
  - Installment Payment Transaction (sometimes called "Buy Now Pay Later")
  - Peer to Peer (P2P) Transaction
  - Staged Back-to-Back Transaction
  - Stored Value Transaction (sometimes called "Top Up Wallet" )

## 13.3 General Requirements for Indirect Acceptors

Indirect Acceptors are liable for all acts, omissions, and other adverse conditions caused by their End Beneficiaries.

Indirect Acceptors are fully responsible and financially liable for all Transactions and all other issues involving End Beneficiaries. In addition, Indirect Acceptors may be placed in one of our Chargeback programs. See [Section 10.11, "Chargeback Programs"](#) to understand the Chargeback policies that apply to Indirect Acceptors.

Indirect Acceptors must comply with Applicable Law, including but not limited to, the Anti-Money Laundering (AML), Anti-Terrorist Financing (ATF), and sanction screening requirements that take into consideration the End Beneficiary of the Transaction.

For all Indirect Acceptor models, except Digital Wallet Operators engaged in Stored Value Transactions and Marketplaces, Indirect Acceptors must screen End Beneficiaries as customers, applying reasonable measures to obtain and verify the customer identification information for each End Beneficiary in accordance with Applicable Law.

Indirect Acceptors that fail to comply with the requirements of this section may be subject to non-compliance fees as stated in [Subsection 14.2.5, "Payment Facilitator and Indirect Acceptor Fees"](#).

Indirect Acceptors are classified as a restricted industry and must comply with the requirements set out in [Section 11.2, "Prohibited and Restricted Merchants"](#).

In addition to the requirements set forth above, Indirect Acceptors must:

- Comply with [Section 4.3, "Card Not Present Charges"](#).
- Comply with [Subsection 4.4.6, "Merchant-Initiated"](#) when processing non-Cardmember-Initiated-Transactions.
- Monitor End Beneficiaries for potentially suspicious or unusual activity, and ensure requisite reports are filed in accordance with Applicable Law.

- Obtain and maintain all required licenses and approvals necessary to conduct business, including Stored Value Transaction requirements to hold funds in reserve.
- Not facilitate payments to End Beneficiaries in prohibited or restricted industries. See [Section 11.2, "Prohibited and Restricted Merchants"](#).
- Accept the Card only to facilitate payments to eligible End Beneficiaries. Other Indirect Acceptors are not eligible End Beneficiaries, with the exception of Marketplaces.
- Perform verification checks, credit checks, "Know Your Customer," and AML checks of End Beneficiaries in accordance with all Applicable Laws and otherwise as we may require, providing American Express, on request, copies of your policies governing these checks and otherwise responding to American Express' requests about the performance of these checks.
- Provide the mandatory data elements as required in the *Technical Specifications*, see [Subsection 2.6, "Compliance with the Technical Specifications"](#) with each Authorization request and Submission.
- Submit accurate data and conduct periodic checks to ensure accuracy.
- Include an indicator identifying the Indirect Acceptor model, a separate Merchant number for each Transaction type, and the Card Acceptor name. See the *Technical Specifications* for more information.
- Provide the MCC field in both the Authorization request and Submission as listed in [Table 13-1: Indirect Acceptors MCC Requirements](#).

American Express may request additional information about End Beneficiaries when needed to validate compliance. Merchants must provide American Express with the information about their End Beneficiaries as specified.

**Table 13-1: Indirect Acceptors MCC Requirements**

Indirect Acceptor/Transaction Type	Merchant Category Code (MCC)
Bill Payment Provider	The appropriate MCC for each End Beneficiary
Installment Payment Transaction	The appropriate MCC for each End Beneficiary
Marketplaces	The appropriate MCC that best describes the majority of the goods and services throughout the Marketplace
Peer to Peer (P2P) Transaction	MCC 6538 (P2P payment transfer of funds)
Staged Back-to-Back Transaction	The appropriate MCC for each End Beneficiary
Stored Value Transaction	MCC 6540 (Stored Value/Gift Card Purchase/Load)

Refer to the *Codes Reference Guide* for more information.

### 13.3.1 Customer Service Information

You and each End Beneficiary must maintain customer service information that is readily available for review by Cardmembers that use the Card for Transactions with Indirect Acceptors. We recommend the customer service information should provide clear instructions

on how to contact you or the End Beneficiary, including an active customer service email address and telephone number.

### 13.3.2 Chargebacks/Disputed Charges

We may exercise Chargeback on Disputed Charges arising in connection with your provision of payment solutions to End Beneficiaries. You are fully responsible and financially liable for all Transactions and all other issues involving End Beneficiaries.

In addition, we may place you in one of our Chargeback programs. See [Section 10.11, "Chargeback Programs"](#).

### 13.3.3 Indemnity Requirements for Indirect Acceptors

You are liable for all acts, omissions and other adverse conditions caused by you and your End Beneficiaries. Your indemnity obligations under the Agreement include damages, liabilities, losses, costs and expenses, including legal fees, arising out of, or in connection with the following:

- your breach of any provision of this [Chapter 13, "Indirect Acceptors"](#).
- your failure or omission in the provision of payment solutions to End Beneficiaries,
- any Claim from:
  - an End Beneficiary arising out of or in connection with its agreement or relationship with you, and
  - a Cardmember relating to the failure in the provision of an End Beneficiary's goods or services.

### 13.3.4 Termination

Without waiving our other rights and remedies, if you do not fulfil the requirements of this [Chapter 13, "Indirect Acceptors"](#), we may suspend acceptance of Cards and/or terminate the Agreement, or your designation as an Indirect Acceptor, with immediate effect and in our sole discretion.

### 13.3.5 Audit Rights

We reserve the right to conduct audits of you, including inspecting your premises and auditing your books, records, and procedures at any time for the purpose of determining compliance with the policies set forth in this *Merchant Operating Manual*. You will provide to us and our auditors such assistance as we may reasonably request. You will cooperate fully with us or our designees in connection with any audit functions.

We may request that you provide information about you or your End Beneficiaries when needed to validate compliance. When requested, you must provide us with information about you and your End Beneficiaries no later than thirty (30) days from receipt of notice from us (unless another date is specified in such notice).

We and our auditors will comply with your reasonable security requirements and will schedule and conduct audits in a manner that does not unreasonably interfere with your ordinary business operations.

## 13.4 Additional Requirements for Bill Payment Providers

Bill Payment Providers must comply with the following:

- Each Transaction must be individually Authorized and Submitted. Do not aggregate Transactions.

- Do not make payments to individuals. Only pay End Beneficiaries who are registered businesses, with the exception of rental payments.
- Disclose to the Cardmember that the Bill Payment Provider is the Merchant, is providing a financial service to the Cardmember by paying the End Beneficiary on the Cardmember's behalf, and that the Bill Payment Provider is not the seller of the goods and services.
- Facilitate payments only to End Beneficiaries that are located in the same country as the Bill Payment Provider.

When facilitating payments on behalf of consumers, only pay End Beneficiaries that are in the industries listed in [Table 13-2: Permitted Industries for Bill Payment Providers Facilitating Consumer Payments](#). When facilitating payments on behalf of businesses, in addition to prohibited and restricted industries set forth in [Section 11.2, "Prohibited and Restricted Merchants"](#), you must not pay End Beneficiaries that are listed in [Table 13-3: Excluded Industries for Bill Payment Providers Facilitating Business Payments](#).

