AMERICAN EXPRESS

Merchant Operating Guide - All Regions

October 2026

GLOBAL MERCHANT SERVICES

Confidential and Trade Secret Materials

This document was published on October 23, 2026, and is in full force and effect as of October 24, 2026, except for changes that will become effective on April 24, 2027, or another date, as specified herein.

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Publication Information

Regional Applicability

This *Merchant Operating Guide* should be used by Merchants that have entered into an Agreement with a Merchant Services Provider in the applicable Regions listed in the table below:

Geographic Area	Applicable Regions
APAC	Australia
Canada	Canada
EMEA	EEA Countries and U.K. only
LAC	Mexico and Argentina
United States (U.S. Region)	The 50 States and the District of Columbia, American Samoa, Guam, Commonwealth of the Northern Mariana Islands, Puerto Rico, U.S. Minor Outlying Islands, and the U.S. Virgin Islands, but no other U.S. territory or possession.

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Summary of Changes in this Edition

October 2026

How Changes Are Reflected

All changes to the *Merchant Operating Guide* are indicated with a change bar. A change bar is a vertical line (usually in the left margin) that visually identifies new or revised text. Substantive changes also will include effective dates. **Only** substantive changes are listed in the table below. Substantive changes are those changes having potential impact to Participants' operational procedures.

Sections that are deleted are referenced in the Summary of Changes using the section numbering from the previous publication. This will avoid confusion from any auto-numbering changes that may occur in this publication.

Contact your American Express representative with any questions.

Summary of Changes

Subject	Revision
Section 3.1: Card Acceptance	Restated Card Acceptance requirements for Merchants.
Section 3.2: Treatment of the American Express Brand	Clarified requirements related to Merchant treatment of the American Express Brand.
Section 5.3.5: Partial Authorization	Updated excluded Transaction Types and Merchant responsibilities.
Section 5.3.7: Authorization Adjustments	Added section for Authorization Adjustments.
Section 5.5: Authorization Responses	Updated Authorization responses.
Section 5.6.1: Chip Card (Offline) Authorizations	Added Chip Card Fallback section.
Chapter 8: Fraud Prevention	Expanded section to include fraud tools.
Section 9.1.3: Mixed Business	Clarified Mixed Business language.
Chapter 11: Regulations for Specific Industries	Expanded industry-specific requirements and aligned regional applicability.
Appendix B: Definitions	Added or modified definitions to align terminology across the *Merchant Operating Guide*.

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1 Introduction

1.1 Introduction to the *Merchant Operating Guide*

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

American Express Global Network Services (AEGNS) is a business unit within American Express Travel Related Services Company, Inc., which is a subsidiary of American Express Company. AEGNS is responsible for the operation of the AEGN, including such areas as brand management, marketing, operations, settlement, Management Information Services (MIS), telecommunications, and systems.

The *Merchant Operating Guide* gives American Express Merchants the necessary information to participate in the Network as required by their Agreements.

The rules in this edition replace previous versions of the *Merchant Operating Guide* and supersede all other American Express published policies on the same subject.

All rules in this guide are effective at the date of publication, unless otherwise stated.

1.2 About the *Merchant Operating Guide*

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

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

1.3 Intended Audience for this Guide

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

- Are physically located and maintain a bank account at a financial institution within the Merchant's applicable region as approved by their Merchant Services Provider.
- Have an estimated annual American Express Charge volume that meets the program requirements as communicated to the Merchant by their Merchant Services Provider, and
- Transact in local currency and receive payment from their Merchant Services Provider into a local bank account or any other currency approved by their Merchant Services Provider.

Canada: Amex Bank of Canada is a licensed user of the American Express Network and provides access to qualified Merchant Services Providers that have entered into a Program Agreement and comply with the *American Express® Technical Specifications*.

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The *Merchant Operating Guide* has been prepared in English, French, and Spanish. In the event of any inconsistency, where other translations are provided the English version shall apply and be binding upon the parties.

1.4 Conventions Used in the *Merchant Operating Guide*

The *Merchant Operating Guide* utilizes the following conventions throughout.

All references to "time" are stated in Eastern Time (ET) in the United States. The use of "day" or "days" refers to calendar days.

The plural usage of a term also includes the singular, and the singular includes the plural. For example, the use of "a Merchant" would include "all Merchants." The reverse is also true; "all Merchants" would apply to individual "Merchants."

Capitalized words have specific meaning in the context of the *Merchant Operating Guide*. Refer to Definitions for more information on any word or term in question.

All amounts referenced herein are stated in U.S. dollars (USD) unless expressly stated otherwise or its local currency equivalent, and may be subject to currency conversion at the applicable exchange rates as of the date of publication, unless otherwise specified.

References to this manual and other manuals are printed in *Italics*. **Bold** text is used for visual emphasis. Hyperlinks to and from chapters are identified by blue underlined text when viewing the *Merchant Operating Guide* online.

Only substantive changes will be highlighted with effective dates and change bars and listed in the Summary of Changes table. Substantive changes are defined as those changes having potential impact to Merchants' operational procedures. Sections that are deleted will be referenced in the Summary of Changes by chapter using the section numbering from the previous publication. This will avoid confusion from any auto-numbering changes that may occur in this publication.

1.5 Changes in the *Merchant Operating Guide*

The *Merchant Operating Guide* is published twice each year in April and October. American Express reserves the right to change the provisions of the *Merchant Operating Guide*.

Scheduled Changes

American Express may change the provisions of the *Merchant Operating Guide* in scheduled changes as follows:

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

Where a scheduled change is to take effect during the period between two editions of the *Merchant Operating Guide*, the change will be included in the edition of the *Merchant Operating Guide* covering the period during which the change shall take effect, noting the effective date of the change. Such changes will not take effect less than 90 days after the release is posted unless another effective date is necessary to comply with Applicable Law and is specified in the notice.

Unscheduled Changes

American Express may also change the provisions of the *Merchant Operating Guide* in separate unscheduled releases at any time, which shall take effect 90 days after the release is posted unless another effective date is necessary to comply with Applicable Law and is specified in the notice.

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2 Doing Business with American Express

2.1 Introduction

The *Merchant Operating Guide* explains the policies and procedures related to accepting American Express Cards. It also highlights some of the services and tools that can help Merchants' 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 a Merchant has made to accept the American Express Card demonstrates a commitment to the millions of Cardmembers who carry the Card. Accepting the Card allows a Merchant to:

- Offer their customers the convenience of paying with American Express Cards
- Improve retention by allowing customers with recurring Charges to pay automatically

Canada: In line with American Express' core values of trust and integrity and as required under the Bank Act (Canada), when dealing with its customers, including Merchants or another person, American Express 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 American Express.

2.3 Merchant Information

Important notifications from American Express regarding the Merchant's acceptance of the Card will be sent to the Merchant via their Merchant Services Provider.

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

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

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APAC (Australia Only): American Express may include the Merchant's Marks, details and those of the Merchant's Establishments in guides, directories, lists, and other marketing materials in connection with the Merchant's acceptance of the Card. American Express may also have its Affiliates and selected third parties do this on its behalf or for their own benefit. If the Merchant does not agree, the Merchant must notify their Merchant Services Provider in writing.

Canada Only: Canada operates as an opt-in region in compliance with Canadian law. Merchants in Canada will only receive commercial marketing communications from American Express if they have explicitly consented to do so. Merchants may withdraw this consent by following the opt-out procedures described above. If the Merchant has opted out, the Merchant may continue to receive important transactional or relationship communications from American Express. In addition, the Merchant may continue to receive marketing communications from American Express while American Express updates its records to reflect the Merchant's opt-out choice.

2.4 Compliance with the Technical Specifications

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

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

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

The Merchant should contact their Merchant Services Provider for further information about complying with these specifications.

2.4.1 Merchant Category Codes (MCC) Classifications

Merchants must provide the Merchant Services Provider with an accurate and complete description of their business in order for the Merchant Services Provider to assign a Merchant Category Code (MCC) and industry classification to the Merchant Number. Merchants must use the same assigned MCCs on each Authorization Request and Presentment message.

The Merchant Services Provider will select the MCC that most accurately describes the Merchant's business. The MCC, in most cases, should reflect the primary type of business in which the Merchant is engaged.

If the MCC used in the Presentment does not match the MCC of the corresponding Authorization, the Merchant agrees to remediate the mismatch as soon as possible, at their own expense and in accordance with any instructions received from American Express or the Merchant Services Provider.

Failure to correctly utilize the MCC in the Presentment could expose the Merchant to Chargebacks.

Failure to comply with MCC data requirements may result in the assessment of *Technical Specifications* non-compliance fees. Work with the Merchant Services Provider for questions related to MCC assignments.

2.4.2 Compliance with Payment Products Terms and Conditions

American Express offers various payment processing solutions and products. If the Merchant chooses to utilize one or more such products, the Merchant and its Merchant Services Provider must comply with the corresponding terms and conditions, which American Express may update from time to time, and

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which are available at www.americanexpress.com/merchantspecs. In the event of any conflict between the terms and conditions of the payment processing product and the *Merchant Operating Guide*, the terms and conditions of the payment processing product will prevail. All products and services may not be available to all Merchants.

2.5 Establishment Closing

If the Merchant closes any of their Establishments, they must follow these guidelines:

- The Merchant should notify their Merchant Services Provider and follow their guidelines for notification of Establishment closing.
- Convey the Merchant's policies to the Cardmember prior to completion of the Transaction and ensure the policies are printed on the copy of a Transaction Receipt or Clearing Record signed by the Cardmember.
- If the Merchant is not providing refunds or exchanges, post notices indicating all sales are final (e.g., at the front doors, by the cash registers, and on the website and catalog).
- Clearly disclose its return and cancellation policies at the time of sale.
- For Advance Payment or Delayed Delivery Charges, either deliver the Goods or Services for which it already has charged the Cardmember or issue Credit for any portion of the Transaction for which it has not delivered the Goods or Services.

2.6 Verification and Disclosure of Information

The information Merchants provide to their Merchant Services Provider may be disclosed and shared with their Merchant Services Provider's agents, subcontractors, Affiliates, and other parties, including American Express, industry organizations, and reporting agencies, for any purpose permitted by Applicable Law.

U.S., APAC, Canada, LAC: Merchants acknowledge that American Express collects and retains such information, shares such information with Affiliates and its other business lines, and may use such information to improve services, prevent fraud, and for other business purposes, including but not limited to conducting analytics and making information available to certain third parties, including for tax reconciliation or expense management services and their users. Merchants further acknowledge that by entering into the Agreement with their Merchant Services Provider, they provide permission to obtain or disclose information in connection with the Agreement, consent to American Express' disclosure of such information for the foregoing purposes, and hereby release and waive any right or claim arising out of or related to such disclosure, including defamation claims, even if the information that is disclosed is incorrect or incomplete.

U.S. Only: A Merchant's business name and the name of their principals may be reported to the MATCH ™ (Member Alert to Control High Risk Merchants) listing maintained by MasterCard. Merchants hereby specifically consent to the reporting and waive and hold American Express and their Merchant Services Provider harmless from all claims and liabilities they may have because of such reporting.

2.7 Permitted Uses of Merchant Information

The information Merchants provide to their Merchant Services Provider may be transferred to American Express or its Affiliates globally, for example, to process Transaction and provide the Merchant with American Express products or services. American Express protects such information in the manner described in its online privacy statement and according to all Applicable Laws regardless of where it processes the information.

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U.S., APAC, Canada, LAC: In addition to the above, for the purpose of communicating a Merchant's acceptance of the Card, American Express may use the Merchant's name, address (including website addresses or URLs), customer service telephone numbers, or industry classification in any media at any time. This information is based on what the Merchant has provided to their Merchant Services Provider or is otherwise publicly available.

Please visit American Express' Online Privacy Statement for more information:

U.S.: https://www.americanexpress.com/us/company/privacy-center/online-privacy-disclosures/

Argentina: https://www.americanexpress.com/es-ar/empresa/legal/centro-de-privacidad

Australia: https://www.americanexpress.com/au/about-us/disclosures/privacy-statement

Canada: Privacy Code

Mexico: https://www.americanexpress.com/mx/empresa/avisos-de-privacidad.html

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

For more information, visit

U.S.: https://www.americanexpress.com/us/merchant/shop-small.html

Canada: https://www.americanexpress.com/ca/en/merchant/shop-small.html

On these websites, a Merchant can view offer terms and conditions, determine if its business is an eligible small merchant that is included in any offers, and access any available signage to promote Cardmember offers, that the Merchant includes to its customers.

2.8 Governing Law; Jurisdiction; Venue (as to Claims Involving American Express) U.S., Canada Only

U.S.: The *Merchant Operating Guide* and all Claims are governed by and shall be construed and enforced according to the laws of the State of New York without regard to internal principles of conflicts of law. Subject to Section 12.1: Arbitration Agreement (as to Claims Involving American Express) – U.S., any action by either party under the *Merchant Operating Guide* shall be brought only in the appropriate federal or state court located in the County and State of New York. Each party consents to the exclusive jurisdiction of such court and waives any Claim of lack of jurisdiction or forum non conveniens.

Canada: The Agreement and all Claims are governed by and shall be construed and enforced according to the laws of the Province of Ontario and the laws of Canada applicable in Ontario. Subject to Section 12.2: Arbitration Agreement (as to Claims Involving American Express) – Canada, any action by either party under the Agreement shall be brought only in the appropriate court located in Ontario. Each party consents to the exclusive jurisdiction of such court and waives any Claim of lack of jurisdiction or forum non conveniens.

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3 Card Acceptance

3.1 Card Acceptance

Merchants and their Merchant Services Provider must adhere to the following policies, standards, and guidelines (including, but not limited to, product naming conventions, product feature requirements, Blue Box logo usage, and Card design requirements).

U.S., APAC, Canada, LAC Only: By choosing to enter into the Agreement, the Merchant agrees to accept the Card as payment for Goods and Services (other than those goods and services prohibited under Section 3.4: Prohibited Uses of the Card) sold, or (if applicable) for charitable contributions made, at all of their Establishments, except as expressly permitted by Applicable Law. A Merchant is jointly and severally liable for the obligations of its Establishments under the Agreement.

By accepting the Card at its Establishment, a Merchant is providing its customers with convenience and flexibility in choosing their method of payment.

3.1.1 Japan Credit Bureau (Australia and Canada only)

American Express has an established relationship with Japan Credit Bureau (JCB), a Card Issuer based in Japan, whereby American Express acts as JCB's merchant acquirer in Canada and Australia. Merchants in Canada and Australia 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 their Marks include the marks of JCB. Merchants in Canada and Australia can accept JCB cards on the same Merchant Number and on the same Terminal device on which they accept the American Express Card.

American Express 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.

Canada: Complimentary American Express and JCB decals and signage are available for Merchants in Canada. Refer to www.americanexpress.ca/signage for more information.

3.2 Treatment of the American Express Brand (Not Applicable in EMEA)

Merchants must not engage in activities that would harm American Express' business or Brand.

Except as expressly permitted by Applicable Law, a Merchant must not:

- Indicate or imply that they prefer, directly or indirectly, any Other Payment Products over the American Express Card
- Try to dissuade Cardmembers from using the Card
- Criticize or mischaracterize the Card or any of American Express's services or programs
- Try to persuade or prompt Cardmembers to use any Other Payment Products or any other method of payment (e.g., payment by check)
- Impose any restrictions, conditions, disadvantages, or fees when the Card is accepted that are not imposed equally on all other Payment Products, except for electronic funds transfer, or cash and check

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- Suggest or require Cardmembers to waive their right to dispute any Transaction
- Engage in activities that harm American Express's business, the American Express Brand, or both
- Promote any Other Payment Products (except the Merchant's own private label card that the Merchant issues for use solely at their Establishments) more actively than the Merchant promotes American Express' Card, or
- Convert the currency of the original sale Transaction to another currency when requesting Authorization or submitting Transactions, or both.

Canada: The prohibitions stated in the previous section apply unless allowable under Applicable Law or industry codes of conduct to which American Express subscribes.

Specifically, Merchants may offer discounts from their 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 the Merchant clearly and conspicuously discloses the terms of the discount offer to all prospective buyers at the point of purchase or checkout.

U.S.: The Merchant may offer discounts or in-kind incentives from their regular prices for payments in cash, ACH funds transfer, check, debit card, or credit/charge card, provided that (to the extent required by Applicable Law):

- They clearly and conspicuously disclose the terms of the discount or in-kind incentive to their customers.
- The discount or in-kind incentive is offered to all their prospective customers.
- The discount or in-kind incentive does not differentiate on the basis of the Issuer or, except as expressly permitted by applicable state statute, payment card network (e.g., Visa, MasterCard, Discover, American Express).

The offering of discounts or in-kind incentives in compliance with the terms of this paragraph will not constitute a violation of the provisions detailed in Section 3.2: Treatment of the American Express Brand.

Australia Only: The Merchant must not charge, impose, recover or attempt to recover from any Cardmember any fee, surcharge or additional amount in connection with, or as a condition of, accepting the Card. If the Merchant cannot meet these obligations, the Merchant Services Provider may exercise any rights or remedies available to it under the Agreement for material breach, including immediate suspension or termination of the Merchant's ability to accept the Card and termination of the Agreement.

3.3 Treatment of the American Express Marks

Whenever payment methods are communicated to customers, or when customers ask what payments are accepted, the Merchant must indicate the acceptance of the Card and display American Express' Marks (including any Card application forms American Express may provide) as prominently and in the same manner as any Other Payment Products.

American Express' corporate logo, the "American Express® Blue Box" logo, is the strongest visual symbol of the American Express company 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

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point-of-purchase materials and signs. The following guidelines apply toward 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's minimum size is 3/8" and 1/2" is the preferred size.
- The “Blue Box” logo must always be shown in the pre-approved "American Express blue" or, in one- or two-color communications, black.