**Table 13-2: Permitted Industries for Bill Payment Providers Facilitating Consumer Payments**

MCC	Description
4814	Telecommunications Services, including Local and Long Distance Calls, Credit Card Calls, Calls Through Use of Magnetic-Stripe-Reading Telephones, and Fax Services
4899	Cable and Other Pay Television Services
4900	Utilities – Electric, Gas, Water, and Sanitary
6300	Insurance Sales, Underwriting, and Premiums
6513	Real Estate Agents and Managers - Rentals
7523	Parking Lots and Garages
7911	Dance Halls, Studios, and Schools
7997	Membership Clubs (Sports, Recreation, Athletic), Country Clubs, and Private Golf Courses
8011	Doctors and Physicians – Not Elsewhere Classified
8062	Hospitals
8099	Medical Services and Health Practitioners – Not Elsewhere Classified
8211	Elementary and Secondary Schools
8220	Colleges, Universities, Professional Schools, and Junior Colleges
8241	Correspondence Schools
8244	Business and Secretarial Schools
8249	Trade and Vocational Schools
8299	Schools and Educational Services – Not Elsewhere Classified
8351	Child Care Services



**Table 13-2: Permitted Industries for Bill Payment Providers Facilitating Consumer Payments (Continued)**

MCC	Description
9211	Court Costs, including Alimony and Child Support
9222	Fines
9311	Tax Payments
9399	Government Services - Not Elsewhere Classified

**Table 13-3: Excluded Industries for Bill Payment Providers Facilitating Business Payments**

MCC	Description
3000-3308, 4511	Airline/Charter/Air Carrier
3351-3441, 7512	Car Rental Agencies
3501-3999, 7011	Lodging (Hotels, Motels, Resorts, Central Reservations)
4411	Cruise Lines (including onboard shops)
7012	Timeshares

## 13.5 Additional Requirements for Installment Payment Transactions

Digital Wallet Operators that provide Installment Payment Transactions must comply with the following:

- Do not charge the Cardmember interest or any other finance charges, other than late payment fees.
- Disclose all material terms of the installment agreement to the Cardmember including, but not limited to, the amount, and frequency of the Installment Payment Transactions, and any late payment fees.
- Provide Transaction details to Cardmembers via mobile application or website about each installment Transaction, including:
  - Description of each individual purchase, including the name of the End Beneficiary
  - Date and amount of each individual purchase
  - Date and amount of each installment charge for that individual purchase
  - Number of installments paid by the Cardmember and number of installments remaining in the series (e.g., "1 of 4")
- Submit an Authorization request for each individual Installment Payment Transaction at the time the installment is due, for the amount of the installment, not the full purchase amount.
- Do not submit an Authorization request nor submit any related future installments if a purchase is disputed, and only resume installments if the Chargeback or Disputed Charge is resolved in the Installment Payment Provider's favour.
- Have a direct contract with the End Beneficiary except in the limited circumstance where a third-party facilitates payments to the End Beneficiaries in such instances the following requirements apply to the Installment Payment Provider, the third-party agent, or both:
  - Installment Payment Provider must have a direct contract with your third-party agent.

- Installment Payment Provider or third party agent must provide End Beneficiary data elements in accordance the *Technical Specifications*. The Installment Payment Provider remains responsible and otherwise liable for the third-party agent's compliance with this requirement and any omission or failure to perform does not relieve the Installment Payment Provider of their obligations to comply with the requirements in this section.
- Notwithstanding the foregoing, American Express reserves the right to revoke this exception at any time at our sole discretion.
- Facilitate payments only to End Beneficiaries that are located in the same country as the Installment Payment Provider.
- In addition to prohibited and restricted industries set forth in [Section 11.2, "Prohibited and Restricted Merchants"](#), do not accept the Card to facilitate payments for End Beneficiaries in industries listed in [Table 13-4: Excluded Industries for Installment Payment Transactions](#).

**Note:** Installment Payment Transactions charged by Digital Wallet Operators are not considered Recurring Billing Transactions or Delayed Delivery Charges.

**Table 13-4: Excluded Industries for Installment Payment Transactions**

MCC	Description
3000-3308 4511	Airline and Air Carriers
3501-3999, 7011	Lodging (Hotels, Motels, Resorts, Central Reservations)
3351-3441, 7512	Car Rental Agencies
4411	Cruise Lines (including onboard shops)
8099	Medical Services and Health Practitioners – Not Elsewhere Classified
7280, 8062	Hospitals and Private Hospitals
5976	Orthopedic Goods and Prosthetic Devices
8050	Nursing and Personal Care Facilities
4119	Ambulance Services
0742	Veterinary Services
8071	Medical Dental Laboratories
5122	Drugs, Drug Proprietaries, and Druggists' Sundries
4722	Travel Agencies and Tour Operators
7012	Timeshares
7997	Lifetime Memberships
5968	Long-term Subscriptions
4814	Telecommunications Services
4900	Utilities
6513	Real Estate Agents and Managers - Rentals

Table 13-4: Excluded Industries for Installment Payment Transactions (Continued)

MCC	Description
5813	Nightclubs
6300, 6381, 6399	Insurance
6010, 6011	Cash-like transactions
6538	P2P Payments
9222	Fines
9311	Tax Payments

## 13.6 Additional Requirements for Marketplaces

Marketplaces must comply with the following:

- Have an agreement with the End Beneficiary binding the End Beneficiary to the Marketplace's terms of service for participating in the marketplace platform.
- Provide Transaction details to Cardmembers for each purchase, including:
  - A description of each individual purchase, including the name of the End Beneficiary
  - Date and amount of each individual purchase
- Display your name or brand more prominently than the End Beneficiaries on your website or mobile application.
- In addition to prohibited and restricted industries set forth in [Section 11.2, "Prohibited and Restricted Merchants"](#), do not accept the Card to facilitate payments for End Beneficiaries in industries listed in [Table 13-5: Excluded Industries for Indirect Acceptors](#).

## 13.7 Excluded Industries for Indirect Acceptors

In addition to prohibited and restricted industries set forth in [Section 11.2, "Prohibited and Restricted Merchants"](#), do not accept the Card to facilitate payments for End Beneficiaries in industries listed in [Table 13-5: Excluded Industries for Indirect Acceptors](#) for the following Indirect Acceptors:

- Marketplaces
- Staged Back-to- Back (DWO)
- Stored Value Transactions (DWO)

Table 13-5: Excluded Industries for Indirect Acceptors

MCC	Description
3000-3308, 4511	Airline/Charter/Air Carrier
3351-3441, 7512	Car Rental Agencies
3501-3999, 7011	Lodging (Hotels, Motels, Resorts, Central Reservations)
4411	Cruise Lines (including onboard shops)
7012	Timeshares

American Express may modify the excluded industries listed in [Table 13-3: Excluded Industries for Bill Payment Providers Facilitating Business Payments](#), [Table 13-4: Excluded Industries for Installment Payment Transactions](#), and [Table 13-5: Excluded Industries for Indirect Acceptors](#) at any time at our sole discretion, in accordance with [Subsection 1.4, "Changes in the Merchant Operating Manual"](#). If an Indirect Acceptor accepts the Card to facilitate payments to End Beneficiaries in an excluded industry, we may exercise Chargebacks, suspend acceptance of Cards by you, and/or terminate the Agreement.

# Merchant Fees

- 14.1 Introduction
- 14.2 Types of Fees

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## 14.1 Introduction

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

## 14.2 Types of Fees

The Agreement provides for various fees and assessments, as described in the following tables.

We will provide you with a minimum of ninety (90) days notice of any fee increases or when introducing new fees unless the increase is made in accordance with a pre-determined fee schedule as part of the Agreement.

### 14.2.1 Card Acceptance Discount Fees

**Table 14-1: Card Acceptance Discount Fees**

Fee	Description	Amount
Discount	A Discount is one of the amounts we charge you for accepting the Card. For a full description of Discount, see <a href="#">Chapter 7, "Settlement"</a> . To determine the Discount that you pay, contact your American Express representative.	Varies
Discount: American Express Prepaid Cards	A Discount is one of the amounts we charge you for accepting Prepaid Cards. For a full description of Discount, see <a href="#">Chapter 7, "Settlement"</a> . To determine the Prepaid Discount that you pay, contact your American Express representative.	Varies

### 14.2.2 Authorization Fees

**Table 14-2: Authorization Fees**

Fee	Description	Amount
Non-swiped Transaction fee (also referred to as the Card/Device Not Present fee)	A fee applied to any Charge for which we did not receive (i) the full Magnetic Stripe or Chip Card Data from the Card/Device and (ii) the Magnetic Stripe or Chip Card Data indicator.	Not to exceed 0.50% of the face amount of each non-swiped Charge

### 14.2.3 Submission and Settlement Fees

**Table 14-3: Submission and Settlement Fees**

Fee	Description	Amount
Paper statement fee	If you choose to receive paper statements, we may charge a fee for each paper statement.	\$4.95 per statement
Monthly gross pay fee	If you enroll in the monthly gross pay option, we may charge this fee. For more information on the monthly gross pay option, see <a href="#">Section 7.6, "Payment Options"</a> .	0.03% of the face amount of the Charge
Retain Discount on Credit	We will retain the Discount Rate (and other fees that were charged for the transaction) for each Credit Transaction you process.	Varies
Credit processing fee	Each Credit Transaction you process for which we do not retain the Discount is subject to a fee.	Not to exceed \$2.00 per Credit issued
Technical Specifications non-compliance fee	A fee applied to any Transaction submitted to us that does not comply with the Technical Specifications (see <a href="#">Section 2.6, "Compliance with the Technical Specifications"</a> ). This fee applies to Transactions submitted via both a Processor or direct to American Express.	0.25% of the face amount of the Transaction
Inbound fee	A fee applied on Charges made using a Card that was issued outside Canada*.	0.60% of the face amount of the Charge**

\* The inbound fee does not apply to Charges made on Foreign Issued Debit Cards.

\*\*For Charges submitted on or after July 15, 2024, the inbound fee will change to 0.60% of the face amount of the Charge, as applicable. Please contact your American Express representative or call (800) 268-9877 for more information.

### 14.2.4 Data Security Fees

**Table 14-4: TAP Non-Compliance Fee**

Description	Level 1 Merchant or Level 1 Service Provider	Level 2 Merchant or Level 2 Service Provider	Level 3 or Level 4 Merchant
Non-compliance fee may be assessed when TAP obligations are not satisfied by the first deadline.	USD \$25,000	USD \$5,000	USD \$1,000
Non-compliance fee may be assessed when TAP obligations are not satisfied by the second deadline.	USD \$35,000	USD \$10,000	USD \$2,500

Table 14-4: TAP Non-Compliance Fee (Continued)

Description	Level 1 Merchant or Level 1 Service Provider	Level 2 Merchant or Level 2 Service Provider	Level 3 or Level 4 Merchant
Non-compliance fee may be assessed when TAP obligations are not satisfied by the third deadline. <b>NOTE:</b> <i>Non-compliance fees may continue to be applied until the obligations are met or TAP is resolved.</i>	USD \$45,000	USD \$15,000	USD \$5,000

If your TAP obligations are not satisfied, then American Express has the right to impose the Non-compliance fees cumulatively, withhold payments, and/or terminate the Agreement.

Table 14-5: Data Incident Non-Compliance Fee

Description	Amount
A fee assessed to you in respect of a Data Incident. See <a href="#">Chapter 8, "Data Security Operating Policy"</a>	Not to exceed USD \$100,000 per Data Incident

Table 14-6: Non-Validation Fee

Description	Level 1 Merchant or Level 1 Service Provider	Level 2 Merchant or Level 2 Service Provider	Level 3 or Level 4 Merchant
A non-validation fee will be assessed if the Validation Documentation is not received by the first deadline.	USD \$25,000	USD \$5,000	USD \$50
An additional non-validation fee will be assessed if the Validation Documentation is not received by the second deadline.	USD \$35,000	USD \$10,000	USD \$100
An additional non-validation fee will be assessed if the Validation Documentation is not received by the third deadline. <b>NOTE:</b> Non-validation fees will continue to be applied until the Validation Documentation is submitted.	USD \$45,000	USD \$15,000	USD \$250



If your PCI DSS Validation Documentation obligations are not satisfied, then American Express has the right to impose the non-validation fees cumulatively, withhold payments, and/or terminate the Agreement.

See [Chapter 8, "Data Security Operating Policy"](#).

### 14.2.5 Payment Facilitator and Indirect Acceptor Fees

**Table 14-7: Payment Facilitator and Indirect Acceptor Fees**

Fee	Description	Amount
Payment Facilitator or Indirect Acceptor general non-compliance fee	A fee applied in the event Payment Facilitator or Indirect Acceptor fails to comply with the policy and requirements documented in <a href="#">Chapter 12, "Payment Facilitator"</a> or <a href="#">Chapter 13, "Indirect Acceptors"</a> . These fees may be assessed where a non-compliance fee has not been specified for a specific policy violation or when non-compliance fees have been assessed, but the Payment Facilitator or Indirect Acceptor has not taken action to correct the policy violation.	<ul style="list-style-type: none"> <li>Up to CAD \$10,000 for second violation of the same regulation within a 12-month period after notification of the first violation.</li> <li>Up to CAD \$20,000 for third and subsequent violations of the same regulation within a 12-month period after notification of the first violation.</li> </ul>
Sponsored Merchant or End Beneficiary reporting non-Compliance fee	A fee applied in the event a Payment Facilitator fails to provide the required Sponsored Merchant Data elements, set forth in <a href="#">Section 12.6, "Sponsored Merchant Reporting Requirements"</a> . This fee shall apply to Indirect Acceptors that may be required to submit End Beneficiary data.	<ul style="list-style-type: none"> <li>Up to CAD \$10,000 for second violation of the same regulation within a 12-month period after notification of the first violation.</li> <li>Up to CAD \$20,000 for third and subsequent violations of the same regulation within a 12-month period after notification of the first violation.</li> </ul>

# Glossary

## 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.

## Acquirer

Us, an Affiliate of ours, or an Entity licensed by us or an Affiliate in a particular Territory, as the case may be, having arrangements with Merchants (i) entitling Cardmembers to charge purchases of the Merchants' goods or services on the Card and (ii) providing for those Merchants to transfer such Charges to us for processing on the American Express Network.

## Adjustment

An American Express credit or debit to your Merchant Account.

## Advance Payment Charge

A Charge for which full payment is made in advance of your 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 your Marks or holds itself out to the public as a member of your 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 General Provisions, the *Merchant Operating Manual*, and any accompanying schedules and exhibits, collectively (sometimes referred to as the Card Acceptance Agreement in our materials).

**American Express**—See [“we, our and us”](#).

## 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 in each case bearing our or our Affiliates' 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, such as Japanese Credit Bureau (JCB) cards.

## 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 SafeKey Program (SafeKey Program)

An industry standard authentication tool that is designed to provide greater security for online Transactions.

## Applicable Law

(i) Any law, statute, regulation, ordinance, or subordinate legislation in force from time to time to which you or we or an Affiliate of either is subject, (ii) the common law as applicable from time to time to you, we or an Affiliate of either, (iii) any court order, judgment, or decree that is binding on you, us or an Affiliate of either and (iv) any directive, policy, rule, guidance or order that is binding on you, we or an Affiliate of either and that is made or given by a regulator or other government or government agency department or other administrative body, commission or bureau or other body exercising adjudicative, regulatory, judicial or quasi-judicial powers of any national, federal, commonwealth, state, provincial, or local jurisdiction, and (v) the Code of Conduct and any other code or public commitment to which we subscribe or is otherwise binding on you, us or an Affiliate of either.

## 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

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.

**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.

**Authorization/Authorized**

The process by which a Merchant obtains an Approval for a Charge or Credit in accordance with the Agreement.

**Authorized Chargeback**

A Chargeback that occurs during the Inquiry and Chargeback process when, upon responding to an Inquiry, you authorize us to deduct the amount in dispute from your Bank Account.