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

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

3.4 Prohibited Uses of the Card

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

- Any Transactions in the Prohibited and Restricted Industries. The Merchant should reach out to their Merchant Services Provider for additional information on these industries.
- Transaction amounts that do not represent bona fide direct sales of Goods or Services (or, if applicable, amounts that do not represent bona fide charitable contributions made) at a Merchant. This includes costs or fees over the normal price of the Goods or Services (plus applicable taxes) the Cardmember has not specifically approved.
- Submitting Clearing Records for amounts that do not correspond to the value of the Goods or Services provided. This restriction does not apply in the case of Partial Authorizations. Refer to Section 4.5.7: Processing Prepaid Cards and Section 5.3.5: Partial Authorization for more information about Partial Authorization-related requirements. Examples of forbidden Transactions include purchases at Merchants by owners (or their family members) or employees contrived for cash flow purposes, or payments that the Merchant has accepted in order to advance cash to Cardmembers in connection with the Transaction.
- Capturing or processing Clearing Records on behalf of any other Merchant or non-Merchant, except as otherwise expressly permitted by their Merchant Services Provider.
- Charges the Cardmember has not specifically approved.
- Submitting more than one Clearing Record for Goods and Services purchased in a single Transaction, except for lodging Merchants, Split Shipment Transactions of Goods, and airline or cruise line Merchants that have received approval from their Merchant Services Provider.
- Splitting a single Charge by creating two or more Clearing Records on a single Card for a single Charge to avoid Authorization.
- Damages, losses, penalties, or fines of any kind, except as provided in Section 11.15.2: Vehicle Rental (U.S., Canada, EMEA, LAC).
- Unlawful/illegal activities, fraudulent business Transactions, or when providing the Goods or Services is unlawful/illegal.

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- Overdue amounts or amounts covering returned, previously dishonored, or stop-payment checks (e.g., where the Card is used as a payment of last resort).
- Amounts that represent repayment of a cash advance including, but not limited to, payday loans, pawn loans or payday advances, or other items of which American Express or the Merchant Services Provider notifies the Merchant.

3.5 Prohibited Merchants

Some Merchants, or some of their Establishments, are not eligible (or may become ineligible) to accept the Card. Such Merchants or Establishments will be denied the privilege to accept the Card if it is determined that they meet one or more of the criteria for a Prohibited Merchant, including the criteria set forth in Chapter 9: Risk Evaluation. Merchants should contact their Merchant Services Provider for more information regarding Prohibited Merchants.

3.6 Treatment of the American Express Cardmember Information

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

Except as otherwise specified, Merchants must not disclose Cardmember Information, nor use nor store it, other than to facilitate Transactions at their Establishments in accordance with the Agreement.

Refer to Appendix A: Data Security Requirements for more information.

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4 Transaction Processing

4.1 Introduction

This chapter details American Express' rules regarding Merchants' Card acceptance and Transaction processing procedures.

4.2 General Requirements

To accept the Card for Transactions, Merchants must clearly and conspicuously:

- Disclose all material terms of sale before obtaining an Authorization.
- Inform Cardmembers at all points of interaction (e.g., sales conducted in person, over the internet, mobile, or via mail or telephone order) what entity is making the sales offer, so that the Cardmember can clearly distinguish the Merchant from any other party involved in the interaction (e.g., a vendor of Goods or provider of Services a Merchant may engage, or another Merchant seeking to conduct business with the Cardmember).

APAC (Australia Only): In addition to the above, if the Merchant transfers Cardmember Information to a recipient overseas, the Merchant must ensure that the recipient complies with the Privacy Laws at all times. At the point of sale, the Merchant must clearly and conspicuously inform the Cardmember which entity is making the offer of Goods or Services, so that the Cardmember can clearly distinguish the Merchant from any other party involved in the sale.

The Transaction Data a Merchant collects to facilitate the Charge must be, or have been, provided directly to the Merchant by the Cardmember.

Merchants must not accept or have accepted Transaction Data from, nor shall the Merchant provide or have provided Transaction Data to any third parties other than their Covered Parties, for the purposes of processing a Transaction authorized by a Cardmember. American Express, in its sole discretion, may assess fees, suspend Card acceptance, or terminate the Agreement of any Merchant found to have accepted Transaction Data from or provided Transaction Data to an unauthorized third party.

The Merchant should contact their Merchant Services Provider for further information regarding Section 4.2: General Requirements.

4.3 In-Person Charges

In-Person Charges refer to Charges in which the Card and Cardmember are present at the Point of Sale (POS).

For all in-person Charges, and regardless of the amount of the Transaction or the Merchant Floor Limit, the Merchant must:

- Have the Card present, except for Split Shipment Transactions of Goods.
- Not accept a Card that is visibly altered, mutilated, or presented by anyone other than the Cardmember.
- Ensure the Card is processed by a chip-capable POS device if the Card is chip-enabled or swiped through electronic data capture equipment.
- Obtain an Authorization.

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- Notify the Cardmember immediately if a Card is declined.
- Obtain a Cardmember signature if the Merchant chooses or is required by Applicable Law. Refer to Section 4.3.1: Obtaining Signature for In-Person Charges. For questions concerning In-Person Charges, Merchants should contact their Merchant Services Provider.
- If applicable, obtain the Personal Identification Number (PIN) to authenticate the Cardmember. No PIN is required to authenticate the Cardmember if the Merchant and the Transaction qualify under the No Signature/No PIN Program. Refer to Section 4.3.2: No Signature/No PIN Program for more information.
- Ensure that the Card is being used within the valid dates shown on the face of the Card. If only an Expiration Date appears on the Card, the date of Charge must be prior to this date.
- Complete a single Transaction Receipt for the entire amount of the Charge Transaction, except for airlines, cruise lines, and lodging Merchants, and Split Shipment Transactions of Goods. Merchants may accept separate forms of payments for the same Transaction (i.e., Cardmember wishes to pay for part of the Transaction with the Card and the balance with another form of payment). Merchants operating in the airline and cruise line industries must receive approval from their Merchant Services Provider.
- Match the Card Account number and Expiration Date appearing on the front of the Card to the same information on the back of the Card or printed on the terminal receipt by the POS terminal.
- Identify Merchants using Customer Activated Terminals (CATs) in the Authorization Request message via the Point of Service Data Code. All Transactions at CATs must be Authorized. Refer to the *Technical Specifications*, and Section 4.3.4: Customer Activated Terminals (CATs) for more information.
- For keyed Transactions, key in the Card Account number and Expiration Date. For embossed Cards, obtain an imprint of the Card to ensure the Card and Merchant data are legible on the Transaction Receipt. No imprint is required if the Transaction meets any applicable exclusion conditions for a missing imprint. "Signature on file" is not an acceptable signature. A pencil rubbing or photocopy of the Card is not considered proof of a valid imprint.
- If suspicious of a Card or Cardmember, Merchants are instructed to call American Express with a Code 10. Refer to Section 8.8.2: Card Present Fraud Tools for more information.

If the Merchant processes Charges manually or the electronic capture device is inoperable, the Merchant must Imprint the Card onto a Clearing Record that conforms to the AEGN specifications as detailed in Section 4.6.1: Charge Transactions. The Merchants may provide handwritten Card details on the Clearing Record only when both:

- A POS device is not available
- A Card Imprinter is not available, or a flat-printed Card is presented

Failure to obtain an Imprint may subject the Transaction to a Chargeback unless the Transaction meets any of the conditions for exclusion.

The Merchant is at risk of a Chargeback if a Charge proves to be fraudulent and the Merchant completes the Transaction when the Cardmember is present and does not have their Card.

In all cases, Merchants will be liable for fraudulent Charges arising from a failure to comply with American Express' Card acceptance procedures.

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4.3.1 Obtaining Signature for In-Person Charges

If a Merchant chooses or is required by Applicable Law to obtain a signature on a manual Imprint, printed, or electronic In-Person Charge, the Merchant must:

1. Obtain the signature on the Clearing Record.
2. If possible, verify that the name indicated by the signature is the same as the name on the Card.
3. Verify that the signature on the Clearing Record matches the signature on the Card, except in the case of Prepaid Cards that may not include a signature.

If a Merchant requests Cardmember signature, and the signature panel on the Card is blank, in addition to requesting an Authorization, the Merchant must:

1. Require the Cardmember to sign the Card.
2. Ask the Cardmember for an official form of identification bearing a signature, such as a driver's license or passport.
3. Compare the signature on the Card to the official form of identification for consistency.
4. If the Cardmember refuses to sign the Card, or if the signature is not consistent with the official form of identification provided by the Cardmember, the Transaction should not be completed.

Merchants may provide the Cardmember's written signature or a signature obtained electronically on a POS device (for In-Person Charges) on the Clearing Record.

4.3.2 No Signature/No PIN Program

The No Signature/No PIN (Cardholder Verification Method) Program allows a Merchant to process a Card Present Transaction without obtaining the Cardmember's signature or PIN as required in Section 4.3: In-Person Charges, unless required by Applicable Law, if all of the following requirements are met:

- The Merchant is in a designated country listed in the No Signature/No PIN Program and Expresspay Transaction Limits table in the *Technical Specifications*.
- The Transaction amount is equal to or less than the amount listed in the No Signature/No PIN Program and Expresspay Transaction Limits table in the *Technical Specifications*.
- The Merchant's MCC is not listed in Table 4-1: Ineligible Merchant Category Codes for the No PIN Program.
- The Transaction is Authorized.
- The indicator provided in the Submission request must indicate a Card Present and Cardmember Present Transaction.

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

- The Merchant implements the No Signature/No PIN program.
- The Merchant is using a Terminal which supports a provisional Transaction amount.
- The final Transaction performed is over the No Signature/No PIN threshold.

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

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

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Table 4-1: Ineligible Merchant Category Codes for the No PIN Program[1]

MCC Code	Description
4814	Telecommunications Services
4816	Comp Network/Information Services
4899	Cable and Other Pay Television Services
5542	Automated Fuel Dispensers
5964	Direct Marketing - Catalog Merchants
7273	Dating and Escort Services
7297	Massage Parlors
7375	Information Retrieval Services
7393	Detective Agencies, Protective Agencies, and Security Services

1. Merchants in these MCCs must obtain PIN if an AEIPS Chip and PIN Card is presented at a Chip and PIN-enabled POS device.

Obtaining Cardmember signature on Card Present Transactions is optional to complete a Clearing Record, and at a Merchant's discretion, unless required by Applicable Law.

Australia: Merchants are prohibited from signing Dating and Escort Services (7273) & Massage Parlors (7297).

U.S.: The established threshold for Charges to qualify under the No PIN Program is USD $200 or less for all In-Person Charges.

Canada: The established threshold for Charges to qualify under the No PIN Program is CAD $250 or less for Contactless and CAD $50 or less for all other In-Person Charges.

4.3.3 Contact Chip Card Charges

For Chip and PIN Cards, the Merchant must ensure that their POS systems can accept Chip Cards and, if applicable, are capable of PIN verification.

When presented with a Chip Card, the Card must be inserted into the reader of the POS that must capture Chip Card Data unless the Charge is processed through Contactless technology, in which case the Merchant must follow the steps detailed in Section 4.3.5: Contactless Chip Card Charges.

For Transaction amounts equal to or greater than the contact limit, and for Transactions that do not qualify for the No Signature/No PIN Program (Section 4.3.2: No Signature/No PIN Program), the POS should advise the Cardmember to enter the PIN (a "Chip and PIN Transaction") or any other CVM, excluding Cardmember signature. Upon such advice, the Merchant must ensure that the Cardmember completes the applicable CVM when prompted by the POS. Failure to capture the PIN may result in Chargebacks for lost, stolen, or non-

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received fraudulent In-Person Charges. For further information on non-received fraudulent In-Person Charges Received, the Merchant should contact their Merchant Services Provider. If a Merchant chooses to obtain a Cardmember signature, refer to Section 4.3.1: Obtaining Signature for In-Person Charges.

If a Merchant is unable to complete a Chip Card Transaction due to a technical problem, the POS should show an error message and either decline the Transaction or direct the Establishment to capture full Magnetic Stripe data by following the procedure for non-Chip Card Transactions (Refer to Section 4.3: In-Person Charges).

If a Merchant swipes a Chip Card through the POS when no technical problem exists, or at any time manually keys a Charge into the POS system, the Transaction may be declined and, if it is not, American Express may have Chargeback rights for fraudulent In-Person Charges.

American Express will monitor the Merchant's transactional data, including the reporting of the POS capability provided in the Point of Service Data Code listed in the *American Express Technical Specifications*.

American Express may use this information to determine eligibility for Chip Card fraud liability shift. Refer to Section 9.2: Monitoring for more information.

Merchants will be liable for any losses that American Express may suffer and American Express will have Chargeback rights for fraudulent In-Person Charges, or may terminate the agreement, if:

- The POS system has not been upgraded to accept Chip Cards.
- The Merchant and its Processing Agent do not have the ability to capture and send Chip Card Data.
- The Merchant has not certified the POS with American Express to accept Chip Transactions or Chip and PIN Transactions.

American Express may exercise Chargeback for counterfeit, lost, stolen, or non-received fraud if a Chip Card with PIN functionality is presented at a Chip and PIN POS that can process Chip Cards, but the Charge is not submitted as a Chip and PIN Charge because the Merchant's capable Chip and PIN POS system was not configured to process the Chip and PIN Charge at the time of the Transaction.

American Express will not exercise Chargeback for counterfeit, lost, stolen, or non-received fraud for Fallback Transactions if, after inserting the Chip Card, the Merchant's POS prompts the Merchant to complete the Transaction by swiping the Magnetic Stripe of the Card, provided that all applicable Card acceptance steps are followed as detailed in Section 4.3: In-Person Charges.

The Merchant may be subject to counterfeit, lost, stolen, or non-received Chargebacks in the event of a fraud dispute if a Merchant is presented with a Chip Card and manually keys the Transaction.

U.S.: If the Merchant uses Enabled Chip and PIN POS systems to process a Chip Transaction for Other Payment Products, they must configure those systems for American Express Chip Cards according to *American Express' Technical Specifications* and requirements.

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

If the Merchant's POS system is not an Enabled Chip and PIN POS system, and a Chip Card is presented, American Express may exercise Chargeback for counterfeit, lost, stolen, or non-received fraud.

4.3.4 Customer Activated Terminals (CATs)

Merchants must ensure that all new, replaced, or existing unattended Chip-enabled Offline or online capable CATs (except Transit Access Terminals (TATs)) support No CVM for Contactless and AEIPS Transactions.

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Merchants must ensure that the terminal examines the Chip CVM list in priority order and selects the first CVM supported by both the terminal and the Chip. Refer to the *Technical Specifications* for more information.

The Merchant should contact their Merchant Services Provider for additional information on CAT requirements.

To process Transactions through CATs, the Merchant 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 American Express may provide if a Merchant accepts the Card at a CAT that is part of, or attached to, a fuel dispenser, or electric vehicle charging station.
- Ensure that the CAT notifies the Cardmember if the Transaction is declined, where technically feasible.

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

Refer to Section 4.3.2: No Signature/No PIN Program and Section 4.3.3: Contact Chip Card Charges for more information.

4.3.5 Contactless Chip Card Charges

Merchants accepting Contactless payments are exempt from the requirements set forth in Section 4.3: In-Person Charges except for the following requirements:

- Merchants must complete a single Clearing Record for the entire amount of the Transaction. Merchants may accept separate forms of payment for the same Transaction (i.e., Cardmember wishes to pay for part of the Transaction with the Card and the balance with another form of payment).
- Merchants must comply with the Card and Contactless Terminal requirements as defined in the *Technical Specifications*.

The Merchant is at risk of a Chargeback if a Charge proves to be fraudulent and the Merchant completes the Transaction when:

- The Cardmember is present and does not have their Card or Mobile Device containing the Cardmember's Card Account information.
- The Cardmember does not sign the Transaction Receipt, if required.

When a Cardmember presents a Chip Card or Mobile Device for a Contactless Transaction:

- If the Charge amount is equal to or less than the Contactless Transaction limit and there is no CVM, the Merchant must capture the Charge Data using a Contactless reader and obtain an Authorization.
- If the Charge amount is over the Contactless Transaction limit and there is no CVM, or if the Merchant is unable to complete a Contactless Transaction, or if prompted by the POS, the Merchant must follow the process outlined in Section 4.3.5: Contactless Chip Card Charges or Section 4.3.7: Non-Chip Cards as appropriate.

A Consumer Device Cardmember Verification Method (CDCVM) is required for Digital Wallet Contactless-initiated Transactions if both the Mobile Device and the Merchant's POS can perform the verification. Merchants must create a Clearing Record for these Charges as detailed in Section 4.6: Clearing Records

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and Transaction Receipts including an indicator that the Transaction is a Digital Wallet Contactless-initiated Transaction.

Merchants should comply with the most current American Express Contactless-enabled POS requirements to ensure POS acceptance of Digital Wallet Contactless-initiated Transactions.

American Express will not exercise missing Imprint, counterfeit, lost, stolen, or non-received fraud Chargebacks for Contactless or Digital Wallet Contactless-initiated Transactions if the Merchant successfully verifies the Cardmember via CDCVM and meets all the criteria and requirements listed above. This does not apply to Disputed Charges involving other dispute reasons (e.g., Goods or Services disputes).

Merchants are required to comply with requests from their Merchant Services Provider or American Express for written responses to Disputed Charges related to fraud for Contactless or Digital Wallet Contactless-initiated Transactions.