**Authorization Reversal**

Authorization message used by a Merchant to cancel or reduce the amount of a previously approved Authorization once the final Charge amount is known.

**Bank Account**

An account that you hold at a bank or other financial institution.

**Bank Identification Number (BIN)**

A 6-digit number used on Cards to identify the Issuer of the Card and which serves as the first six digits of the Card account number or Token.

**Batch**

A group of Transactions, submitted to American Express, usually on a daily basis.

**Bill Payment Provider**

An Indirect Acceptor that is engaged by Cardmembers to pay a bill on their behalf. Bill Pay Providers (BPPs) charge the Cardmembers' Account and pay eligible End Beneficiaries identified on the bill.

**Capital Damages**

Damages done to a vehicle while rented to a Cardmember.

**Card**—See ["American Express Card or Cards"](#).

**Card Data**

Card Data includes the following elements: Cardmember name, Card Number, Expiration Date, Charge date, the amount of the Charge, the Approval, description of goods and services, your name, your address, your 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 us 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 11.3.9.1.2, "CARDeposit Program"](#) for additional information.

### Cardholder Data

Has the meaning given in the then current Glossary of Terms for the PCI DSS.

### Cardmember

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

### Cardmember Information

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

### Cardmember-Initiated Transaction (CIT)

A Transaction which involves the direct participation of the Cardmember.

### Charge

A payment or purchase made on the Card, excluding any payment or purchase that you route to a network other than the American Express Network.

### Charge Data

Data to be included in Submissions of Charge Records.

### Charge Record

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

### Chargeback

When used as a verb, means (i) our reimbursement from you for the amount of a Charge subject to such right, or (ii) our reversal of a Charge for which we have not paid you; when used as a noun, means the amount of a Charge subject to reimbursement from you or reversal. (Chargeback is sometimes called "full recourse" or "Full Recourse" in our materials).

### 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.

### Chargeback Reversal

Removal of a previously posted Chargeback.

## 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 our materials).

## Chip Card Data

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

## Claim

Unless otherwise defined, any claim (including initial claims, counterclaims, cross-claims, and third-party claims), dispute, or controversy between you and us arising from or relating to the Agreement or prior Card acceptance agreements, or the relationship resulting therefrom, whether based in contract, tort (including negligence, strict liability, fraud, or otherwise), statutes, regulations, or any other theory, including any question relating to the existence, validity, performance, construction, interpretation, enforcement, or termination of the Agreement or prior Card acceptance agreements, or the relationship resulting therefrom.

## Code 10

A phrase that you provide to an American Express representative to alert them of a possible suspicious Card and/or Transaction. Code 10 situations usually occur during Authorization.

## Code of Conduct

The Code of Conduct for the Payment Card Industry in Canada, as previously known as the Code of Conduct for the Credit and Debit Card Industry in Canada and as amended, revised, replaced, supplemented, modified, or restated from time to time, and any directive, policy, rule, guidance or order related to the interpretation or enforcement of the Code of Conduct that is binding on American Express and that is made or given by a regulator, or other government agency department exercising adjudicative, regulatory, judicial, or quasi-judicial powers.

## Collusion

Any Transaction, activity or agreement conducted by a Merchant or its agent with another party, including another Merchant or a Cardmember, that the Merchant knew or should have known was not legitimate, or carried out in violation of [Section 11.2, "Prohibited and Restricted Merchants"](#).

## 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.

## Consumer Device Cardholder Verification Method (CDCVM)

An Issuer approved, American Express recognized Cardholder Verification Method (CVM) 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"](#).

### Corporate Purchasing Card (CPC)

The Corporate Purchasing Card (CPC) program assists with procurement costs and enables streamlining of the procurement process from sourcing and buying, to billing payment and reconciliation. See [Subsection 4.4.3. "Corporate Purchasing Card"](#) for additional information.

### 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.

### Credentials-on-File

Any Cardmember account data, including but not limited to PAN or Token, that is stored by Merchants. Merchants may store Credentials-on-File to initiate Merchant-Initiated Transactions and Cardmembers may use their Credentials-on-File to initiate Cardmember-Initiated Transactions.

### Credit

The amount of the Charge that you refund to Cardmembers for purchases or payments made on the Card.

### Credit Record

A record of Credit that complies with our requirements.

### Cryptocurrency

A digital asset recognized as a medium of exchange, unit and/or store of value that employs blockchain technology and cryptography to submit and verify Transactions.

### Customer Activated Terminal (CAT)

An unattended POS System (e.g., gasoline pump, electric vehicle charging station, vending machine, check-out kiosk). Sometimes referred to as an unattended terminal in our materials.

### Data Security Operating Policy (DSOP)

The American Express data security policy, as described in [Chapter 8, "Data Security Operating Policy"](#), of the *Merchant Operating Manual*.

### Debit Card

Any Card that accesses a demand deposit, current, savings, or similar account, excluding any Card bearing a Third Party Issuer's name or Marks without the Marks of American Express. 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 you 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 Operator**

A Digital Wallet Operator (DWO) is an Indirect Acceptor that operates a payment application allowing Cardmembers to make purchases or transfer funds through one or more of the transaction types set forth in [Section 13.2, "Indirect Acceptor Models"](#).

**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.

**Discount/Discount Rate**

An amount that we charge you for accepting the Card, which amount is: (i) a percentage (Discount Rate) of the face amount of the Charge that you submit, or a flat per-Transaction fee, or a combination of both.

**Disputed Charge**

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

**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.

**Electronic Commerce Indicator (ECI)**

A data element related to the SafeKey Program Charge indicating the outcome of the SafeKey authentication.



## EMV Specifications

The specifications issued by EMVCo, LLC, which are available at <http://www.emvco.com>.

## End Beneficiary

A third-party entity that receives payments from an Indirect Acceptor. The End Beneficiary does not receive Card information from the Indirect Acceptor. An End Beneficiary may also separately be a Merchant that directly accepts the Card.

## 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 when the final Charge amount is not known at the time of the Authorization.

## 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 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 you must obtain an Authorization before completing the Charge.

## Foreign Issued Debit Card

Any Debit Card issued outside of Canada.

## Fraud Full Recourse Program

One of our Chargeback programs. See [Section 10.11, "Chargeback Programs"](#) for additional information.

## General Provisions

The provisions set out in the Agreement other than the provisions in the Merchant Operating Manual or any accompanying schedule and exhibit.

**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 our Fraud Full Recourse Program.

**Immediate Chargeback Program**

One of our Chargeback programs. See [Section 10.11, "Chargeback Programs"](#) for additional information.

**Incremental Authorization**

Authorization message used by a Merchant to request an increase to the amount of a previously approved Estimated Authorization request.

**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).

**Indirect Acceptor**

A payment intermediary that contracts with American Express to facilitate payments to multiple, eligible third-party End Beneficiaries. The Indirect Acceptor accepts the Card, but does not send Card information to the End Beneficiary and pays eligible End Beneficiaries using another method, such as bank transfer, check/cheque, or wire.

**Inquiry**

Our request for information about a Disputed Charge.

**Installment Payment Transaction**

A transaction that represents a single installment payment in a series of installments over a fixed period (sometimes called "Buy Now Pay Later" in our materials).

**Internet Electronic Delivery**

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.

**Internet Physical Delivery**

Delivery of goods or services purchased on the internet to the Cardmember via mail, shipping services, or courier to a physical address.

**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.

**Japanese Credit Bureau (JCB) Card or Cards**

(i) Any card, account access device, or payment device or service in each case bearing JCB's Marks and issued by JCB or (ii) a JCB Card Number.

**Magnetic Stripe**

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

**Marketplace**

A Merchant that offers Cardmembers the ability to purchase from multiple End Beneficiaries on their prominently branded platform (i.e., website or mobile application) and pay for such purchases on the same platform.

**Marks**

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

**Merchant**

Any seller of goods or services, non-profit, or government Entity that enters into an Agreement with American Express or its licensees wherein the seller agrees to (i) permit any Cardmember to charge purchases of goods and services at or with such Merchant by means of the Card and (ii) transfer Transactions to American Express or its licensees. This term includes all Establishments (sometimes called "Service Establishments" or "SEs" in our materials).

**Merchant Account**

An account established by us upon entering into the Agreement with a Merchant.

**Merchant Category Code**

Four (4) digit code used to identify the industry in which the Merchant is doing business.

**Merchant Interactive (MI)**

Our online tool that allows for reconciliation of payment, facilitates the resolution of Inquiries and Disputed Charges and provides Merchant reporting or, more generally, access to your Merchant Account online at [www.americanexpress.ca/merchant](http://www.americanexpress.ca/merchant).

**Merchant Level**

The designation we assign Merchants related to their PCI DSS compliance validation obligations, as described in [Section 8.7, "Important Periodic Validation of your Systems"](#).

**Merchant Number**

A unique number we assign to your Establishments.

**Merchant Operating Manual**

The *American Express Merchant Operating Manual* which is available online and can be accessed by entering your Merchant Number. See the [American Express Merchant homepage](#) for the applicable web address.

**Merchant-Initiated Transaction (MIT)**

A Transaction based on a prior agreement between Cardmember and Merchant that is initiated by the Merchant without direct participation from the Cardmember, through Merchant use of Credentials-on-File.

**Merchant-Presented Quick Response (MPQR) Transaction**

A Transaction initiated by a Cardmember using the Issuer application on a Mobile Device to capture a Merchant-Presented QR code.

**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 a PIN from Cardmembers. See [Subsection 4.2.1, "No PIN Program"](#) for additional information.

**No Reply Chargeback**

A Chargeback that is initiated because you do not reply to an Inquiry by the deadline.

**Non-Compliance Chargeback**

A Chargeback that is initiated because the Charge does not meet the terms of the Agreement.

**Notification of Changes**

Releases of scheduled changes in the *Merchant Operating Manual*. See [Section 1.4, "Changes in the Merchant Operating Manual"](#).

**Original Transaction Identifier (O-TID)**

A Transaction Identifier (TID) that links a Transaction to the Authorization Response of a previously Approved Charge.

**Other Agreement**

Any agreement, other than the Agreement, between (i) you or any of your Affiliates and (ii) us or any of our Affiliates.

**Other Payment Products**

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

**Partial Immediate Chargeback Program**

One of our Chargeback programs. See [Section 10.11, "Chargeback Programs"](#) for additional information.

**Payment Facilitator**

A provider of Payment Services (formerly referred to as "Payment Aggregator", "Payment Service Provider", or "PSP" in our materials).

## Payment Services

The provision of payment services in connection with Transactions between Cardmembers and Sponsored Merchants whereby you, the Entity providing such services (and not the Sponsored Merchant), are the Merchant of record, submit Transactions under your Merchant Number and receive payment from us for Charges (among other things).

## Peer to Peer (P2P) Transaction

A Transaction that transfers funds to and from its registered users of a payment application (P2P Transactions do not include a transfer of funds for the purchase of goods or services).

## 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.

## Pre-Authorization

An Authorization obtained at the beginning of a Transaction for a good faith estimate of the maximum Transaction amount, when an Incremental Authorization will not be subsequently utilized.

## Prepaid Card

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

## Processor

A Service Provider to Merchants who facilitates Authorization and Submission processing to the Network (sometimes referred to as an "Authorized Gateway Provider") in our materials.

## 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).

## Rent Payments

Charges of rent on Rental Establishments (includes security deposits and common room fees).

## Rental Establishments

Long-term rentals used as primary residences. See [Section 11.3.1, "Rental Establishments"](#) for additional information.

**Reserve**

A fund established and/or collateral held by us as security for your or any of your Affiliates' obligations to us or any of our Affiliates under the Agreement or any Other Agreements.

**Rights-holder**

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

**SafeKey Attempted**

The Merchant requested authentication of the Cardmember in accordance with the SafeKey Program and received proof of attempt, i.e., Electronic Commerce Indicator "ECI" 6, from either the Issuer or American Express Network. For the purposes of this definition, a response indicating unable to authenticate, i.e., Electronic Commerce Indicator "ECI" 7, is not considered a proof of attempt.

**SafeKey Fully Authenticated**

The Merchant requested authentication of the Cardmember in accordance with the SafeKey Program and received proof of authentication, i.e., Electronic Commerce Indicator "ECI" 5, from either the Issuer or American Express Network.

**Service Providers**

Authorized Processors, third party processors, gateway providers, integrators of POS Systems, and any other providers to Merchants of POS Systems, or other payment processing solutions or services.

**Settlement**

The process by which we compile your debits and credits to calculate a net amount that will be applied to your Bank Account (sometimes called "deposit" or "Deposit" in our materials).

**Split Tender**

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

**Sponsored Merchant**

A Sponsored Merchant Prospect that has entered into a Sponsored Merchant Agreement with you. Sponsored Merchants are one of your Covered Parties.

**Sponsored Merchant Agreement**

The standard form agreement governing your provision of Payment Services that you must have the Sponsored Merchant Prospect execute pursuant to [Chapter 12, "Payment Facilitator"](#).

**Sponsored Merchant Prospect**

Any third-party seller of goods and services that either: (i) does not accept the Card and which operates one or more Sponsored Merchant websites or other Establishments, or (ii) accepts the Card with respect to its existing methods for selling goods and services but also proposes to submit Transactions through a Payment Facilitator.

**Sponsored Merchant Website**

Any website operated by a Sponsored Merchant Prospect for the sale of goods or services (or both).

**Staged Back-to-Back Transaction**

A Transaction (i.e., website or mobile application) that allows Cardmembers to use a Card to fund a payment application for a specific purchase in real time to an End Beneficiary.

**Stored Value Transaction**

A Transaction that loads funds into a payment application for subsequent payments. This includes purchases of goods and services at single or multiple End Beneficiaries. Sometimes called "Top-Up Wallet" in our materials.

**Submission**

The collection of Transaction Data that you send to us.

**Submission Frequency**

The maximum number of days that transit Transactions can be aggregated before submission is required.

**Summary of Charge**

The total amount of all the Charge Records (Transactions) submitted.

**System Outage**

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 our materials), which we may update from time to time, and which we make available on our website at [www.americanexpress.com/merchantspecs](http://www.americanexpress.com/merchantspecs) or upon request from your American Express representative.

**Telecommunications**

Communication services, including personal communication services; cellular, paging, long distance, etc. See [Section 11.3.7. "Telecommunications"](#) for additional information.

**Terminal Provider**

The Processor, vendor or company that provides your POS System.

**Territory**

A country, region, or sovereign territory approved by us in which you or your affiliates make goods or services available.

**Third Party Issuer**

A third party Card Issuer whose Cards are accepted by the Merchant under the Agreement.

**Timeshare Unit**

The exclusive right to occupy a unit in a real estate development. See [Section 11.3.8. "Timeshares"](#) for additional information.

**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.

**Valid Dates**

The dates on the Card that indicate the first and last date the Card can be used to make purchases.

**Virtual Currency**

A financial currency unit not issued by a national monetary union. Virtual Currencies may be accepted as a medium of exchange or monetary value transfer between two (2) or more individuals or Entities but may not have all the attributes of a real currency.

**Voice Authorization**

The Authorization of a Charge obtained by calling the American Express [Authorization Department](#).

**we, our and us**

Amex Bank of Canada, a Canadian bank.

**you and your**

The individual or Entity accepting the Card under the Agreement and (as applicable) its Affiliates (sometimes called the "Merchant," "Service Establishment," or "SE" in our materials).