APAC, EMEA, LAC: Contactless Charges that are $100 (USD) or less, a signature is not required. Section 4.3.2: No Signature/No PIN Program does not apply to these Charges. For Contactless Charges that are $100 (USD) or less, the Merchant Services Provider will not exercise a counterfeit, lost, stolen, or non-received fraud Chargeback provided that Magnetic Stripe or Chip Card Data was captured and an Authorization Approval was obtained.

For Charges above $100 or that do not qualify under the No Signature/No PIN Program, or if any of the following exclusions apply, Merchants must follow the Card acceptance procedures outlined in either Section 4.3.5: Contactless Chip Card Charges, Section 4.3.3: Contact Chip Card Charges, or Section 4.4: Card Not Present Transactions.

Exclusions:

- Prohibited Merchants or prohibited Transactions (or both) as defined in Chapter 9: Risk Evaluation. Refer to Section 3.4: Prohibited Uses of the Card.
- High Risk Merchants as defined in Section 9.2.1: High-Risk Merchants List Criteria.
- Merchants placed in American Express' Fraud Full Recourse Program.

4.3.6 Merchant-Presented Quick Response

Merchants accepting Merchant Presented Quick Response (MPQR) are exempt from the requirements detailed in Section 4.3: In-Person Charges, Section 4.3.2: No Signature/No PIN Program, and Section 4.4: Card Not Present Transactions, and must instead meet the requirements below.

If a Merchant has the ability to process MPQR Transactions, the Merchant must:

- Display the QR code, which can be dynamic or static for scanning by the Cardmember.
- Have the Cardmember use their Mobile Device to scan the MPQR code.
- Ensure the MPQR 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 the Merchant does not receive the notification, they should contact American Express to confirm the status of the MPQR Transaction.
- Contact American Express or decline the Transaction if suspicious of a Cardmember or upon notification from American Express to do so.
- Retain records of MPQR Transactions (e.g., notification from American Express, an invoice, or other documentation of the Transaction).

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4.3.7 Non-Chip Cards

For In-Person Charges where the Card is not a Chip Card and the POS provides instructions for a Merchant to swipe, the Merchant must:

- Swipe the Card through the POS system (unless the Charge is processed through Contactless Technology, in which case the Merchant must follow the steps detailed in Section 4.3.5: Contactless Chip Card Charges).
- Follow the steps detailed in Section 4.3: In-Person Charges.

4.4 Card Not Present Transactions

The Merchant must comply with the following procedures for Transactions made by mail, telephone, or internet, where the Card is not present:

- Obtain an Authorization for every Charge.
- Complete a Clearing Record as detailed in Section 4.6: Clearing Records and Transaction Receipts, including an indicator designating both the Transaction as Card Not Present and the applicable Transaction type (i.e., mail, telephone, internet, recurring billing, standing Authorization). Refer to the *Technical Specifications* for more information.
- All Internet Transactions must be submitted electronically and have a zero Floor Limit.
- Use any separate Merchant Numbers provided by their Merchant Services Provider for Internet Transactions.
- Obtain the following information to proceed with the Transaction:
  - Cardmember's name
  - Card Account number or Token
  - Expiration Date
  - Cardmember's billing address
  - Card Identification Number (CID) (optional)
  - Shipping or delivery address
- If the order is shipped or delivered more than seven days after the original Authorization, obtain a new Authorization before shipping or delivering the order. Charges may not be submitted for payment until the order is shipped. The Transaction Date of the Charge is the date the Goods are shipped or delivered.
- For Card Not Present Transactions where Goods are to be collected from a designated store, Merchants must establish a process to ensure that the Goods are collected either by the Cardmember who placed the order, or by an authorized third party designated by the Cardmember at the time of placing the order.
- Immediately notify the Cardmember if the Transaction is declined.

If the Goods are to be collected by the Cardmember, the Card must be presented by the Cardmember upon collection and the Transaction should be treated as an In-Person Charge and comply with the provisions provided in Section 4.3: In-Person Charges.

4.5 Other Charges

The following sections detail requirements for specific Transaction types.

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4.5.1 Advance Payments

Advance Payments allow Cardmembers to authorize Charges to their Card prior to Goods or Services being delivered when such a payment is required (e.g., custom orders for Goods, entertainment/ticketing, tuition/ room and board/fees at institutions of higher education, travel).

If a Merchant either requires or provides Cardmembers the option to make an Advance Payment, they must:

- Obtain Authorization
- Complete a Clearing Record
- State their full cancellation and refund policies, clearly disclose their intent and obtain written consent from the Cardmember to bill the Card for an Advance Payment before requesting 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)
  - A detailed description of the goods or services, or both, to be provided, and the expected delivery date

If the Advance Payment is a Card Not Present Charge, the Merchant must also:

- Ensure that the Clearing Record contains the words "Advance Payment" or "Advance Deposit."
- Within 24 hours of the Charge being incurred, provide the Cardmember written confirmation of:
  - The Advance Payment Charge
  - The Charge amount
  - Details of the Merchant's cancellation/refund policy
  - The confirmation number (if applicable)
  - A detailed description and expected delivery date of the Goods or Services to be provided (including expected arrival and departure dates, if applicable)

If a Merchant cannot deliver Goods or Services, or both, and if alternate arrangements cannot be made, the Merchant must immediately issue a Credit for the full amount of the Advance Payment that cannot be fulfilled.

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

Specific industries may have additional requirements to process Advance Payments. Refer to Chapter 11: Regulations for Specific Industries for more information.

4.5.2 Aggregated Transactions

This section explains the requirements for Transactions processed by Merchants conducting business over the Internet and explains the terms that apply to the processing of multiple purchases as a single Aggregated Transaction.

Aggregated Transactions cannot exceed $15 (USD) (or local currency equivalent) or such other amount as notified to the Merchant by their Merchant Services Provider, and are considered Card Not Present. Transactions more than $15 (USD) are not eligible for Aggregated Transaction processing.

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Merchants must comply with the following when processing Aggregated Transactions:

- Disclose that individual purchases may be aggregated and obtain the Cardmember's consent to combining such purchases into one Aggregated Transaction prior to the Transaction being authorized.
- Each individual purchase or refund, or both, that comprises the Aggregated Transaction must be incurred under the same Merchant Number and on the same Card.
- Obtain an Authorization in advance of a Transaction being aggregated.
- Create a Clearing Record for the full amount of the Aggregated Transaction as detailed in Section 4.6.1: Charge Transactions.
- Provide the Cardmember with a confirmation containing:
  - The date, amount, and description of each individual purchase or refund, as applicable
  - The date and amount of the Aggregated Transaction
- Submit a Clearing Record for each Aggregated Transaction within the timeframe outlined in Section 6.5: Submission Requirements – Electronic. The Transaction Date of the Clearing Record is the date the last individual purchase was made.
- Ensure that a meaningful description of the products or Services that comprise a single Aggregated Transaction is included as part of the submission to the Merchant's Merchant Services Provider.

4.5.3 Credentials-on-File

Merchants must obtain Cardmember consent before storing Cardmember credentials. American Express recommends that Merchants process an initial Authorization upon receiving Cardmember consent to store credentials.

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

4.5.4 Merchant-Initiated Transactions

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

American Express recommends that Merchants:

- Only submit MITs after an initial Cardmember-Initiated Transaction (CIT) or an initial Authorization accompanying a Cardmember's request to store credentials
- Submit MITs with the applicable Transaction indicators and data elements in the Authorization Request as described in the *Technical Specifications*

EMEA: For Merchants located in the EMEA, all the requirements detailed in this Section 4.5.4: Merchant-Initiated Transactions are mandatory, even if listed above as recommended.

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4.5.5 Delayed Delivery

For Delayed Delivery Charges, the Merchant must:

- Clearly disclose intent and obtain written consent from the Cardmember to perform a Delayed Delivery Charge before requesting an Authorization.
- Clearly mark the first Charge Clearing Record as a deposit and the second Charge Clearing Record as a balance.
- Obtain separate Authorization Approvals for each of the Delayed Delivery Charges on their respective Charge dates.
- Submit the balance Transaction only after the Goods have been shipped or delivered, or Services are rendered.
- Submit each Delayed Delivery Clearing Record within seven 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, delivered, or Services are rendered
- Submit and obtain Authorization for each Delayed Delivery Charge under the same Merchant Number.
- Adhere to the requirements in Section 4.5.4: Merchant-Initiated Transactions when processing Delayed Delivery Charges.
- Treat deposits on the Card no differently than deposits on all Other Payment Products.

4.5.6 Recurring Billing

Recurring Billing is a payment method whereby the Cardmember expressly consents and authorizes the Merchant to Charge the Cardmember's Card account on a periodic basis for Goods or Services as agreed to in writing by the Cardmember (e.g., membership fees to health clubs, magazine subscriptions, insurance premiums). Each payment may be for a variable or a fixed amount. Merchants should adhere to the requirements in Section 4.5.4: Merchant-Initiated Transactions when processing Merchant-Initiated Transactions for Recurring Billing.

Before submitting the first Recurring Billing Transaction, the Merchant must:

- Disclose all material terms of the recurring Billing Transaction Agreement to the Cardmember including, but not limited to, the duration of the Recurring Billing Agreement, the amount, and frequency with which the Recurring Billing Transaction will be submitted, and including the fact that Recurring Billing Charges will continue until the option is cancelled by the Cardmember.
- Ensure Recurring Billing Transactions contain the Recurring Billing Indicator in the Authorization and Submission messages.
- Submit an Authorization Request for all Recurring Billing Transactions (refer to Section 4.4: Card Not Present Transactions for more information).
- Obtain the Cardmember's express consent to process Recurring Billing Transactions on their Card.
- Obtain the Cardmember’s express consent to renewals.
- Retain documentation that validates the Cardmember’s consent to process Recurring Billing Transactions. This documentation must be maintained for the length of the Recurring Billing agreement or two years from the last Recurring Billing Transaction, whichever is longer.

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- Obtain the Cardmember's name, Card number, signature (if applicable), Card expiry date, the Cardmember's billing address, and a statement confirming their consent for the Merchant to charge their Card for the same or different amounts at specified or different times.
- Provide the Cardmember written confirmation (e.g., email or facsimile) of the Transaction, including all material terms of the option and details of the cancellation or refund policy, within 24 hours of incurring the first Recurring Billing Transaction.
- Comply with any instructions of which Merchant Services Provider may reasonably notify the Merchant.
- Notify the Cardmember that they can discontinue Recurring Billing Transactions at any time and provide contact details for canceling Recurring Billing Transactions.
- Provide a simple and expeditious cancellation process for Recurring Billing Transactions. This cancellation process must be clearly and conspicuously disclosed to the Cardmember at the time of their consent to submit Recurring Billing Transactions on their Card.
- Notify the Cardmember that they can revoke their consent to process Recurring Billing Transactions on their Card.

Any changes to the Recurring Billing Transaction agreement between the Merchant and the Cardmember must be made in accordance with the Agreement with the Cardmember and Applicable Law. Such changes must take effect before submitting any subsequent Recurring Billing Transactions on the Card.

If the material terms of the Recurring Billing Transaction change after Submission of the first Recurring Billing Transaction, the Merchant must 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 Transaction or cancel any future scheduled Charges.

The method the Merchant uses to secure the Cardmember's consent must contain a disclosure that the Merchant may receive updated Card account information from the financial institution issuing the Cardmember's Card. The Merchant must retain evidence of such consent for two years from the date the Merchant submits the last Recurring Billing Charge.

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

- At least 10 days before submitting each Charge
- Whenever the amount of the Charge exceeds a maximum Recurring Billing Charge amount specified by the Cardmember

In addition to other Chargeback rights, American Express may exercise Chargeback for any Charge that does not meet the requirements detailed in this Section 4.5.6: Recurring Billing and Section 4.5.6.1: Introductory Offers. American Express may also exercise Chargeback rights for any Charge of which the Merchant has notified the Cardmember and to which the Cardmember does not consent or if the Merchant processes Recurring Billing Charges after the Cardmember or if American Express has notified the Merchant that the Cardmember has withdrawn consent for Recurring Billing Charges.

The cancellation of a Card constitutes immediate withdrawal of that Cardmember's consent for Recurring Billing Charges. American Express is not required to notify the Merchant of such cancellation, nor have any liability to the Merchant arising from such cancellation. The Merchant must discontinue the Recurring Billing Charges immediately if requested to do so by a Cardmember directly, through American Express, or the Cardmember's Issuer. If a Card account is canceled, or if a Cardmember directly through American Express or the Card issuer withdraws consent to Recurring Billing Charges, the Merchant is responsible for arranging another form of payment (as applicable) with the Cardmember (or former Cardmember).

If a Cardmember withdraws consent but the Recurring Billing Merchant continues to submit Recurring Billing Transactions, American Express may reject the Transaction or the Merchant may be subject to Chargebacks.

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If the Agreement is terminated for any reason, then the Merchant shall notify all Cardmembers for whom they have submitted Recurring Billing Charges of the date when the Merchant will no longer be accepting the Card. At American Express' option the Merchant will continue to accept the Card for up to 90 days after any termination takes effect.

The Merchant will permit American Express to establish a hyperlink from American Express' website to its website, including its home page, payment page, or its automatic/recurring billing page, and list their customer service contact information.

EMEA: If the Merchant is located in the EMEA, and in relation to a Card issued in the EMEA, if the Merchant submits a Recurring Billing Charge for an amount that was not specified in full when the Cardmember provided consent to Recurring Billing Charges and the Merchant does not obtain the Cardmember's consent specifically in relation to the full exact amount of such Charge, American Express will have Chargeback rights for the full amount of the Charge for a period of 120 days from submission of the applicable Charge, and thereafter for any disputed portion of such Charge, up to and including the full amount. If the Cardmember consents to an adjusted Charge amount, American Express may exercise Chargeback rights accordingly. Nothing in this paragraph will prejudice American Express' Chargeback rights generally in relation to Recurring Billing Charges.

4.5.6.1 Introductory Offers

Merchants who offer Recurring Billing that includes an Introductory Offer to Cardmembers must comply with the following requirements, in addition to those detailed in Section 4.5.6: Recurring Billing:

- Disclose all material terms of the Introductory Offer to the Cardmember, clearly and conspicuously, including a simple and expeditious cancellation process that allows the Cardmember to cancel before the first Recurring Billing Transaction occurs.
- Obtain the Cardmember's express consent accepting the terms and conditions of the Introductory Offer.
- Send the Cardmember a confirmation notification in writing upon enrollment in the Introductory Offer.
- Send the Cardmember a reminder notification in writing before the first Recurring Billing Transaction is scheduled to occur, that allows the Cardmember a reasonable amount of time to cancel.

4.5.7 Processing Prepaid Cards

Prepaid Cards are available for a variety of uses: gifts, 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 and may or may not be embossed. Most Prepaid Cards can be used for both in-store and online purchases.

Prepaid Cards are valid through the date on the Card. Swipe or insert the Card at the POS 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 24-hour, toll-free number on the back of the Card
  - Checking online
  - Using the mobile app offered by their Issuer where available
- Because Prepaid Cards are pre-funded, if the Merchant receives 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.

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- If the Prepaid Card does not have enough funds to cover the purchase price, the Merchant should process a Split Tender Transaction or request an alternative form of payment.
- The Merchant must create a Charge Record for a Prepaid Card as they would any other Card.
- The Merchant may follow their 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 the Merchant is required to follow all provisions of the Agreement.
- The Merchant should check with the Merchant Services Provider to determine if their POS system is set up for Split Tender functionality.

Call the customer service number on the back of the Card in question for more information about processing Prepaid Cards.

4.5.8 Travelers Cheques

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

Contact Customer Service at 1-800-221-7282 for support.

4.5.9 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.

The Merchant may obtain a single Authorization and submit multiple Clearing Records for the purpose of completing a Split Shipment Transaction. The Authorization will be valid for up to seven days after the Authorization date. Refer to Section 5.2: Authorization Time Limit for more information.

To accept the Card for Split Shipment Transactions, the Merchant must:

- State their 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 dates
- Submit a Clearing Record only after each item has shipped

4.6 Clearing Records and Transaction Receipts

This section details the requirements for creating, submitting, retaining, and maintaining accurate and compliant Charge and Credit Clearing Records within the Transaction processing framework.

4.6.1 Charge Transactions

Merchants must comply with the following when processing Charge Transactions.

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4.6.1.1 Clearing Records

Merchants must create a Clearing Record for every Charge. For each Charge submitted electronically, Merchants must create an electronically reproducible Clearing Record that complies with the *Technical Specification*.

If the Cardmember wants to use different Cards for payment of a purchase, Merchants may create a separate Clearing Record for each Card used. However, if the Cardmember is using a single Card for payment of a purchase, the Merchant must not divide the purchase into more than one Charge, nor shall the Merchant create more than one Clearing Record except in the case of lodging or Split Shipment Transactions. Refer to Section 4.5.9: Split Shipment for more information.

Merchants must ensure that all Clearing Records are kept for at least 24 months (or longer if required by Applicable Law) from the date the Merchant submitted the corresponding Transaction to their Merchant Services Provider. If the Merchant Services Provider sends the Merchant a request, the Merchant must provide a copy of the original or electronically stored Clearing Record and other supporting documents and data to their Merchant Services Provider within the response timeframe from the date of the Merchant Services Provider's request.

Charges must be submitted to their Merchant Services Provider for processing.

4.6.1.2 Transaction Receipts

The Merchant must complete a Transaction Receipt at time of purchase for every Charge. Examples include pre-printed forms supplied to the Merchant by the Merchant Services Provider, a Transaction Receipt created by an electronic POS device such as an Authorization terminal with printer, or a checkout register.

A Transaction Receipt must be provided to the Cardmember at the conclusion of the Transaction. A Merchant must provide a revised Transaction Receipt to the Cardmember if the Merchant changes the included information.

Merchants must:

- Truncate the Primary Account Number (PAN) and not display the Expiration Date in accordance with the PCI DSS in place at the time of the Transaction or according to Applicable Law.
- Keep all Transaction Receipts for at least one year (or longer if required by Applicable Law).
- Merchants may truncate the PAN on their own copies in accordance with the PCI DSS in place at the time of the Transaction or according to Applicable Law. Refer to Appendix A: Data Security Requirements for more information.
- A Transaction Receipt is not required at the time of the Transaction for Contactless Transactions using a Contactless-enabled Card originating at TATs. Refer to Section 4.6.1: Charge Transactions for more information.
- Transaction Receipts, whether printed or electronic, must include the following:
  - The PAN or Token truncated in accordance with requirements stated above. Truncated Card Account digits must be masked with replacement characters such as "x," " *," or "#," and not blank spaces or numbers. For manually imprinted Transaction Receipts provided to the Cardmember, the Account number and Expiration Date are required.
  - Cardmember name, if available
  - Transaction date

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- Amount of the Charge:
  - The total purchase price of Goods and Services purchased, including applicable taxes, tips, postage, and shipping fees.
  - Any tip amount, when requested by the Merchant, should be filled in by the Cardmember before the total is entered in the form.
- Description of the Goods and Services purchased
- Merchant name (or Doing Business As (DBA) Name) and address
- Merchant Number
- Authorization approval code number
- The words "No Refund," if a no-refund policy is applicable, or other wording that conforms to Applicable Laws and describes the Merchant's return policy.

Merchants requesting a Cardmember signature must not require Cardmembers to sign the Transaction Receipt until the total amount is shown.

4.6.2 Credit Transactions

Merchants must comply with the following when processing Credit Transactions.

4.6.2.1 General Requirements

When a Cardmember returns merchandise purchased with a Card or for any reason is due Credit toward a submitted Charge made with a Card, the Merchant must comply with the following requirements and restrictions.

- To the extent possible, a Merchant must only issue a Credit to the Card Account used to make the original purchase. If the Card Account is not available, or the Authorization on Credit is declined, Merchants may implement their in-store refund policy, consistent with this subsection.
- A Merchant must never issue a refund as cash or cash-equivalent (e.g., check, ACH, personal electronic funds transfer, etc.) against a previously submitted charge, except as follows:
  - Applicable law requires a Merchant to refund cash to a Cardmember.
  - The refund is being requested by the recipient of a gift purchased by a Cardmember.
  - The original Charge was processed on a Prepaid Card, and that Prepaid Card is no longer available.
- A Merchant must never issue a Credit unless that Merchant previously processed a corresponding Charge.
- For Digital Wallet program Transactions, the Credit can be processed using either the Mobile Device or the corresponding Card. The Payment Account Reference (PAR) can assist Merchants in verifying that the PAN or Token presented corresponds to the Card Account used in the original Charge.
- There is no requirement for the Merchant to obtain an Authorization on Credit. Merchants may submit an Authorization on Credit for refunds outlined in Section 5.3.6: Authorization on Credit.
- Merchants must ensure that all Clearing Records are kept for at least 24 months (or longer if required by Applicable Law) from the date the Merchant submitted the corresponding Transaction to American Express. If Merchant Services Provider sends a Merchant a request, the Merchant must provide a copy of the original or electronically stored Clearing Record and other supporting

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documents and data to Merchant Services Provider within the response timeframe from the date of Merchant Services Provider's request.

- Credits must be submitted to their Merchant Services Provider for processing.

Merchants must follow these steps to issue a Credit:

1. Obtain Authorization, if the Merchant supports Authorization on Credit.
2. Create a Credit Clearing Record.
3. Compare the last four digits on the Credit Clearing Record against the Card presented (when applicable).
4. Have the Cardmember sign the Credit Record (optional).
5. Provide a copy of the Transaction Receipt to the Cardmember.

Merchants must submit Credits to their Merchant Services Provider within seven days of determining that a Credit is due and create a Credit Clearing Record that complies with the following requirements.

Merchants must submit all Credits under the Merchant Number for the Establishment where the Charge originated.

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

Merchants must issue Credits to the Card used to make the original purchase. If the Card is not available, Merchants may implement their in-store refund policy.

If a Merchant issues a Credit, American Express will not refund the Discount or any other fees or assessments previously applied to the corresponding Charge. However, in certain cases, American Express may refund the Discount (but not any other fees or assessments) previously applied to the corresponding Charge. American Express will deduct the full amount of the Credit from the Merchant (or debit the Merchant's Bank Account). If American Express is unable to do so, the Merchant must promptly remit payment upon receipt of an invoice from American Express. The Discount on Chargebacks will not be refunded.

Merchant must see their Merchant Services Provider for additional information on Credit Submission.

For all Credit Clearing Records, Merchants must:

1. Submit the Credit to their Merchant Services Provider directly.
2. Retain the original Credit Clearing Records (as applicable) and all documents evidencing the Transaction, or reproducible records thereof, for the applicable Retention Period from the date the Merchant submitted the corresponding Credit.
3. Provide a copy of the Transaction Receipt to the Cardmember.

Merchants must ensure that all Credit Clearing Records, whether original or electronically stored are kept for the applicable Retention Period from the date the Credit was submitted to their Merchant Services Provider.

Pursuant to Applicable Law, truncate the Card Account and do not print the Card's Expiration Date on copies of Credit Transaction Receipts provided to the Cardmember.

4.6.2.2 Transaction Receipt

The Merchant must complete a Transaction Receipt for every Credit issued. Examples include pre-printed forms supplied to the Merchant by the Merchant Services Provider, a Transaction Receipt created by an electronic POS device such as an Authorization terminal with printer, or a checkout register.

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A Transaction Receipt must be provided to the Cardmember at the conclusion of the Transaction regardless of whether the Clearing Record is manually imprinted or electronically created. A Merchant must provide a revised Transaction Receipt to the Cardmember if the Merchant changes the included information.

Merchants must truncate the PAN and not display the Expiration Date in accordance with the PCI DSS in place at the time of the Transaction or according to Applicable Law.

Transaction Receipts, whether printed or electronic, must include the following:

- The PAN or Token truncated in accordance with requirements stated above. Truncated Card Account digits must be masked with replacement characters such as "x," " *," or "#," and not blank spaces or numbers. For manually imprinted Transaction Receipts provided to the Cardmember, the Account number is required.
- Credit date
- Credit amount
- Merchant name (or DBA, "Doing Business As" Name) and address
- Merchant Number
- Cardmember signature, if required by Applicable Law

Merchants must ensure that all Transaction Receipts are kept for the applicable Record retention Period from the date the Merchant submitted the corresponding Transaction to their Merchant Services Provider.

4.7 Use of Third Parties

Merchants make decisions and choices on behalf of their business each and every day. Merchants must deal directly with their Merchant Services Provider or other relevant entities for all aspects of the Transaction process. These third parties are the Merchant's Covered Parties and may include:

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

Merchants may retain, at their expense, such third parties; however, the Merchant remains 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 the Merchant, such as the technical requirements of authorizing and submitting Transactions to American Express, as if the Merchant performed such obligations, services, and functions.

The Merchant is responsible and liable for all problems and expenses caused by their Merchant Services Provider or third parties, including any Settlement payments misdirected to other parties because of the misprogramming of the POS system by the Merchant's Merchant Services Provider or third parties.

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EMEA: As a Merchant, the payment processing relationship with American Express is managed through their Merchant Services Provider, who oversees end-to-end payment processing. While the Merchant has the right to change service providers, it's important to understand that making such changes independently and without notice can result in service disruptions. Key account details, such as their Merchant ID (MID) and Submitter Numbers, are proprietary to their current Merchant Services Provider. Sharing this information with a new processor without proper coordination may lead to compliance violations and settlement disruptions.
Merchants should review their existing contract with their Merchant Services Provider to determine the role and services that they are performing on the Merchants' behalf, as switching to a new Merchant Services Provider may involve a new contract for acceptance of American Express. Taking these steps helps reduce risks and maintain uninterrupted payment processing for the Merchant's Establishment.

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5 Authorizations

5.1 Authorization Purpose

The purpose of an Authorization is to provide the Merchant with information that will help determine whether to proceed with a Transaction.

The Merchant is required to obtain an Authorization Approval for every Charge except for Charges under a Floor Limit. Refer to Section 5.4: Floor Limits for more information. American Express recommends that Merchants obtain an Authorization Approval for every credit for the full amount of the refund in accordance with Section 4.6: Clearing Records and Transaction Receipts.

The Authorization Approval must be for the full amount of the Charge except for Merchants or Transaction types that American Express classifies in Section 5.3.2: Estimated Charge Amounts.

An Authorization Approval does not guarantee that:

- The person making the Charge is the Cardmember.
- The Charge is in fact valid or bona fide.
- The Merchant will be paid for the Charge.
- The Merchant will not be subject to a Chargeback.
- The Charge the Merchant submits will not be rejected.

Merchants should contact their Merchant Services Provider for further information regarding Chapter 5: Authorizations.

5.2 Authorization Time Limit

Authorization Approvals for Charges are valid for seven days after the Authorization date. Merchants must obtain a new Approval if the Merchant submits the Charge to their Merchant Services Provider more than seven days after the original Authorization date.

Authorization on Credit approvals are valid for seven days. After seven days, American Express recommends that the Merchant obtain a new approval for Credit Authorization.

Charges for Goods or Services that are shipped or provided more than seven days after an order is placed, the Merchant must obtain an approval for the Charge at the time the order is placed and again at the time the Goods or Services are shipped or provided to the Cardmember.

The valid Approval Code must be included in the Clearing Record. If either of the Authorization requests is declined, the Merchant should not provide the Goods or Services or submit the Transaction. If the Merchant does, it will be subject to a Chargeback.

Estimated Charge Amounts for Merchants in eligible industries are valid for the time periods detailed in Table 5-1: Estimated Charge Amount Details. Merchants must obtain a new Authorization if the Merchant does not submit the Charge to their Merchant Services Provider within the Authorization Validity timeframe.

5.3 Variable Authorizations

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

Failure to correctly apply these Authorization principles when the final amount is not known, or when

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there are multiple Authorizations needed to fully Authorize a Transaction, could expose the Merchant to Chargebacks.

For transit providers, Variable Authorizations do not have the same requirements and protections as Contactless Transactions at (TATs). Refer to Section 11.6: Contactless Transit Transactions for more information.

Merchants should refer to the *Technical Specifications* to determine if Variable Authorization is available for their geographical region.

5.3.1 Estimated Authorization

A Merchant should use an Estimated Authorization when seeking approval for a Transaction and the final Transaction Amount is not known at the time of the initial Authorization. An Estimated Authorization must have been initially requested, approved, and be valid before an Incremental Authorization may be sent to increase the total Authorized amount of the Transaction.

The following Estimated Authorization procedure requirements apply when the final Transaction amount is not known at the time of the initial Authorization.

- The amount of the Estimated Authorization must represent the best estimate of the final Transaction amount at the time of Authorization.
- Estimated Authorization amounts must be greater than zero ($0).
- A Merchant must inform the Cardmember of the Estimated Authorization amount and that the Authorization amount is not final and may change.
- A Merchant must obtain the Cardmember's consent to the estimated amount before initiating the Authorization request.
- If the Authorization Validity Period on an Estimated Authorization has expired, a new Authorization must be obtained for the full amount of the Transaction before Submission.
- If the final Transaction amount exceeds the Estimated Authorization amount for which the Merchant obtained an Authorization, the Merchant must obtain the Cardmember's consent for the difference.
- Merchants must 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 more information about Estimated Authorization messages.
- For pre-Authorization at Automated Fuel Pumps and electric vehicle charging stations, refer to Section 11.11: Oil, Petroleum, and Electric Vehicles.
- For travel industries (e.g., lodging, cruise, and vehicle 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, and obtain Authorization.
  - Merchants must not include an amount for any possible damage to or theft in the Estimated Authorization. Merchants may obtain Authorization and submit intermittently (no less than daily) throughout the duration of travel.
  - For car rental periods exceeding four months, Merchants represent and warrant that their multi-month rental program complies with Applicable Law.

  Refer to Section 11.15: Travel Industries for more information.

5.3.2 Estimated Charge Amounts

Estimated Charge Amounts allow Merchants in qualifying industries to avoid incremental changes in the Authorization amount.

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A Merchant 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.

An Authorization by a Merchant in a qualifying industry is considered valid if the difference between the Authorization and the final amount is at or below the estimated Charge threshold percentage detailed in Table 5-1: Estimated Charge Amount Details.

If the final amount exceeds the estimated Charge thresholds described in Table 5-1: Estimated Charge Amount Details, the Merchant must obtain a separate Authorization for the difference between the initial Authorization and the final amount.

Estimated charge thresholds listed below do not apply to partially approved Authorizations.

EMEA: Estimated Charge Variance percentages may not apply to Transactions in the EMEA.

Table 5-1: Estimated Charge Amount Details

Industry	Eligible MCC	Estimated Charge Threshold	Authorization Validity Period
Car Rental[2]	3351-3500 7512	15%	30 days
Lodging[2]	3501-3999 7011	15%	30 days
Taxicabs & Limousines	4121	20%	7 days
Steamship & Cruise Lines[2, 3]	4411	15%	30 days
Restaurants Bars/Nightclubs Fast Food Restaurants	5812 5813 5814	30% [1]	7 days
Beauty and Barber Shops Health and Beauty Spas	7230 7298	20%	7 days
Truck Rentals Motor Home & Recreational Vehicle Rentals[3]	7513 7519	15%	7 days
Card Not Present Transactions only			
Grocery Stores	5411	15%	7 days
Retail	All MCCs	15%	7 days

1. The Estimated Charge variance at Restaurant, Fast Food, and Drinking Places for debit and prepaid Charges is 20%.
2. **EMEA:** Merchants must have express written approval from their Merchant Services Provider to operate in this category. The Merchant should contact their Merchant Services Provider for information on eligibility criteria and requirements.
3. **APAC:** Merchants are prohibited from signing Truck Rental 7513, Steamship & Cruise Lines 4411.

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5.3.3 Incremental Authorization

Incremental Authorization allows a Merchant to request an increase in the amount of a previously approved Authorization. An Estimated Authorization must have been initially requested, approved, and be valid before an Incremental Authorization is requested. Merchants only can submit an Incremental Authorization if the final Transaction amount has not been submitted.

If approved, the Incremental Authorization amount (known or estimated) will increase the overall Authorization amount. Subsequent Incremental Authorizations may be sent to request additional Authorization increases, while Partial Reversals may be sent to lower the final Authorization amount.

The sum of the initial Estimated Authorization, subsequent Incremental Authorization, and Partial Reversals must equal the final Clearing amount.

An Incremental Authorization does not change or extend the Authorization Validity Period of the Authorization Request. The Authorization Validity Period begins from the date of the initial Estimated Authorization.

If the Card or Cardmember is no longer available at the time of the Incremental Authorization Request, the Merchant must request the Incremental Authorization as a Credentials-on-File Transaction. The data elements required in the *Technical Specifications* (such as Point of Service Data Codes) from the initial Estimated Authorization are to be used when generating the final Submission.

If the Cardmember is not present at the time of Incremental Authorization, refer to Section 4.5.3: Credentials-on-File and Section 4.5.4: Merchant-Initiated Transactions for more information.

If the Incremental Authorization request is declined, the Merchant only can submit the total of the approved Authorization requests for payment, less any amount submitted in a Partial Reversal. The original Estimated Authorization approval will continue to be valid for the duration of the Authorization Validity Period.

An Incremental Authorization Request is not required if the Transaction is covered in Section 5.3.2: Estimated Charge Amounts.

Refer to the *Technical Specifications* (including the *Global Credit Authorization Guide*) for more information about Incremental Authorization messages.

5.3.4 Authorization Reversals

Merchant-initiated Authorization Reversals allow Merchants to reverse a previous Authorization Request and include a unique indicator. Refer to the *Technical Specifications* for more information.

The Merchant must not submit the reversed amount of the Transaction for Settlement.

If the Merchant submits the Transaction after the reversal was performed, American Express will consider this Transaction not authorized.

Merchants 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 more information about Authorization Reversal messages.

- Merchants must reverse an Authorization for an Approved Charge if Merchants do not intend to send a submission to American Express within the Authorization time limit or Authorization Validity Period.
- If Merchants determine that the final Charge amount is less than the amount of the Authorization Approval minus any Estimated Charge variance listed in Table 5-1: Estimated Charge Amount Details, they must reverse the difference between the final Charge amount and the amount of the Authorization.

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After a Transaction has been submitted, the Authorization cannot be reversed, cancelled, or changed. Merchants must follow the procedures for processing a Credit. Refer to Section 4.6.2: Credit Transactions for more information.

Multiple Variable Authorization requests within a single Charge can be reversed with a single Authorization Reversal when the reversal and all previously Authorization Requests include the same OTID.

If a Merchant wants to partially reduce the Authorized amount of a Transaction, it can request a Partial Authorization Reversal. Refer to Section 5.3.5: Partial Authorization for more information.

Standard Authorizations can only use a Full Reversal.

5.3.5 Partial Authorization

Partial Authorization is an optional capability of Credit, Prepaid, and Debit Cards that allow Merchants to obtain an Authorization for less than the requested purchase amount. Issuers choosing to support Partial Authorization can approve an Authorization Request 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 either pay for the outstanding amount of the purchase by other means or cancel the Transaction.

Partial Authorization approvals may not be available on all Transactions.

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
- Balance Inquiry
- TAT

If the Merchant chooses to offer Partial Authorizations, then the Estimated Charge Amounts rule is not applicable. Refer to Section 5.3.2: Estimated Charge Amounts for more information.