# Appendix

- A.1 American Express Merchant Card Acceptance Authorization  
For Pre-Authorized Debit Plan (PAD Agreement)
- A.2 Arbitration Agreement (as to Claims involving American Express)

## American Express Merchant Card Acceptance Authorization For Pre-Authorized Debit Plan (PAD Agreement)

American Express Merchant Number: \_\_\_\_\_  
Merchant Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
Postal Code: \_\_\_\_\_  
Contact Name: \_\_\_\_\_  
Phone: \_\_\_\_\_  
Banking Route: \_\_\_\_\_  
Transit: \_\_\_\_\_  
Account Number: \_\_\_\_\_  
Merchant Bank Account Holder Name: \_\_\_\_\_  
Merchant Authorized Signatory: \_\_\_\_\_  
Date: \_\_\_\_\_

The merchant named above (*Merchant, you, your*) has signed an agreement governing the acceptance of American Express Cards at its locations (*Card Acceptance Agreement*).

The Merchant agrees to participate in the Pre-Authorized Debit Plan and to grant Amex Bank of Canada, and its successors and assigns (*Amex*) the right to debit the Merchant's bank account for amounts owing by the Merchant pursuant to the Card Acceptance Agreement.

The Merchant hereby authorizes and agrees as follows:

### 1. Authorization

Merchant hereby authorizes Amex and the financial institution designated (or any other financial institution you may authorize at any time, the *Financial Institution*) to debit the designated bank account identified above (*Account*) for payment of all amounts owing to Amex pursuant to the Card Acceptance Agreement or any other agreement between you and Amex (a "*pre-authorized debit*" or *PAD*).

### 2. Valid Signing Authority

You warrant and guarantee that all persons whose signatures are required to sign on your Account have signed this PAD Agreement.

### 3. Cancellation of PAD Agreement

This PAD Agreement and your authorization may be cancelled at any time, subject to you providing 30 days advance written notice to Amex at the address set out below. You may obtain a sample cancellation form, or more information on your right to cancel a PAD Agreement at your Financial Institution or by visiting [www.payments.ca](http://www.payments.ca). You may not assign this authorization, whether directly or indirectly, by operation of law, change of control or otherwise, without providing at least 10 days prior written notice to Amex. Amex may cancel, change or suspend this agreement at any time by providing you with notice and may cancel or suspend this agreement without notice if Amex considers you to be in default under the terms of the Card Acceptance Agreement or such other agreement as applicable, or if one or more payments fail for any reason. Amex will make changes without notice to you as required by the deposit institution or in accordance with the Payments Canada Rules.

### 4. Business PADs

This PAD Agreement is for business purposes and PADs issued under this PAD Agreement are Business PADs. PADs may be for fixed or variable amounts and may be on set dates, intervals or otherwise triggered by a specified act, event or other criteria. Specific acts, events and other criteria include Chargebacks and credits initiated by your customers, the merchant discount fees and any other fees or assessments owed by you to Amex as described more fully in the Card Acceptance Agreement. Amex Bank of Canada will obtain your authorization each time in the case of debits occurring at sporadic frequency. **You hereby waive any requirement for advance notification by Amex of any debit to the Account. You are also waiving your right to receive a confirmation of this agreement ten (10) days before the first amount is drawn from your account, however Amex will still provide such confirmation (or a copy of your PAD agreement) no later than five (5) days following the first such withdrawal.**

## 5. Account Information

The details of the Account that Amex is authorized to draw upon are indicated herein. A specimen cheque (marked "VOID"), Account statement or letter from your Financial Institution verifying the Account details is attached to this PAD Agreement. You will notify Amex immediately, in writing, of any change in your Account information (and provide a cheque, statement or letter from your Financial Institution to verify such updated Account information).

## 6. Validation by Processing Institution

You acknowledge that your Financial Institution is not responsible for validating the terms of this PAD Agreement in respect of a PAD issued under this PAD Agreement.

## 7. Card Acceptance Agreement

Cancellation of this PAD Agreement and authorization does not terminate the Card Acceptance Agreement. This PAD Agreement applies only to the method of payment and does not otherwise have any bearing on the Card Acceptance Agreement.

## 8. Recourse; Rights of Dispute

You may dispute a PAD under the following conditions: (i) the PAD was not drawn in accordance with this PAD Agreement; or (ii) the PAD Agreement was cancelled. In order to be reimbursed, you must provide your Financial Institution with a duly completed and signed written reimbursement claim up to and including 10 business days after the date on which the PAD in dispute was debited from your Account. You have certain recourse rights if any debit does not comply with this PAD Agreement. For example, you have the right to receive reimbursement for any debit that is not authorized or is not consistent with this PAD Agreement. To obtain more information on your recourse rights, contact your Financial Institution or visit [www.payments.ca](http://www.payments.ca).

## 9. Merchant Acceptance

You understand and accept the terms hereof and acknowledge and agree to participate in the PAD Agreement plan with Amex as set forth herein.

## 10. Disclosure of Information Consent

You consent to the disclosure of the information contained in this PAD Agreement to your Financial Institution and the financial institution at which Amex maintains its account to be credited with the PADs for purposes of debiting your Account and otherwise exercising our rights and complying with the Rules of the Payments Canada Rules and this PAD Agreement.

## 11. Limitation of Liability

To the extent permitted by Applicable Law, Amex shall not be liable to you, or any third party for any incidental, indirect, consequential, special, punitive or exemplary damages of any kind whatsoever arising from or in connection with this PAD Agreement including without limitation lost revenues, loss of profits or loss or interruption of business. This provision shall survive termination of this PAD Agreement.

### Amex Bank of Canada

Merchant Services  
2225 Sheppard Avenue East, Suite 100  
Toronto, ON M2J 5C2  
Fax: 1-877-444-3748  
Tel: 1-800-268-9877

## Arbitration Agreement (as to Claims involving American Express)

The following dispute resolution provision shall apply to all Claims involving American Express as set forth below and shall be included in each Sponsored Merchant Agreement, modified only as appropriate to conform with the phrasing and terminology of the Sponsored Merchant Agreement (e.g., references to “you” can be changed to the term by which you refer to the Sponsored Merchant and references to “Payment Facilitator” can be changed to the term used to refer to Payment Facilitator).