Merchant Responsibilities:

- Merchants requesting a Partial Authorization must comply with the appropriate technical requirements as described in the *Technical Specifications*.
- Merchants must not submit a Transaction for payment greater than the amount of the Partial Authorization.
- The Merchant is responsible for collecting the outstanding amount of the purchase remaining from the Partial Authorization.
- The Merchant must give the Cardmember the option of proceeding with the Partial Authorization using the Card, or cancelling the Transaction and allowing the Cardmember to complete the purchase by other means. If the Cardmember chooses to complete the purchase by other means, the Merchant must reverse the Partial Authorization.

5.3.6 Authorization on Credit

Authorization on Credit is a capability 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.

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A Merchant utilizing the Authorization must:

- Send a refund Authorization request for an amount that is equal to or less than the original Transaction amount
- Provide the Cardmember a receipt for the refund initiated with an Authorization on Credit

Issuer may decision an Authorization on Credit request, which may result in a decline.

The Merchant should check with their Merchant Services Provider, Processor or Terminal Provider, or refer to the *Technical Specifications* to determine if Authorization on Credit is available, and if it is required for their geographic region.

5.3.7 Authorization Adjustments

Authorization Adjustments allow Acquirers and their Merchants to reduce the authorized amount of the Transaction.

When an Authorization Adjustment is processed through the Merchant Services Provider sent by the Merchant, the authorized amount is reduced. If the Transaction is presented for greater than the adjusted amount, the Network will consider the difference between the adjusted Authorized amount and the final Transaction amount not Authorized.

Automated Fuel Pumps Merchants and Electric Vehicle charging stations Merchants that do not utilize Variable Authorization capabilities must ensure that Authorization Adjustments are processed through the Merchant Services Provider in accordance with *American Express Technical Specifications*.

An Authorization on Credit Transaction must be used to adjust the amount of a Cleared Transaction.

5.4 Floor Limits

American Express maintains a Network Floor Limit of zero $0 (USD) on all Transactions, with the following exceptions:

- American Express has assigned the Merchant a specific Merchant Floor Limit through the Merchant Services Provider.
- Contactless Transactions (Refer to the *Technical Specifications*) for more information.

An Offline or Online Authorization may be performed below the Network Floor Limit for contact Chip Card Transactions.

Merchants must request Authorization if any one Transaction, or series of Transactions, made on the same day by a Cardmember at the Merchant is equal to or greater than the Merchant Floor Limits.

5.5 Authorization Responses

Responses to requests for Authorization are generated by Issuers and transmitted to the Merchant by the Network. The following are among the most commonly generated responses to requests for Authorization.

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The exact wording may vary, so Merchants should check with their Merchant Services Provider or Terminal Provider to determine what Authorization responses will display on their equipment.

Authorization response	What it means
Transaction Approved	The Transaction is approved.
Partially Approved (for use with Credit, Prepaid, and Debit Cards only)	The Transaction is approved. The approval is for an amount less than the value originally requested. The Transaction must only be submitted for the approved amount. Collect the remaining funds due from the Cardmember via another form of payment. For Split Tender, the Merchant may follow the policy on combining payment on Credit, Prepaid or Debit Cards with any Other Payment Products or methods of payment.
Declined or Card Not Accepted Transaction Declined	**Charge Transactions:** The Charge is not approved. The Merchant must decline the sale based upon this response or may request a different form of payment. Do not provide the goods or services or submit the Transaction. 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 a Merchant submits the Charge after receiving a Decline, American Express may reject the Charge or the Merchant will be subject to a Chargeback. **Credit Transactions:** The Credit is not approved. Inform the Cardmember promptly that the Credit has been Declined. The Merchant may apply their established refund policy.
Transaction Denied, Pick Up Card	The Issuer requests that a Card be captured at the Merchant. The Merchant is not obligated to perform this action if it is against the Merchant's company policy or deemed unsafe by the Merchant. The Merchant should contact their Merchant Services Provider for further information regarding a Pick Up Card response.
Error Detected	Refer to the *Technical Specifications* for more information.

5.6 Obtaining an Authorization

Merchants must ensure that all Authorization requests comply with the *Technical Specifications*. Refer to Compliance with the Technical Specifications for more information. If the Authorization request does not comply with the *Technical Specifications*, the Authorization was Declined, or for which no Approval code was obtained, American Express may reject the Submission or American Express may exercise a Chargeback. A Merchant should contact their Merchant Services Provider for information about Merchant obligations to comply with the *Technical Specifications*.

If the Card is unreadable and the Merchant has to key-enter the Transaction to obtain an Authorization, then the Merchant must follow the requirements for key-entered Charges.

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If the Merchant uses 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. In these instances, the Merchant should work with their Merchant Services Provider.

5.6.1 Chip Card (Offline) Authorizations

In a Chip Card Transaction, the Chip Card can use parameters loaded by the Issuer during the Card personalization process to perform an Offline Authorization at a Chip-Enabled Device. Otherwise, the Chip-Enabled Device must obtain an Online Authorization.

EMEA: For Transactions within the EMEA, all Transactions should go online for Authorization.

5.6.1.1 Chip Card Fallback

Fallback occurs when a Chip-Enabled Device cannot initiate a Transaction by using the chip on the Card and must process the Transaction utilizing the Magnetic Stripe. Prior to initiating Fallback, a Merchant must attempt to process the Authorization utilizing the chip multiple times. American Express recommends a total of three attempts. After the final unsuccessful attempt, the AEIPS-enabled Chip Card POS device must prompt the Merchant to revert to reading the Magnetic Stripe as the Fallback option.

When Fallback occurs, the Merchant must follow standard Merchant Card acceptance practices detailed in Section 4.3: In-Person Charges. Fallback may not take place under the following conditions:

- When the Card is blocked
- When the applications present are blocked
- When the Authorization has already been declined offline

If the Transaction cannot be completed offline via the chip or online via a Magnetic Stripe read, the Transaction may be completed by key entering the Transaction into the POS device, subject to the Merchant's agreement with its Merchant Services Provider.

A Merchant processing a Fallback Transaction must obtain an Online Authorization through its Merchant Services Provider.

All Fallback Transactions have a Network Floor Limit of zero $0 (USD).

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6 Submissions

6.1 Introduction

Since payment cannot occur until the Transactions are submitted, Merchants are encouraged to submit Transactions daily even though the Merchant has up to seven days to do so.

Refer to Section 4.3: In-Person Charges and Section 4.6.2: Credit Transactions for more information.

6.2 Transaction Process

Once the Merchant has collected Transactions during the business day, Merchants can submit the collected Transactions to American Express, through its Merchant Services Provider. If there are any Submission problems, the Merchant should contact their Merchant Services Provider.

6.3 Submission Purpose

After American Express receives the Submission, American Express will process it and settle with the Merchant's Merchant Services Provider. The Merchant Services Provider will then settle directly with the Merchant in accordance with the payment plan, speed of payment, and payment method arranged.

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

The Merchant should contact its Merchant Services Provider for additional information on submitting Transactions, processing cutoff times, and payment procedures.

6.4 Submission Process

After the Merchant collects the Transactions during their business day, American Express encourages the Merchant to submit them to their Merchant Services Provider daily.

Following the instructions displayed in the Merchant's POS system, they can submit their Transactions to be processed and settled.

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

6.5 Submission Requirements – Electronic

Merchants must submit Transactions electronically in accordance with their Merchant Services Provider's instructions.

When Merchants transmit Charge Data and Transmission Data electronically, they must still complete and retain the Clearing Records.

A Submission or Batch must comply with the *American Express Merchant Operating Guide*, including the *Technical Specifications* (refer to Section 2.4: 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, the Merchant may not be paid until the Submission or Batch is corrected and resubmitted. The Merchant must work with their Merchant Services Provider to correct the error, then resubmit. For Submissions which fail to comply with the *Technical Specifications*, American Express has the right to Chargeback.

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The Merchant must submit Charges and Credits only in local currency or any other currency approved by their Merchant Services Provider.

6.5.1 Submitting Charges

The Merchant must submit all Charges to their Merchant Services Provider within seven days of the date they are incurred, provided that the Merchant must wait to submit Charges until after the Goods are shipped, provided, or the Services are rendered, after which the Merchant has seven days to submit such Charges. Charges are deemed "incurred" on the date the Cardmember agrees to pay for the Goods or Services purchased with the Card. The Merchant 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 days of the date of the last purchase or refund, as applicable, that comprises the Aggregated Charge. Refer to Section 4.5.2: Aggregated Transactions for more information.

The deposit element of a Delayed Delivery Charges and any Advance Payment Charges may be submitted before the Goods are shipped, provided or the services are rendered. Refer to Section 4.5.5: Delayed Delivery and Section 4.5.1: Advance Payments for more information.

6.5.2 Credit Submissions

The Merchant must submit all Credits to their Merchant Services Provider within seven days of determining that a Credit is due. The Merchant must submit each Credit under the Establishment where the Credit originated. The Merchant should contact their Merchant Services Provider for additional information regarding Credit submission requirements.

6.6 Submission Requirements – Paper

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

6.7 How to Submit

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

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

The Merchant should contact its Merchant Services Provider for additional information regarding submission requirements.

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7 Settlement

7.1 Settlement Amount

The process of Settlement begins after a Submission file is received. Settlement of payment from American Express will be made directly to the Merchant Services Provider. All settlement activity to the Merchant is the responsibility of their Merchant Services Provider and any questions or concerns should be directed to them for resolution.

7.2 Payment Errors or Omissions

The Merchant must immediately notify their Merchant Services Provider of any error or omission in respect to their Transactions or other fees or payments for Charges, Credits, or Chargebacks.

7.3 Collecting from Cardmembers

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

- Chargeback was exercised for such Charge.
- The Merchant has fully paid their Merchant Services Provider for such Charge.
- The Merchant otherwise has the right to do so.

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8 Fraud Prevention

8.1 Transaction Processing

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

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

This chapter details fraud mitigation tips for both Card Present and Card Not Present Transactions. Merchants should contact their Merchant Services Provider for information related to fraud mitigation tools and resources that may be available for use.

8.2 Strategies for Deterring Fraud

Implementing multiple layers of fraud protection to help secure a Merchant's business is recommended. These layers may include a combination of the Merchant's business POS procedures and controls as well as implementation of fraud mitigation tools.

8.3 Layers of Protection

The Merchant's first layer for mitigating fraud is to follow American Express' Card acceptance policies and procedures, as detailed in Chapter 4: Transaction Processing. Other fraud mitigation strategies that the Merchant chooses to implement may include any combination of:

- Recognition of suspicious behaviors or circumstances that may signal fraudulent activity.
- Implementation of fraud mitigation tools that take advantage of American Express' risk controls to identify fraudulent activity.
- Additional risk models or controls that the Merchant can develop internally or obtain externally from third parties.

American Express is committed to working with both the Merchant and their Merchant Services Provider to deploy tools that can help reduce the likelihood that fraudulent Charges will be Approved. The implementation and use of the strategies and tools detailed in this chapter, however, do not guarantee that:

- The person making the Charge is the Cardmember.
- The Charge is in fact valid or bona fide.
- The Merchant will be paid for the Charge.
- The Merchant 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 American Express' full suite of fraud mitigation tools is implemented (right).

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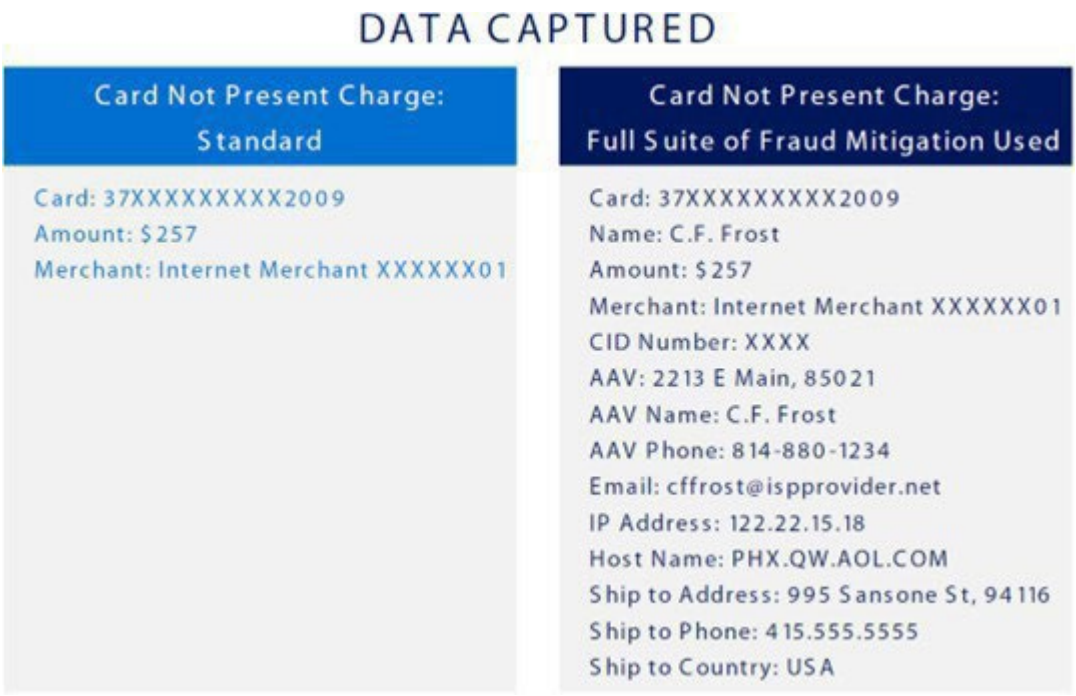


Figure 8-1: Card Not Present Charge Data Capture

8.4 Card Acceptance Policies

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

8.5 Card Security Features

American Express' Card security features are designed to help Merchants assess whether a Card is authentic or has been altered. All of a Merchant's personnel should be familiar with American Express Card's security features so they can identify potentially compromised Cards.

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

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Figure 8-2: American Express Card Front Side



Figure 8-3: American Express Card Back Side

1. Pre-printed CID Numbers usually appear above the Card Account, on either the right or the left edge of the Card.
2. All American Express Card Accounts start with "37" or "34." The Card Account appears embossed on the front of the Card. Embossing must be clear and uniform in sizing and spacing. Some Cards also have the Card Account 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. When applicable, 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.

The security features for Prepaid Cards are listed in Section 8.7: Prepaid Card Security Features.

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8.5.1 Compromised Card Security Features

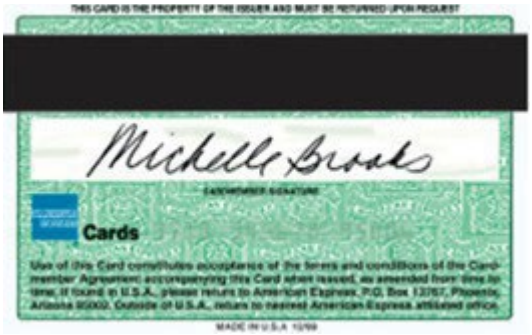


Figure 8-4: Compromised Card Security

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

Merchants must not accept a Card if:

- **Altered Magnetic Stripe**
  - The Magnetic Stripe has been altered or destroyed.
  - The Card Account 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 Account or Cardmember name on the front of the Card appears out of line, crooked, or unevenly spaced.
  - The ink on the raised Card Account number or Cardmember name is smudged or messy.
  - The Card Account number or Cardmember name is not printed in the same typeface as the American Express typeface.
- **Altered Back of the Card**
  - The Card Account number printed on the back of the Card (when present) is different from the Card Account number on the front.
  - The Card Account 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 Account 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.
  - The Merchant suspects any Card security features have been compromised.
  - The Card appears physically altered in any way.

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If a Merchant suspects Card misuse, the Merchant should follow its internal store policies, and, if directed to do so, call the Merchant Services Provider and state that it has a Code 10. Merchants should never put themselves, or employees in unsafe situations, nor physically detain or harm the holder of the Card.

Often, Cards can be closely examined to help determine whether they are altered or counterfeit. As an additional layer within an internal fraud prevention program, Merchants should ensure that all personnel are educated on how to identify potentially altered Cards.

8.6 Recognizing Suspicious Activity

A suspicious situation may arise, causing the Merchant to question the authenticity of the Card or the legitimacy of the person presenting it. Any single behavior may not be risky. However, when a combination of factors is present during a Transaction, additional scrutiny is warranted. When customers exhibit more than one of the following behaviors, the Merchant's 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 the Merchant shows a history of fraudulent claims
- Orders of a "hot" product (i.e., highly desirable Goods for resale)
- Customer is a first-time shopper
- Customer is purchasing large quantities of high-priced Goods without regard to color, size, product feature, or price
- Customer comes in just before closing time and purchases a large quantity of Goods
- Customer wants to rush or overnight the order
- Customer has a previous history of Disputed Charges
- Customer is rude or abusive towards the Merchant wanting to rush or attempts to rush or distract from the Transaction
- Customer frequents the Merchant's Establishment to make small purchases with cash, then returns to make additional purchases of expensive items with a Card

In addition to the above procedures, Merchants should be vigilant for the following suspicious behaviors related specifically to Prepaid Cards:

- Customer frequently makes purchases and then returns Goods for cash. (To avoid being the victim of this scheme, American Express suggests that the Merchant follows its internal store procedures when the Merchant 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.

If the Merchant suspects Card misuse, the Merchant should follow its store policies and if directed to do so, call the Merchant Services Provider and state there is a Code 10. Merchants should never put themselves or employees in unsafe situations, nor physically detain or harm the holder of the Card.

8.7 Prepaid Card Security Features

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

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



Figure 8-5: Prepaid Card Security

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 Account number or above the logo.
5. The Card Account number appears on the Card.
6. The Valid Date or Expiration Date appears on the Card.
7. The recipient's name or company name may appear on the Card; otherwise a generic "Recipient" or "Traveler" may appear, or this area might be blank.

8.8 Fraud Mitigation Tools

American Express offers fraud mitigation tools for both Card Present and Card Not Present Transactions to help verify that a Transaction is valid. These tools help the Merchant mitigate the risk of fraud at the point of sale, but are not a guarantee that:

- The person making the Charge is the Cardmember.
- The Charge is in fact valid or bona fide.
- The Merchant will be paid for the Charge.
- The Merchant will not be subject to a Chargeback.

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

- Comply with the applicable sections of the *Technical Specifications*. Refer to Section 2.4: Compliance with the Technical Specifications.
- Provide high-quality data in the Authorization Request.

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

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

Table 8-1: Fraud Mitigation Tools

Tool	Description	Purpose	How it works	Industry	Implementation
Track 1	There are two tracks of information encoded in the Magnetic Stripe. Track 1 contains additional data that provides an extra layer of fraud protection.	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	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.	Appropriate for all Card Present Charges.	The Merchant should contact its Merchant Services Provider
Code 10	A special phrase ("Code 10 Authorization Request") that a Merchant Services Provider uses to indicate to the American Express representative that they have suspicions concerning the Cardmember, the Card, the CID Number, the circumstances of the sale, or any combination thereof.	Enables the Merchant Services Provider to speak with an American Express Authorization representative on a Card Present Transaction they assess as high-risk.	By asking for a "Code 10 Authorization" the Merchant Services Provider alerts the American Express representative that they 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.	Appropriate for all In-Person Charges	If the Merchant suspects Card misuse, follow their internal store policies, and, if directed to do so, call the Authorization Department with a Code 10 Authorization Request. Only pick up a Card if directed to do so by an American Express representative or the Issuer. Never put any individual or Merchant employees in unsafe situations.

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Table 8-1: Fraud Mitigation Tools (Continued)

Tool	Description	Purpose	How it works	Industry	Implementation
Terminal ID	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.	The Terminal ID tool helps detect high-risk patterns of a particular register or terminal.	As a Card is swiped, the POS system captures the Terminal ID and sends it to the Issuer with the Authorization Request. The Issuer reviews this information using risk modeling and incorporates the result into the Authorization decision.	Appropriate for all Card Present Charges.	The Merchant should contact its Merchant Services Provider

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Table 8-1: Fraud Mitigation Tools (Continued)

Tool	Description	Purpose	How it works	Industry	Implementation
Enhanced Authorization	Provides additional data elements in Authorization requests, allowing the Issuer a more thorough risk assessment and enabling a more informed Authorization decision.	Helps mitigate fraud before a Transaction is Authorized by analyzing key data elements submitted with Authorization requests.	Capture Enhanced Authorization data elements and other Card information as part of the ordering process. Enhanced data elements may include: • **Internet Data** – IP address, email address, product SKU (Stock Keeping Unit) • **Phone Data** – Order telephone number • **Airline Data** – Passenger name, origin airport, destination airport, travel date, routing, class of service, number of passengers, airline carrier codes, email address, IP address • **Shipping Data** – Ship-to address, postal code, country code, telephone number, first and last name, and shipment method	Appropriate for all Card Present Charges.	The Merchant should contact its Merchant Services Provider

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8.8.1 Electronic Verification Services

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

Electronic verification can be used:

- When processing Authorizations in real time or when combining Authorizations and submitting all at once,
- To help identify high-risk Transactions, and
- With, or in the case of some verification tools, without an Authorization request.

Table 8-2: Electronic Verification Services

Tool	Description	Purpose	How it Works	Industry	Implementation
CID Validation	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. 	Because the CID Number is associated with each individual Card, prompting for the CID Number authenticates the Card. • 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. • Requesting the CID Number for Card Present Charges Helps to determine that the person making the purchase is	The Merchant requests the four-digit CID Number and sends it with the Authorization request to the Issuer. The Issuer compares the CID Number with that on file for the Card and, based on the comparison, returns a response code to the POS	Appropriate for Card Not Present and Card Present Transactions;	The Merchant should contact its Merchant Services Provider

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	The CID is a four-digit (flat) number that is printed on every American Express Card. The CID Number is usually located above the Card Account number on the face of the Card.	not using an altered or counterfeit Card.			
Automated Address Verification	The Automated Address Verification (AAV) tool compares the billing name, street address, and zip code provided by the customer with that on file with the Issuer.	The Automated Address Verification tool helps the Merchant evaluate the validity of a Transaction by comparing information provided by the customer at the point of sale with information about the Cardmember not available on the Card	The Merchant requests information about the customer at the point of sale, including all or any of the following: • Name • Address • Zip Code The Merchant supplies this information in the Authorization request, through the POS system. The Issuer compares the information provided by the Merchant with the Cardmember's records and returns a response code. The Merchant should use the AAV response code from the	Appropriate for all Card Not Present Transactions	The Merchant should contact its Merchant Services Provider

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			Issuer to assess the level of risk and determine whether to complete the Transaction.		
Telephone Number Verification	The Telephone Number Verification tool compares the telephone number information provided by the customer with that on file with the Issuer.	The Telephone Number Verification tool helps the Merchant evaluate the validity of a Transaction by comparing information provided by the customer at the point of sale with information about the Cardmember not available on the Card.	The Merchant requests telephone number information from the customer at the POS. The Merchant supplies this information in the Authorization request, through the POS system. The Issuer compares the information provided by the Merchant with the Cardmember's records, and returns a response code. The Merchant should use the response code from the Issuer to assess the level of risk and determine whether to complete the Transaction.	Appropriate for all Card Not Present Transactions	The Merchant should contact its Merchant Services Provider

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Table 8-2: Electronic Verification Services (Continued)

Tool	Description	Purpose	How it Works	Industry	Implementation
Email Address Verification	The Email Address Verification tool compares email information provided by the customer with that on file with the Issuer.	The Email Address Verification tool helps the Merchant evaluate the validity of a Transaction by comparing information provided by the customer at the point of sale with information about the Cardmember not available on the Card.	The Merchant requests email information from the customer at the POS. The Merchant supplies this information in the Authorization request, through the POS system. The Issuer compares the information provided by the Merchant with the Cardmember's records, and returns a response code.	Appropriate for all Card Not Present Transactions	The Merchant should contact its Merchant Services Provider

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9 Risk Evaluation

9.1 Prohibited and Restricted Merchants

9.1.1 Prohibited Industries

Some Merchants are not eligible, or may become ineligible, to accept the Card. American Express may suspend acceptance of Cards by the Merchant or any of its Establishments or disentitle a Merchant from Card acceptance immediately without prior notice if American Express determines or has reason to believe, in its sole discretion, that the Merchant meets any of the following conditions:

- Participation as a Merchant on the Network or acceptance of Cards, or both, by the Merchant or any of its Establishments may cause American Express not to be in compliance with Applicable Laws, regulations, or rules.
- The Merchant does not have a verifiable physical address and can only be reached by telephone.
- The Merchant or any of its Establishments are involved in (or knowingly participate in or have participated in) fraudulent or illegal activities.
- The Merchant or any of its Establishments are identified as sponsors of international terrorism, as warranting special measures due to money laundering concerns, or as noncooperative with international Anti-Money Laundering (AML) principles or procedures.
- The Merchant is 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.
- The Merchant is listed on the U.S. Department of Treasury, Office of Foreign Assets Control, Specially Designated Nationals, and Blocked Persons List.
- The Merchant is listed on the U.S. Department of State's Terrorist Exclusion List.
- The Merchant is located in or operating under a license issued by a jurisdiction identified by the U.S. Department of State as a sponsor of international terrorism, by the U.S. Secretary of the Treasury as warranting special measures due to money laundering concerns, or as noncooperative with international AML principles or procedures by an intergovernmental group or organization of which the United States is a member.
- The Merchant's verifiable physical address is not located in an authorized jurisdiction.
- The Merchant or any of its Establishments fall into an industry category that is prohibited by their Merchant Services Provider or American Express.

9.1.2 Restricted Industries

Certain industry categories are restricted and require that the Merchant meet additional requirements prior to accepting the Card. The Merchant must obtain written permission from its Merchant Services Provider to accept Transactions in industries classified as restricted. American Express may, in its sole discretion, approve or deny such requests. American Express may suspend acceptance of Cards by the Merchant or any of the Merchant's Establishments, or immediately terminate the Merchant's Card acceptance privileges without prior notice, if American Express determines or has reason to believe that the Merchant or any of its Establishments are performing a restricted activity or operating in a Restricted Industry without meeting the applicable requirements or obtaining appropriate written permission.

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9.1.3 Mixed Business

If the Merchant is considering entering a new line of business or changing its operating model, the Merchant must contact its Merchant Services Provider to ensure the new line of business or operating model does not fall within a prohibited or restricted industry category.

If any portion of the Merchant's or any of its Establishments' business falls within a Prohibited Industry, the Merchant and its Establishments must not accept the Card for those Transactions. If any portion of the Merchant's or any of its Establishments' business falls within a Restricted Industry and the Merchant has not obtained written permission from American Express to accept the Card for those Transactions, the Merchant and its Establishments must not accept the Card for those Transactions.

If the Merchant or any of its Establishments accepts the Card for such Transactions, American Express may exercise its Chargeback rights, place the Merchant or any of its Establishments in an American Express Chargeback program, suspend Card acceptance, cancel or disentitle the Merchant or any of its Establishments, or take any combination of these actions.

9.2 Monitoring

American Express monitors Merchants by reviewing reported fraud data, Merchant's data, Authorizations, and Submissions to identify potential risks, assess a Merchant's financial status, and evaluate a Merchant's compliance with the Merchant Agreement.

American Express uses internal and third party information when monitoring and to look for, among other things:

- Disproportionate Disputed Charges and Chargebacks
- Merchants that meet the Section 9.2.1: High-Risk Merchants List Criteria
- Schemes to defraud American Express
- Legal, compliance, or other credit and fraud risks, or
- Data submitted in compliance with the *Technical Specifications*.

American Express monitors for actions and behaviors which may put American Express, Issuers or Cardmembers at risk. American Express reserves the right to take action, based on the results of the monitoring, to mitigate risk, including working with a Merchant's Merchant Services Provider to do one or more of the following in American Express' sole judgment:

- Requesting information about a Merchant's finances and operations
- Instituting Card acceptance restrictions
- Exercising Chargeback, rejecting Charges, charging fees, or assessments
- Requiring corrective action by the Merchant
- Terminating any Establishment's Card acceptance privileges or suspending those privileges until the risk has subsided, or
- Cancel or disentitle the Merchant.

9.2.1 High-Risk Merchants List Criteria

American Express may place a Merchant in a Chargeback program or cancel or disentitle the Merchant Agreement if it determines, in its sole discretion, that a Merchant meets the conditions for one or more of the high-risk criteria listed below. A Merchant should refer to their Merchant Services Provider for more information on American Express's Chargeback Program.

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A Merchant is considered to be a High-Risk Merchant if it meets any of the following criteria[1]:

1. Is identified as a Fraudulent, Fictitious, or Collusive Merchant.
2. Is identified as an illegal business or is operating in a prohibited industry. Refer to Section 9.1: Prohibited and Restricted Merchants.
3. Has a performance threshold that falls into either a Low-Tier or High-Tier Fraud to Gross (FTG) calculation. See Merchant Services Provider for more information.
4. Has been identified as conducting business in a high-risk industry.
5. Has been cancelled for derogatory reasons, such as unsatisfactory activity.

9.2.2 Fraudulent, Fictitious, Collusive, Deceptive, Unfair Business Practices, Illegal Activities, or Prohibited Uses of the Card

American Express determines or has reason to believe, in its sole discretion, that a Merchant has engaged (or knowingly participates or knowingly has participated) in any of the activities listed in the following table; in any scheme that defrauds American Express, Issuers, or its Cardmembers; or in business practices that American Express deems fraudulent, deceptive, or unfair, American Express may take corrective action on the Merchant's Account, that may include but is not limited to:

- Placement in American Express' Chargeback programs
- Exercising Chargeback, rejecting Charges, or withholding Settlements from the Merchant's Merchant Services Provider
- Disentitlement of Card acceptance (including immediate termination without prior notice to the Merchant)

Table 9-1: Risk Management Definitions

Factoring	Factoring occurs when Transactions do not represent bona fide sales of Goods or Services at the Merchant's Establishments (e.g., purchases at the Merchant's Establishments by the Merchant's owners (or their family members) or employees contrived for cash flow purposes).
Collusion	Collusion refers to activities whereby the Merchant's employee collaborates with another party to conduct fraudulent Transactions. It is the Merchant's 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.

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

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Table 9-1: Risk Management Definitions (Continued)

Illegal activities, fraudulent (other than marketing), deceptive business practices, or prohibited use of the Card	If American Express determines, or has reason to believe, in its sole discretion, that the Merchant engages or has engaged (or knowingly participates or has participated) in fraudulent, deceptive, or unfair business practices, or accepts the Card to facilitate, directly or indirectly, illegal activity of any kind, and without waiving American Express' other rights and remedies, American Express has the right to terminate the Card Acceptance. If American Express finds that the Transaction involved a prohibited use of the Card (refer to Section 3.4: Prohibited Uses of the Card), American Express may apply the corrective actions listed above.

9.2.3 Consumer Protection Monitoring Program

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

If the Merchant is placed in the Consumer Protection Monitoring Program, American Express will send the Merchant a questionnaire regarding the Merchant's business practices, and conduct an investigation.

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

- The Merchant does not respond to American Express' questionnaire, by the date American Express designates, with sufficient information about the Merchant's business practices.
- American Express concludes, in its sole discretion, that the Merchant or the Establishment in question engages or has engaged, or knowingly participates or knowingly have participated in fraudulent, deceptive, or unfair practices relating to the sale, advertising, promotion, or distribution of goods or services to consumers.

If, in the course of American Express' investigation, it does not appear that the Merchant engages or has engaged or knowingly participates or knowingly has participated in such fraudulent, deceptive, or unfair practices, American Express still may conduct an annual investigation of the Merchant's business practices.

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10 Chargebacks and Inquiries

10.1 Introduction

This chapter details how American Express processes Inquiries and Chargebacks. Merchants will find details about the dispute process, American Express Chargeback policies, and tips for avoiding Chargebacks and Inquiries and preventing fraud.

The Merchant's Merchant Services Provider will contact the Merchant if a dispute is raised. The Merchant should contact its Merchant Services Provider with any questions or further information related to Chapter 10: Chargebacks and Inquiries.

10.2 Chargeback Policies Overview

American Express Chargeback policy grants Issuers and Acquirers the right to have all or part of the financial liability associated with certain disputed Transactions transferred to the Issuer and Acquirer from which the Transaction originated.

The Chargeback process involves handling Transactions disputed by the Cardmember or Issuer in accordance with the applicable Chargeback rule.

The Chargeback policies in this chapter define the only conditions under which a Cardmember or Issuer may dispute a Transaction.

10.3 Disputed Process Transaction Life Cycle

Cardmembers and Issuers may dispute Transactions for a variety of reasons. Most Disputed Transactions stem from:

- Cardmember dissatisfaction with some aspect of the purchase (e.g., a failure to receive the merchandise, duplicate billing of a Transaction, incorrect billing amount)
- Cardmember requesting additional information about an unrecognized Transaction
- Cardmember billed for Goods or Services not yet received
- Actual or alleged fraudulent Transaction.

American Express opens a case whenever a Cardmember, an Issuer or the Network initiates a dispute and may initiate a Chargeback to the Merchant Services Provider immediately or send the Merchant Services Provider an Inquiry.

Merchant Services Providers and Merchants must not suggest or require Cardmembers to waive their right to dispute any Transaction.

This step-by-step flowchart can help make the process clearer, so a Merchant can know what to expect if a Transaction is disputed.