### Arbitration as to Claims involving American Express

- a. Definitions.** For purposes of this section, the following definitions apply (i) *American Express*, we, our, and us mean Amex Bank of Canada and 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, (ii) *Claim* means any claim, dispute, or controversy between you and American Express whether contractual, extra-contractual, tortious or statutory arising from or relating to the Sponsored Merchant Agreement (including the validity or enforceability or scope of this arbitration provision) or the relationship resulting from the Sponsored Merchant Agreement or otherwise related to the acceptance, processing or settlement of American Express Cards. Claim also includes any claim, dispute, or controversy that may arise from or relates to our ordinary business practices, policies and procedures, or that American Express has the right to join, and (iii) *Sponsored Merchant Agreement* means this Agreement between you and Payment Facilitator to which American Express is a third party beneficiary (conferring on us beneficiary rights, but not obligations), and (iv) “you” includes your affiliates, licensees, predecessors, successors, or assigns, any purchasers of any receivables and all agents, directors, and representatives of any of the foregoing.
- b. Asserting a Claim.** All Claims will be resolved exclusively by arbitration pursuant to this Section, except as otherwise provided for herein. You agree to use commercially reasonable efforts to settle any Claim within thirty (30) days following the time that a Claim is raised.
- c. Arbitration.** A Claim that is not resolved directly between the parties thereto within sixty (60) days will be resolved pursuant to this Section and the National Arbitration Rules (*Rules*) of ADR Institute of Canada, Inc. (*Administrator*) or its successors or replacement Administrator. For a copy of the Rules, to file a claim, or for other information about the Administrator contact: ADR Institute, 234 Eglinton Avenue East, Suite 500, Toronto, Ontario M4P 1K5; email [admin@adric.ca](mailto:admin@adric.ca). Prior to the initiation of any Claim, we have the right to change or replace the Administrator or the Rules in our sole discretion.
- d. Small Claims Court Proceedings and Complaint Procedures.** Notwithstanding anything to the contrary in this section, you may pursue any Claim without resort to arbitration in a small claims court of the province or territory of your main business office in Canada, so long as the Claim is individual, within the jurisdiction of and pending only in that court.
- e. Consolidation.** You acknowledge and agree that individual arbitration provides a more efficient and cost effective method of resolving Claims than court litigation. All Claims will be arbitrated on an individual basis. Claims brought by you against us or by us against you may be joined, heard one after the other or consolidated as the arbitrator may direct in arbitration with Claims brought by or against someone other than you, if agreed to in writing by all relevant parties. You further agree that the arbitrator will have no jurisdiction or authority to consider any Claim brought on a class action or representative party basis.
- f. Arbitration Procedures and Appeal.** The arbitrator will take reasonable steps to preserve the privacy of individuals and of business matters. Where the Claim being arbitrated is for an amount less than \$50,000, there will be no oral discoveries or oral hearing subject to the discretion of the arbitrator to direct otherwise. The arbitrator’s decision will be final and binding. However, where an appeal is not prohibited by statute, any party can appeal the award to an appeal panel administered by the Administrator, which will consider anew any aspect of the initial award objected to by the appealing party. Where the award under appeal is for \$50,000 or less, the appeal will be to a single appeal arbitrator and where the award under appeal is for more than \$50,000 the appeal will be to a three-member appeal panel. The appealing party will have thirty (30) days from the date of entry of the written arbitration award to notify the Administrator that it is exercising the right of appeal. The Administrator will then notify the other party that the award has been appealed. The Administrator will appoint the appeal panel that will conduct arbitration pursuant to the Rules and issue its decision within one hundred and twenty (120) days of the date of the appealing party’s written notice. The decision of the three-member appeal panel will be by majority vote. The appeal decision will be final and binding and there will be no further appeal. The appeal decision will be considered as a final award.
- g. Location of Arbitrations/Payment of Fees.** Any arbitration hearing that you attend will take place in the City of Toronto, Ontario. The arbitrator and, where applicable, the appeal panel shall be entitled to fix the costs and expenses of the arbitration, including reasonable legal fees, the costs and expenses of the arbitration and appeal, and the fees of the arbitrator, appeal panel and Administrator.
- h. Limitation of Rights.** If arbitration is chosen by either you or us to resolve a Claim, neither you nor we will have the right to litigate the Claim in a court action.
- i. Survival.** This arbitration section shall survive the termination or expiration of the Sponsored Merchant Agreement.

# Notification of Changes

Important current and future scheduled changes are set out in this Notification of Changes section of the *Merchant Operating Manual*. Updated provisions from previous publications are in **bold**.

## Notification of Current Changes

Effective Date	Subject	Description of change	Merchant Impacts
October 18, 2024	<a href="#">Electric Vehicle Charging</a>	Added guidance and recommendations for Authorizations for Electric Vehicle Charging stations.	New recommendations for Authorization for Electric Vehicle Charging.

## Notification of Previously Announced Changes

Effective Date	Subject	Description of change	Merchant Impacts
October 18, 2024	<a href="#">Variable Authorizations</a>	Introduced new and enhanced policies and capabilities for Authorizations.	<ul style="list-style-type: none"><li>• Simple process for Merchants to update Authorization amounts.</li><li>• Facilitates additional Cardmember spending at the Merchant.</li><li>• Reduces excess holds against Cardmember account and minimizes Authorization declines.</li></ul>

## Notification of Future Changes

Effective Date	Subject	Description of change	Merchant Impacts
April 11, 2025	<a href="#">Chargeback Codes Update – Invalid Chargeback Code</a>	Modified requirements for Merchants to provide supporting documentation and explanation that matches the Transaction or the Cardmember claim.	Merchants will be able to provide supporting documentation and explanation that matches the Transaction or the Cardmember claim.
April 17, 2026	<a href="#">Travel Authorizations</a>	Updated the Authorization Validity Period for Car Rental, Lodging, and Steamships & Cruise Lines Authorizations from the duration of the stay or the agreement to 30 days.	Standardized the Authorization Validity Period Car Rental, Lodging, and Steamships & Cruise Lines.

## Electric Vehicle Charging

Overview	Introduced new Electric Vehicle Charging policy.
Effective date	<b>October 18, 2024</b>
Merchant benefits and implications	Added guidance and recommendations for Authorizations for Electric Vehicle Charging stations where the final Submission amount is not known at the time of the Initial Authorization and amended existing verbiage for Automatic Fuel Dispensers to include the option of Variable Authorizations.
Edition of the <i>Merchant Operating Manual</i>	October 2024
Text in the <i>Merchant Operating Manual</i>	<p>Review the highlighted text in the following sections/subsections that support this policy.</p> <ul style="list-style-type: none"> <li>• <a href="#">Subsection 4.2.2. "Unattended Terminals"</a></li> <li>• <a href="#">Section 11.3.6. "Oil, Petroleum, and Electric Vehicles"</a></li> <li>• <a href="#">Subsection 11.3.6.1. "Requirements"</a></li> <li>• <a href="#">Subsection 11.3.6.2. "Automated Fuel Pumps"</a></li> <li>• <a href="#">Subsection 11.3.6.3. "Electric Vehicle Charging"</a></li> </ul>

Variable Authorizations

Overview	This suite of new and enhanced policies and capabilities for Authorizations streamlines the way that Merchants do business with American Express while helping improve the Cardmember experience.
Effective date	October 18, 2024
Merchant benefits and implications	<ul style="list-style-type: none"><li>• Simple process for Merchants to update Authorization amounts.</li><li>• Facilitates additional Cardmember spending at the Merchant.</li><li>• Reduces excess holds against Cardmember account and minimizes Authorization declines.</li></ul>
Edition of the Merchant Operating Manual	October 2024
Text in the Merchant Operating Manual	<p>Review the highlighted text in the following sections/subsections that support this policy.</p> <ul style="list-style-type: none"><li>• <a href="#">Section 5.2, "The Purpose of Authorization"</a></li><li>• <a href="#">Section 5.3, "Authorization Time Limit"</a></li><li>• <a href="#">Section 5.4, "Variable Authorization"</a></li><li>• <a href="#">Subsection 5.4.4, "Authorization Reversal"</a></li><li>• <a href="#">Section 10.6.1, "Authorization"</a></li><li>• <a href="#">Section 10.6.3, "Fraud"</a></li><li>• <a href="#">Glossary</a></li></ul>

# Chargeback Codes Update – Invalid Chargeback Code

Overview	Modified requirements for Merchants to provide supporting documentation and explanation that matches the Transaction or the Cardmember claim.
Effective date	April 11, 2025
Merchant benefits and implications	Allow Merchants to provide supporting documentation and explanation that matches the Transaction or the Cardmember claim.
Edition of the Merchant Operating Manual	October 2024
Text in the Merchant Operating Manual	<div>Review the highlighted text in the following sections/subsections that support this policy.</div> <ul style="list-style-type: none"><li>• Section 10.4 “Disputed Charges Process”</li><li>• Section 10.6 “Chargeback Reasons”</li></ul>



## 10.4 Disputed Charges Process

The following describes the Disputed Charges process:

**Table 10-1: Disputed Charge Process**

Case is opened	<p>We may take one of the following actions, based upon the information provided by you, the Cardmember, Issuer, or Network:</p> <ul style="list-style-type: none"> <li>We may send you a Chargeback or, if we cannot resolve the Disputed Charge without further information from you, an Inquiry.</li> <li>We may resolve the Disputed Charge in your favour and either take no further action (if we have not previously exercised Chargeback) or reverse our previous Chargeback.</li> </ul> <p>None of these actions affect procedures under any Chargeback programs (see <a href="#">Subsection 10.6.6, "Chargeback Programs"</a>) in which you have been placed.</p>
Merchant receives a Chargeback or Inquiry	<p>American Express tries to resolve a Disputed Charge by first using information available to us. However, in instances where we cannot resolve a Disputed Charge, we will send you a Chargeback or, if we cannot resolve the Disputed Charge without further information from you, an Inquiry.</p> <p>The Chargeback or Inquiry that we will send to you includes information about the Charge in question, required documentation that you must send us to support the Charge, and a deadline by which your response must be received.</p> <p>Refer to the following sections for more information:</p> <ul style="list-style-type: none"> <li><a href="#">Section 10.5, "Chargebacks and Inquiries Response Timeframe"</a></li> <li><a href="#">Section 10.6, "Chargeback Reasons"</a></li> <li><a href="#">Section 10.8, "Inquiry Types"</a></li> <li><a href="#">Section 10.12, "Ways to Receive Chargebacks and Inquiries"</a></li> </ul>
Merchant responds	<p>You may respond to the Chargeback or Inquiry by:</p> <ul style="list-style-type: none"> <li>providing the required documentation to support the validity of the Charge,</li> <li><b>advising the Chargeback is invalid and the incorrect Chargeback code was used and providing documentation including the specific details and supporting evidence,</b></li> <li>authorizing a Chargeback to your Merchant Account,</li> <li>issuing a Credit to the Card Number, or</li> <li>issuing a partial Credit to the Card Number and providing American Express with supporting documentation for the remainder of the Charge and the reason for providing only a partial Credit.</li> </ul> <p>See <a href="#">Section 10.13, "Response Methods"</a> for the process to follow when responding to a Chargeback or Inquiry.</p> <p><b>Note:</b> If you choose not to respond to our Inquiry, we will debit your Merchant Account with a "No Reply" Chargeback (see <a href="#">Section 10.6, "Chargeback Reasons"</a>).</p>
American Express reviews	<p>American Express reviews your response to ensure it includes all the required and requested pieces of information about the Disputed Charge. Upon receipt of the required information, we will determine whether to process, reverse, or uphold the Chargeback.</p>

Table 10-1: Disputed Charge Process

Disputed Charge is resolved	<p>When a Disputed Charge is resolved, one of the following may occur:</p> <ul style="list-style-type: none"><li>• We will notify the Cardmember and Issuer of the resolution, with consideration to any supporting documentation you provide.</li><li>• We will notify you of a Chargeback and debit your Bank Account. See <a href="#">Section 10.10, "How We Chargeback"</a> for details.</li></ul> <p>We typically resolve Disputed Charges within two (2) Cardmember billing cycles from the time the dispute is opened or as required by Applicable Law. The documentation you receive from us may provide a more exact timeframe.</p>
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## 10.6 Chargeback Reasons

- When we process a Chargeback to you, we will provide information about the Chargeback.
- For each Chargeback reason, the following tables include:
- Description – brief description of the Chargeback reason,
  - Information provided with Chargeback – type of information provided by the Cardmember or Issuer (or both) to support the Chargeback (documentation may not be provided with the Chargeback if it was preceded by an Inquiry),
  - Support required to request a Chargeback Reversal – ~~criteria-examples~~ of required documentation if you request a Chargeback Reversal. **If the Chargeback is invalid and the incorrect Chargeback code was used, you must provide documentation including the specific details and supporting evidence.**

The tables in the following subsections list the Chargeback reasons and information related to each Chargeback reason. The key below describes the applicable classification and code structure of Chargeback codes by country.

Travel Authorizations

Overview	Updated the Authorization Validity Period for Car Rentals, Lodging, and Steamships & Cruise Lines.
Effective date	April 17, 2026
Merchant benefits and implications	Standardized the Authorization Validity Period for Car Rentals, Lodging, and Steamships & Cruise Lines.
Edition of the Merchant Operating Manual	April 2026
Text in the Merchant Operating Manual	<p>Review the highlighted text in the following sections/subsections that support this policy.</p> <ul style="list-style-type: none"><li>Chapter 5 “Authorization” Subsection 5.4.1</li><li>Chapter 5 “Authorization” Subsection 5.4.2</li></ul>

### 5.4.1 Estimated Authorization

The following Estimated Authorization procedures apply where the final Charge amount is not known at the time of Authorization.

- You may obtain an Estimated Authorization for a good faith estimate of the final Charge amount. Do not overestimate the Authorization amount. You must inform the Cardmember of any estimated amount for which Authorization will be requested and must obtain the Cardmember's consent to the estimated amount before initiating the Authorization request.
- Estimated Authorization amounts must be greater than zero (\$0.00).
- You must inform the Cardmember that the amount of the Estimated Authorization is not final and may change.
- For travel industries (e.g., lodging, cruise line, and car rental), upon reservation or check-in, determine the estimated amounts of Charges based upon the daily rate and the expected number of days, plus taxes and any known incidental amounts. You must not include an amount for any possible damage to or theft in the Estimated Authorization. You may obtain Authorization and submit intermittently (no less than daily) throughout the duration of travel.
- For car rental periods exceeding four (4) months, you ~~shall obtain Authorization for the amount of each of the monthly rental periods of a multi-month rental immediately prior to each such monthly rental period. You~~ represent and warrant hereunder that your multi-month rental program complies with Applicable Law.
- Regardless of the industry, you must submit the corresponding Charge as soon as you become aware of the 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.
- You should indicate that the Authorization amount is an estimated amount by placing the Estimated Authorization indicator in the Authorization message. Refer to the *Global Credit Authorization Guide* for additional information about Estimated Authorization messages.

For pre-Authorization at Automated Fuel Pumps and electric vehicle charging stations, see [Section 11.3.6, "Oil, Petroleum, and Electric Vehicles"](#).

## 5.4.2 Estimated Charge Amount

Example for clarification: A hotel obtains an Estimated Authorization at check-in for \$1,000. The Estimated Charge variance for lodging Merchants is 15%. The final amount at check-out is \$1,150. No additional Authorization is required since the final Charge is within the Estimated Authorization amount plus 15%.

If we classify or otherwise determine that you are in an industry that is eligible for Estimated Charge variance in [Table 5-1: Estimated Charge Amount](#), then the Authorization Approval is valid for Charge amounts that are within the corresponding Estimated Charge variance percentage as listed in the table.

If the Estimated Charge Amount falls within the range listed in [Table 5-1: Estimated Charge Amount](#), then no further Authorization action is necessary.

Estimated Charge percentages listed below do not apply to Partially Approved Authorizations.

**Table 5-1: Estimated Charge Amount**

Industry	MCC	Estimated Charge Variance +/-	Authorization Validity Period
Eating Places, Restaurants	5812	30% <sup>2</sup>	7 days
Drinking Places	5813	30% <sup>2</sup>	7 days
Grocery Stores (Card Not Present)	5411	15% <sup>1</sup>	7 days
Retail Stores (Card Not Present)	All MCCs	15% <sup>1</sup>	7 days
Taxicabs & Limousines	4121	20%	7 days
Car Rental	7512	15%	<del>30 days</del> <u>Duration of rental</u>
Lodging	7011	15%	<del>30 days</del> <u>Duration of rental</u>
Motor Home & RV Rentals	7519	15%	7 days
Steamship & Cruise Lines	4411	15%	<del>30 days</del> <u>Duration of rental</u>
Truck Rental	7513	15%	7 days
Fast Food Restaurants	5814	30% <sup>2</sup>	7 days
Beauty & Barber Shops	7230	20%	7 days
Health & Beauty Spas	7298	20%	7 days

<sup>1</sup> The 15% Estimated Charge variance for Retail and Grocery only applies to Card Not Present Charges.

<sup>2</sup> The Estimated Charge variance at Restaurant, Fast Food, and Drinking Places for debit and prepaid Charges is 20%.