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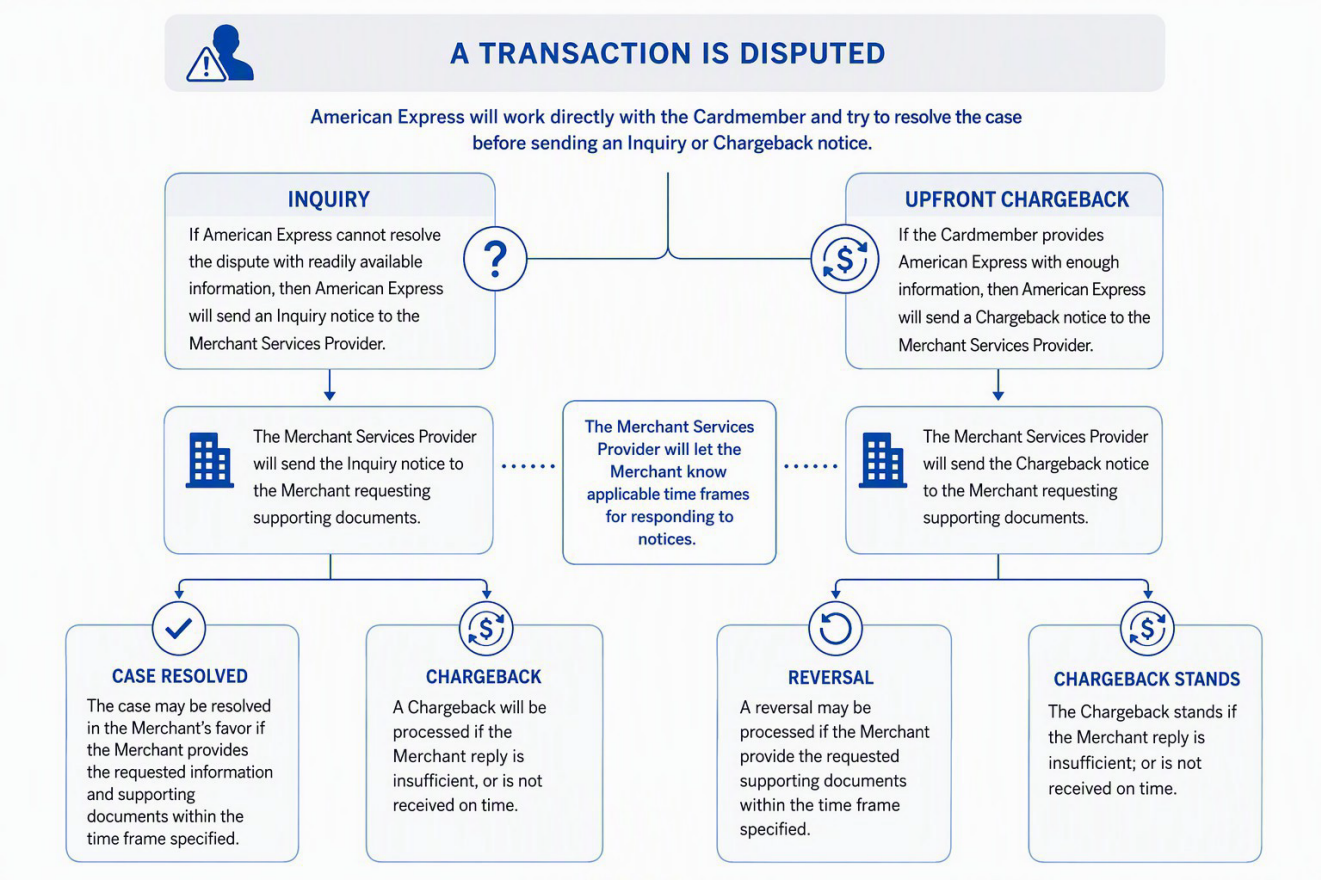


Figure 10-1: Disputed Process Transaction Life Cycle

For Disputed Transactions, American Express may send the Merchant Services Provider an Inquiry prior to exercising Chargeback rights. If American Express determines it has sufficient information to resolve the Disputed Transaction in favor of the Cardmember, American Express will exercise its Chargeback rights.

For Transactions subject to the Chargeback Programs, American Express has Chargeback rights where the Merchant Services Provider or Merchant does not have the right to request a reversal of American Express decision to exercise its Chargeback rights.

American Express has Chargeback rights:

- Whenever Cardmembers bring Disputed Transactions, 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 the Merchant does not comply with the Agreement (including sending incomplete or incorrect Transaction Data in Charge Submissions), even
  - If the Merchant's Merchant Services Provider or American Express had notice at the time the Merchant was paid by the Merchant Services Provider for a Transaction, that the Merchant did not so comply.
  - If the Merchant obtained Authorization for the Transaction in question
- As provided in the Agreement

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The Merchant should contact its Merchant Services Provider for additional information and guidance regarding Disputed Charges and Chargebacks.

10.4 How Chargebacks Work

American Express may Chargeback by (i) deducting, withholding, recouping from, or otherwise offsetting against their payment to the Merchant's Merchant Services Provider for a Transaction the Merchant submitted; or (ii) reversing a Transaction for which they have not paid the Merchant. Their failure to demand payment does not waive their Chargeback rights.

The Merchant's Merchant Services Provider may have additional rights and remedies with respect to Disputed Charges. A Merchant should contact their Merchant Services Provider for more information on their Chargeback procedures.

10.5 Tips for Avoiding Chargebacks

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

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

10.6 Compelling Evidence

Merchants may provide Compelling Evidence as support to demonstrate the Cardmember participated in the Transaction, received Goods or Services, or otherwise benefited from the Transaction. 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 Transaction.

Only Compelling Evidence gathered in compliance with Applicable Law may be relied upon.

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11 Regulations for Specific Industries

11.1 Introduction

This chapter sets forth additional policies and procedures applicable to Merchants classified in specific industries. All other provisions and requirements of the Agreement apply to these Merchants as well. To the extent possible, the provisions of this Chapter 11: Regulations for Specific Industries and the other provisions of the *Merchant Operating Guide* shall be interpreted to give each their full effect. However, if a conflict is deemed to exist between them, then the provisions of this Chapter 11: Regulations for Specific Industries shall govern.

11.2 Auto Dealers

This section applies to Merchants that American Express classifies in the auto dealer industry. The following requirements will apply to Transactions for the down payment or the entire purchase price of new and used motor vehicles. Merchants may accept the Card for down payment of a motor vehicle, subject to the following provisions:

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

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

- The Merchant is classified as an auto dealer of new or new and used motor vehicles (i.e., the Merchant's 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.
- The Merchant must not submit a Transaction for the entire purchase price of a new or used motor vehicle unless and until the Merchant has a written agreement/bill of sale signed by the Cardmember setting forth the terms of the sale, including purchase price, delivery date, and the Merchant's cancellation policy.
- In addition to American Express' other Chargeback rights, American Express also has Chargeback rights for any portion of the Transaction 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 the Merchant's favor based upon unambiguous language contained in the written agreement/bill of sale.

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- Should a Cardmember exercise its right to rescind the written agreement/bill of sale during any rescission period detailed in the Cardmember's agreement with the Merchant or at law, the Merchant shall submit a Credit to their Merchant Services Provider promptly.
- If the Cardmember denies making or authorizing the Charge and the Merchant has not transferred title or physical possession of the motor vehicle to the Cardmember, American Express will have Chargeback rights for such Charge in addition to American Express' other Chargeback rights.

11.3 Business-to-Business (B2B) Wholesale Distribution

If a Merchant is classified in the business-to-business (B2B) or wholesale distribution industries, and American Express determines that the Merchant is not in the Telecommunications industry, then notwithstanding the prohibition in Section 3.4: Prohibited Uses of the Card, the Merchant may accept the Card for overdue amounts to the extent that acceptance of overdue amounts is a common practice in the Merchant's industry and does not constitute an attempt to obtain payment from the Cardmember whose prior methods of payment have, in American Express reasonable judgment, been difficult to collect or uncollectible. An indicator of such difficulty, for example, may be the fact that the Merchant has sent an overdue customer account to collections.

For the purposes of Chapter 6: Submissions a Transaction submitted by the Establishments classified in the foregoing industries will be deemed "incurred" on the date the Cardmember indicates to the Merchant that the Cardmember will pay for the Goods or Services purchased with the Card, so long as:

- This is a common practice in the industry, and
- This 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 Chapter 6: Submissions, the Merchant must not submit any Transaction until the Goods have been shipped or Services have been provided to the Cardmember. To the extent that the Merchant has clearly disclosed its intentions to the Cardmember and the Cardmember agrees, then the Merchant may submit the following types of Charges to Merchant Services Provider before it ships the Goods to the Cardmember:

- Charges representing deposits on custom and special orders (so long as the Merchant complies 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 the Merchant to ship at a later date.

11.4 Cannabis (Canada only – Prohibited in all other Regions)

This section applies to Merchants American Express classifies in the Cannabis industry.

In Canada, the *Cannabis Act*, 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 American Express classifies 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.

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11.4.1 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.

11.4.2 General Terms

The Merchant 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 American Express; and
- Providing a copy of the licenses or, if not required by Applicable Law to have a license, a copy of permits, authorizations, or statutory authorities that authorize sell or distribute Cannabis in Canada, as re-issued or updated over time; and
- The enablement of SafeKey on any 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 the Merchant of all other network branded credit cards available in Canada.

11.4.3 Representations and Warranties

The Merchant represents and warrants that it will:

- Ensure that its 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

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enable in any way any provincial or national cross-border activities that might violate Applicable Law; and

- Provide American Express notice of:
  - Any intention to engage with the Cannabis industry outside of the provinces in which the Merchant is licensed to sell Cannabis Products except as permitted by Applicable Law;
  - Any material change to their business activities including any material expansion in the Cannabis industry or to another provincial or foreign jurisdiction and licensing;
  - If the Merchant is subject to a regulatory or enforcement violation or decision relating to their 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 methods 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.

11.4.4 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 the Merchant's 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, the Merchant agrees that, in the event the Merchant does not or cannot agree to such a request, the Merchant agrees to conduct such audits as reasonably requested by American Express.

11.4.5 Requirement to Make Changes as a Result of Audit

The Merchant agrees that it will remediate or implement new or revised processes as a result of any Audit report on a timely basis as required by American Express, acting reasonably, to enable compliance with Applicable Law.

11.4.6 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.

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11.4.7 Suspension and Termination

American Express may suspend or terminate acceptance of the Card for Cannabis Products at any time without notice if American Express has reasonable grounds to believe that the Merchant is not in compliance with any provision in Section 11.4: Cannabis (Canada only – Prohibited in all other Regions) .

For the avoidance of doubt, the Merchant is prohibited from accepting the Card for Cannabis Products unless and until the Merchant has satisfied all of the provisions in Section 11.4: Cannabis (Canada only – Prohibited in all other Regions) including the submission of a signed due diligence checklist and certification form, a copy of the licenses or, if the Merchant is not required by Applicable Law to have a license, a copy of permits, authorizations or statutory authorities that authorize the Merchant to sell 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.

The Merchant should contact their Merchant Services Provider for more information regarding Cannabis requirements.

11.5 Charitable Donations

Tax Exempt Status:

- Organizations must be non-profit, incorporated, or registered under Applicable Law.
- Must provide documentation of tax-exempt status to the Merchant Services Provider upon request.

Acceptable Charitable Donations:

- Donations that are tax-deductible or creditable to the payor.
- Donations where the receipt of an item or service of value (e.g., a meal, event admission) is included, provided at least a portion of the amount is tax-deductible or creditable to the payor.

U.S.: The Merchant represents and warrants that is a non-profit organization incorporated or registered under Applicable Law and recognized as an Entity qualifying for tax exemption under Section 501(c)(3) of the U.S. Internal Revenue Service Code (Code).

APAC: Organizations must be recognized as tax-exempt entities under Applicable Law in Australia.

Argentina: Organizations must have their tax-exempt status published on the Federal Administration of Public Revenues (AFIP) website.

Canada: The Merchant represents and warrants that it is 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.

Mexico: Organizations must have their tax-exempt status published in the "Authorized Charities Directory" on the Servicio de Administración Tributaria (SAT) website.

EMEA: A Merchant must have express written approval from their Merchant Services Provider to operate in this category. A Merchant should contact their Merchant Services Provider for information on eligibility criteria and requirements.

11.6 Contactless Transit Transactions

Contactless Transactions that originate at TATs, also known as Contactless Transit Transactions, must include the TAT indicator and are subject to special processing rules. These Transactions are exempt from the requirements detailed in Section 4.3.5: Contactless Chip Card Charges and must instead meet the

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requirements detailed in this section. Merchants that support Contactless Transactions at TATs must comply with the *Technical Specifications*. The Merchant Services Provider is responsible for ensuring that Merchants meet these requirements and for obtaining the necessary certification from American Express.

11.6.1 Card Acceptance Requirements for Contactless Transit Transactions

When accepting and processing Contactless Transit Transactions, Merchants must:

- Be classified in one of the following MCCs and include that MCC in each Authorization and Submission message:
  - 4111 - Local and Suburban Commuter Passenger Transportation, including Ferries
  - 4112 - Passenger Railways
  - 4131 - Bus Lines
  - 4784 - Tolls and Bridge Fares
  - 7523 - Parking Lots and Garages
- Not accept the following Cards:
  - Expired Cards
  - Cards within the specified Bank Identification Number (BIN) ranges provided by American Express
  - Cards that are on the Deny List at the time the Cardmember attempts to access the transit system
- Populate the TAT indicator in the Authorization and Submission message. Refer to the *Technical Specifications* for more information.

11.6.2 Authorization and Submission Requirements for Contactless Transit Transactions

When accepting a Contactless Transaction at a TAT, the Merchant must submit an Account Status Check for a nominal amount or an amount up to the Chargeback Protection Threshold provided in Table 11-1: Contactless Transit Transactions - Operational Parameters and Declined Authorizations.

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The following table details how to proceed based on the response the Merchant receives to the Account Status Check or Authorization:

If	Then
The Account Status Check or Authorization is approved	Continue to accept taps (for single or aggregated fares) up to the Chargeback Protection Threshold, within the Authorization Time Period. Submit the single fare or transit Aggregated Transaction within the Submission Time Period (as defined in Table 11-1: Contactless Transit Transactions - Operational Parameters and Declined Authorizations). Authorizations for partial fares cannot be submitted. If the Card is on the Deny List and an Account Status Check or an Authorization is approved, remove the Card from the Deny List.
The Account Status Check or Authorization is declined	Place the Card on the Deny List. Refer to Section 11.6.5: Management of the Deny List If the final fare amount is less than or equal to the Declined Authorization Protection threshold (as defined in Table 11-1: Contactless Transit Transactions - Operational Parameters and Declined Authorizations) submit the Transaction. If the final fare amount is greater than the Declined Authorization Protection threshold, do not submit the Transaction. A Merchant may request a new Authorization as outlined under Section 11.6.4: Merchant-Initiated Transit Debt Recovery. Authorizations for partial fares cannot be submitted. A Transaction must not be split with the intent of avoiding a single Authorization for the final fare amount.
The combined taps are within the Chargeback Protection Threshold and Authorization Time Period	The Merchant may continue to accept taps and submit the Transaction within the Submission Time Period (as defined in Table 11-1: Contactless Transit Transactions - Operational Parameters and Declined Authorizations). The Merchant may obtain a new Account Status Check or Authorization when the customer next presents the Card.
The combined taps exceed the Chargeback Protection Threshold, or the Authorization Time Period is exceeded beginning from the date of the last approved Authorization Request	The Merchant may submit the Transaction, if a Merchant obtains an approved Authorization for the full amount of a single fare or transit Aggregated Transaction at the time of submission (as defined in Table 11-1: Contactless Transit Transactions - Operational Parameters and Declined Authorizations). The Merchant may be subject to a Chargeback should they submit a Transaction for a value above the Chargeback Protection Threshold. The Merchant should reach out to their Merchant Services Provider for further information.

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Table 11-1: Contactless Transit Transactions - Operational Parameters and Declined Authorizations

Country	Chargeback Protection Threshold	Authorization Time Period	Submission Time Period	Declined Authorization Protection
AMERICAS				
Argentina	15 USD	14 days	Daily	5 USD
Canada	25 CAD	7 days	7 days	12 CAD
United States	15 USD	7 days	7 days	6 USD
All others	30 USD (or local equivalent)	14 days	7 days	3 USD
APAC				
Australia	35 AUD	7 days	7 days	8 AUD
EMEA				
France	30 EUR	14 days	7 days	10 EUR
Italy	25 EUR	14 days	Daily	5 USD
Poland	50 PLN	14 days	Daily	5 USD
Sweden	250 SEK	14 days	Daily	5 USD
United Kingdom	15 GBP	14 days	Daily	10 GBP
All others	30 USD[1]	14 days	7 days	5 USD

1. or local equivalent

11.6.3 Transit Transaction Information

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

- Merchant's name
- 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

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11.6.4 Merchant-Initiated Transit Debt Recovery

If an Authorization is declined, Merchants 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 value.
- The Merchant obtains an approved Authorization for the full value of debt owed.
- The Merchant does not attempt more than six Authorizations after the initial declined Authorization Request.
- No more than 30 days have elapsed since the initial declined Authorization Request.

Merchants should adhere to the requirements in Section 4.5.4: Merchant-Initiated Transactions when processing Merchant-Initiated Transit Debt Recovery Transactions.

11.6.5 Management of the Deny List

The Merchant must maintain a Deny List by adding or removing Card Account numbers based on any new Authorization approval or decline received from an Issuer.

The Merchant must update the Deny List at least once per day. American Express strongly recommends the Merchant updates the list more frequently when possible. The Merchant must add a Card Account number to the list if the Issuer declines an Account Status Check or Authorization and remove a Card Account number if the Merchant receives an approved Account Status Check or Authorization.

Merchants must not submit Contactless Transit Transactions when the Card Account number appears on the Deny List at the time of the Transaction attempt.

American Express may issue Chargebacks if the Merchant fails to comply with these requirements or the provisions of Section 11.6: Contactless Transit Transactions.

11.6.6 Pay-In-Advance Transit Passes

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

- Time-based, unlimited travel passes that allow the Cardmember to use their Card to enter or use the transit system until the time limit for such pass expires, or
- Passes available for a defined value or defined number of trips that allow the Cardmember to use their Card to enter 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.

A Card can be used as a means to access the transit system for pay-in-advance accounts. In these situations, the Merchant must:

- Limit the functions to account identification and fare validation
- Not process taps as a Contactless Transit Transaction

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11.7 E-Commerce Businesses

If the Merchant is operating a website or e-commerce business, the Merchant must include the following website information display requirements on their website:

- An accurate description of the Goods or Services offered, including the currency type for the Transaction. Transaction currency must be in local currency or any other currency approved by their Merchant Services Provider.
- The Merchant's physical address in their specified region.
- An email address and a telephone number for customer service disputes.
- Return or refund policy.
- A description of the Merchant's delivery policy (e.g., No Cash on Delivery (COD), no overnight delivery).
- A description of the Merchant's security practices (e.g., information highlighting security practices the Merchant uses to secure Transactions on its systems, including Transactions conducted on the Internet).
- A statement of known export restrictions, tariffs, and any other regulations.

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

11.8 Government/Utilities/Education (U.S., Canada, EMEA, LAC)

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

Customers should feel free to use all forms of payment that the Merchant accepts 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 the Merchant imposes on Other Payment Products, except for automated clearing house funds transfers, cash, and checks. American Express views discrimination against Cardmembers as a breach of this *Merchant Operating Guide* and it may also be a breach of the Merchant's Agreement.

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

The Merchants 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 Merchants' cost of accepting the Card.

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

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11.9 Installment Payment Transactions (U.S., Canada, LAC)

If the Merchant is facilitating Installment Payment Transactions (also known as Buy Now Pay Later) the Merchant must comply with the following:

- Do not charge the Cardmember interest or finance charges, other than late payment fees if applicable.
- Disclose all material terms of the Installment agreement to the Cardmember including, but not limited to, the amount, and frequency of the installment, and any late payment fees.
- Provide Transaction details to Cardmembers via mobile app 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")
- In addition to the prohibited and restricted industries set forth in Section 9.1.1: Prohibited Industries, do not accept the Card to facilitate payments for End Beneficiaries in industries listed in Table 11-2: Excluded Industries for Installment Payment Transactions. American Express may modify these excluded industries at any time at its sole discretion and (without waiving or limiting American Express other rights and remedies) American Express may exercise Chargebacks, suspend acceptance of Cards or terminate the Agreement if the Merchant breaches this requirement.
- The Merchant must have a direct contract with the End Beneficiary except in the limited circumstance where a third-party acts as the Merchant agent to facilitate payments to the Merchant's End Beneficiaries, in which circumstance the following requirements apply:
  - The Merchant must have a direct contract with their third party agent.
  - The Merchant or the third party agent acting on the Merchant's behalf must provide End Beneficiary data elements in accordance with the *Technical Specifications*. The Merchant remains responsible and otherwise liable for their third-party agent's compliance with this requirement and any omission or failure to perform does not relieve the Merchant 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 American Express sole discretion.
- Submit an Authorization request for each individual Installment Transaction at the time the installment is due, for the amount of the installment, not the full purchase amount.
- If there is a Chargeback or Disputed Charge in connection to an Installment Transaction, the Merchant must not submit an Authorization request nor submit any further related Installment Transactions for payment until the Chargeback or Disputed Charge is resolved in the Merchant's favor.
- Facilitate payments only to End Beneficiaries that:
  - Are located in the same country as the Merchant.
  - Transact exclusively in the local currency.
  - Receive payments solely through bank accounts within the applicable country.

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Installment Payment Transactions are not Recurring Billing Transactions.

Table 11-2: Excluded Industries for Installment Payment Transactions

MCC	Description
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
7997	Lifetime Memberships
5968	Long-term Subscriptions
4814	Telecommunications Services
4900	Utilities
6513	Real Estate Agents and Managers - Rentals
5813	Nightclubs
6300, 6381, 6399	Insurance
6010, 6011	Cash-like Transactions
6538	P2P Payments
9222	Fines
9311	Tax Payments

11.10 Insurance

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

American Express undertakes no responsibility on the Merchant's behalf for the collection or timely remittance of premiums. American Express will not be subject to any liability, under any circumstances, for any claim arising from, or related to, any insurance policy the Merchant issued. The Merchant must indemnify, defend, and hold harmless American Express and its Affiliates, successors, assigns, and Issuers, from and against all damages, liabilities, losses, costs, and expenses, including legal fees, to Cardmembers (or former Cardmembers) arising or alleged to have arisen from the Merchant's termination or other action regarding their insurance coverage.

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U.S.: In addition to the above, the Merchant must also indemnify, defend, and hold harmless American Express and its Affiliates, successors, assigns, and Issuers, from and against all damages, liabilities, losses, costs, and expenses, including legal fees, to Cardmembers (or former Cardmembers) arising or alleged to have arisen from the Merchant termination or other action regarding breach, negligent or wrongful act or omission; failure to perform under the Agreement; or failure in the provision of the Merchant or their Goods or Services. If the Card is accepted as payment for fixed rate cash value life insurance policies or fixed rate annuities under the Agreement, the Merchant represents and warrant that the fixed rate cash value life insurance policies and fixed rate annuities for which the Card will be accepted for premium payments are not securities requiring registration under the *Securities Act of 1933*, and, in addition to their other indemnification obligations to American Express, the Merchant must further indemnify, defend, and hold harmless American Express and American Express' Affiliates, successors, assigns and Issuers from and against all damages, liabilities, losses, costs, and expenses, including legal fees, arising or alleged to have arisen from the Merchant or its Agencies breach of this representation and warranty.

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

11.11 Oil, Petroleum, and Electric Vehicles

This section applies to Merchants American Express classifies in the oil, petroleum, and electric vehicle charging industries. The Merchant should contact its Merchant Services Provider if they have any questions regarding these industries.

For information about CATs, refer to Section 4.3.4: Customer Activated Terminals (CATs).

11.11.1 Requirements

The Merchant must:

- Obtain unique Merchant Numbers from their Merchant Services Provider for its CAT gas pump and electric vehicle charging sales. If the Merchant conducts any other business at its Establishment (e.g., convenience store sales, car washing Services), the Merchant must obtain a unique Merchant Number for those lines of its business.
- Submit dealer location data along with each Authorization request and each Submission file. Dealer location data consists of the Merchant's business:
  - Dealer number (store number)
  - Name
  - Street address
  - City
  - Postal code

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11.11.2 Automated Fuel Pumps

American Express has implemented several policies and fraud prevention tools to assist in combating fraud at the fuel pump. The Merchant will work with its Merchant Services Provider for additional information on these policies and to determine which fraud prevention tools are supported.

American Express recommends that the Merchant:

- Set a pre-Authorization request at its CAT fuel 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 its CAT fuel 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, which must not be greater than the pre-Authorization amount.
- Request a separate Authorization for purchases that exceed the original pre-Authorization amount.

11.11.3 Electric Vehicle Charging

- Option 1: Pre-Authorization
  - Set Pre-Authorization request at the Merchant's 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, which must not be greater than the pre-Authorization amount.
  - Set the Merchant's 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 5.3: Variable Authorizations, for more 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.

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11.12 Online/Mail Order Tobacco Retail (U.S., EMEA)

United States: If a Merchant classifies or otherwise determines that the Merchant is an online or mail order (or both), tobacco, or e-cigarette Merchant, then the Merchant must provide the Merchant Services Provider with the website address of the online store from which the Merchant sells its tobacco products.

If the Merchant's website facilitates tobacco sales, the Merchant will be required on request to provide an executed and notarized Affidavit of Compliance with Laws—Online/Mail Order Tobacco. Failure to provide this documentation promptly may result in the cancellation or disentitlement of Card acceptance privileges.

American Express may monitor the Merchant's website. The Merchant should contact their Merchant Services Provider for additional information.

EMEA: The Merchant must have express written approval from their Merchant Services Provider to operate in this category. The Merchant should contact their Merchant Services Provider for information on eligibility criteria and requirements.

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11.13 Pharmacies (Card Not Present)

U.S.: If a Merchant is classified or it is otherwise determined that the Merchant is a Pharmacy (Card Not Present) Merchant that accepts the Card for sales of prescription medications (as defined by Applicable Law) in the Card Not Present environment:

- The Merchant must be certified by the Verified Internet Pharmacy Practice Sites program of the National Association of Boards of Pharmacy (https://nabp.pharmacy/), or
- The Merchant or its authorized representative must attest that the Merchant complies with the licensing and inspection requirements of
    - federal, state, or provincial laws and the jurisdiction in which the Merchant is located and each jurisdiction to which the Merchant dispenses pharmaceuticals.
    - Upon request, the Merchant or its Merchant Services Provider must promptly provide documentation that the Merchant fulfills the foregoing requirements. Failure to provide this documentation promptly may result in the cancellation or disentitlement of Card acceptance privileges. Specific procedures exist for Transaction processing by internet/online Merchants. These procedures appear in Section 4.4: Card Not Present Transactions.

EMEA: The Merchant must have express written approval from their Merchant Services Provider to operate in this category. The Merchant should contact their Merchant Services Provider for information on eligibility criteria and requirements.

11.14 Rental Establishments (U.S., Canada, EMEA, LAC)

This section applies to Merchants who accept the Card for payment for Rental Establishments.

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

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. Refer to Section 3.2: Treatment of the American Express Brand for more information. 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 the Merchant imposes on Other Payment Products, except for automated clearing house electronic funds transfers, cash, and cheques checks.

If the Merchant is classified as a Rental Establishments, the Merchant may assess convenience fees on Transactions, provided that they comply with the other requirements of Chapter 4: Transaction Processing and this section, as follows:

- 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 its cost of accepting the Card.

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

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11.15 Travel Industries

This section applies to Merchants American Express classifies in the Travel industry.

Additional terms and procedures are applicable to Merchants classified in the airline, cruise line, lodging, and vehicle rental industries. For the industries listed below, where applicable, follow the requirements for Estimated Charge Amounts in Section 5.3.2: Estimated Charge Amounts when the final amount of the Charge is not known.

11.15.1 Lodging

This section applies to Merchants classified in the lodging industry.

The Guaranteed Reservations and Advanced Payments programs allow certain Charges to be submitted that would otherwise not be allowed by American Express.

EMEA: The Merchant must have express written approval from their Merchant Services Provider to operate in the Lodging. If the Merchant has been approved to operate in Lodging, additional requirements, policies and procedures are applicable to Merchants classified in the Lodging industry.

Advanced Payments – Lodging

Advance Payments will hold a lodging reservation for the intended length of stay. Merchants may not present an Advance Payment Transaction for an amount that exceeds the cost of a 14 night stay plus applicable taxes.

When taking an Advance Payment from a Cardmember, the Merchant must inform the Cardmember of the Advance Deposit or Payment requirements and the cancellation policy for such reservations. Refer to Section 4.5.1: Advance Payments for more information. The Merchant is required to provide the Cardmember with written confirmation of the following:

- Arrival and departure dates
- Amount of the Advance Payment
- Confirmation number
- Merchant's cancellation policy

The Merchant must complete a Clearing Record with the following information:

- The words "Advance Payment (or Advance Deposit)" written on the signature line of the Transaction Receipt or transmit the appropriate Advance Payment description with the Charge data
- The scheduled arrival date

Upon cancellation of the reservation, the Merchant must send written cancellation notice including the cancellation number to the Cardmember within three business days. If a refund is due, the Merchant must submit a Clearing Record with the words "Advance Deposit Cancellation" on the signature line or transmit the appropriate Advance Deposit indicator on the Credit Transaction.

If the arrival date of an Advance Payment is changed, the Merchant is required to send the Cardmember a written confirmation of the change within three Business Days.

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If the Merchant is unable to honor the reserved accommodations and the reservation was not cancelled by the Cardmember, the Merchant must:

- Submit a Credit Clearing Record for the Advance Payment made by the Cardmember.
- Pay for accommodations at a comparable location nearby until the duration of the original reservation expires (up to 14 nights), or until accommodations become available at the original location, whichever occurs first.
- Pay for transportation to the alternate establishment and for a return to the original location once per day until the original accommodations are available.
- Provide up to two three-minute telephone calls for the Cardmember's alternate accommodations.

Guaranteed Reservations – Lodging (U.S., Canada, LAC)

Guaranteed Reservations allow Cardmembers to guarantee their reservation for one night's stay at a lodging Merchant, trailer park, or campground Merchant. Merchants should adhere to the requirements in Section 4.5.4: Merchant-Initiated Transactions when processing Guaranteed Reservations Transactions.

A Cardmember may contact a lodging Merchant and provide their Card Account number and Expiration Date to hold a reservation for one night's stay. The Merchant must inform the Cardmember of the rate for the room accommodation for one night. At the time of the reservation, the Merchant must provide the Cardmember with a confirmation code and cancellation policy. The Merchant must reserve accommodations until the published check-out time the following day.

Upon a Cardmember cancellation, the Merchant must provide the Cardmember with a cancellation number and maintain a record of such cancellation number.

If the Guaranteed Reservation is not claimed or cancelled in accordance with the Merchant's cancellation policy, the Merchant may charge the Cardmember's Account for a "no show" Charge equal to one night's lodging. To charge a Cardmember's Account, either the words "No Show" must appear on the signature line of the Clearing Record, or the Merchant must transmit the appropriate indicator in the Transaction data Merchants must contact their Merchant Services Provider for additional information.

If American Express receives disproportionate numbers of Disputed "no show" Charges, the Merchant must work with their Merchant Services Provider to reduce the number of disputes. If such efforts fail to reduce the number of disputes, American Express may place the Merchant in any of American Express' Chargeback programs.

The Merchant must arrange and pay for alternate accommodations if the reserved accommodations are not available on the specified date and time and the reservation was not cancelled by the Cardmember. The Merchant will provide the Cardmember with the following services at no additional charge:

- Comparable accommodations for one night at another establishment
- If requested, a three-minute phone call
- Transportation to the alternate Establishment's location
- Use good faith efforts to forward all communications to the Cardmember at the alternate Establishment's location.

11.15.1.1 Emergency Check-in

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

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11.15.2 Vehicle Rental (U.S., Canada, EMEA, LAC)

This section applies to Merchants classified in the vehicle, car, and truck rental industries.

EMEA: A Merchant must have express written approval from their Merchant Services Provider to operate in the Travel Industries. If the Merchant has been approved to operate in this category, additional requirements, policies and procedures are applicable to Merchants classified in the vehicle/car rental industry.

Vehicle Rental (U.S., Canada, LAC)

Merchants must ensure that the Cardmember has executed a standard rental agreement.

On the first day of the rental, the vehicle rental Merchant shall obtain Authorization for the full estimated amount of the Charge. The Authorization amount shall be determined by multiplying the applicable rental rate, tax or mileage rates, and any ancillary Charges by the rental period reserved by the Cardmember. The Merchant shall not overestimate this amount and under no circumstances shall the estimated Transaction amount include ancillary Charges that represent either an amount for any possible damage to or theft of the vehicle or the insurance deductible amount when the Cardmember waives the insurance coverage at the time of rental.

Merchants may include costs for additional Goods and Services provided to the Cardmember (e.g., child seats) and the exact amount of any other cost that the Cardmember may be liable for and that is within the Cardmember's control to avoid (e.g., a "no show" fee or a charge for failing to return the vehicle with a full fuel tank). The rental agreement must include the Cardmember's consent to include these costs in the Charge submitted for the vehicle rental.

The Authorization will be valid for the life of the rental agreement, provided the final submitted Transaction amount does not exceed more than 15% of the Authorized amount.

Refer to Section 5.3.2: Estimated Charge Amounts for more information about processing estimated Charges.

Cardmembers may reserve, and Merchants must honor, vehicle rentals via Guaranteed Reservations. Upon providing the appropriate Card credentials, Cardmembers may have the rental Merchant hold a rental reservation for one day's rental or the relevant incremental equivalent (such as hourly) of the rate agreed.

In addition to cars and trucks, vehicle rentals include:

- Aircraft
- Bicycles
- Boats
- Equipment
- Motor homes
- Motorcycles

To process Guaranteed Reservations, the Merchant must:

- Inform the Cardmember of the rental rate
- Provide the Cardmember with a reservation confirmation code
- Provide the Cardmember the Merchant's cancellation policy including the cancellation deadline to avoid a "no show" Charge as well as the "no show" Charge amount.

If a Cardmember decides to cancel a Guaranteed Reservation Transaction in accordance with the Merchant's agreed-upon cancellation policy, the Merchant must provide the Cardmember a cancellation number and maintain a record of such cancellation.

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If the rental services are not cancelled in compliance with the Merchant's cancellation policy, the Merchant may submit a Guaranteed Reservation Transaction equivalent to one day's rental Charge, or the relevant incremental equivalent (i.e., hourly) of the rate agreed.

To charge a Cardmember's account, the Merchant must either:

- Print the words "No Show" on the signature line of the Clearing Record
- Transmit to American Express the appropriate Additional Amount Type Code "No Show Charge"

Failure to do so may result in a Chargeback.

Refer to the *Technical Specifications* for more information.

If a Merchant cannot fulfill a rental reservation on the specified date and time, the Merchant must provide comparable accommodations or services, when reasonably available, at no additional cost to the Cardmember in accordance with the Merchant's rental agreement or Applicable Law.

Upon rental of the vehicle:

- Ensure that the Cardmember has provided a valid driving license.
- Ensure that the vehicle rental is commenced on or subsequent to the beginning date and on or prior to the expiration date shown on the face of the Card.
- Ensure that the Cardmember has met such other qualifications as the Establishment normally requires in the case of vehicle rentals.
- Ensure that a Charge Clearing Record is completed.

If upon return of a rental vehicle, the vehicle rental Merchant discovers that the vehicle has been damaged and the Cardmember has not purchased the vehicle rental Merchant's collision or loss insurance, the vehicle rental Merchant may submit a Charge for a specific amount estimate of the Capital Damages incurred.

The Charge for the estimate of Capital Damages, which shall be submitted separately from any Charge submitted for the cost of the vehicle rental, may be submitted, provided the following conditions are met:

- Prior to billing, the vehicle rental Merchant has obtained the Cardmember's agreement in writing to:
  - A specific estimate of the Capital Damages, including an itemized list and description of the specific damage occurred
  - Accept responsibility for the Capital Damages
  - Select American Express as the payment method for the Capital Damages
- The vehicle rental Merchant has obtained a separate and additional Authorization for the specific estimate of the Capital Damages to which the Cardmember has agreed as detailed above.
- The original Charge for the vehicle rental was made on an American Express Card of the Cardmember who agreed to the above details. A vehicle rental Merchant must never include the following in an Authorization Request or in a Charge Submission:
  - Losses due to theft of the vehicle
  - Loss of revenue incurred by the vehicle rental Merchant due to loss of use of the rental vehicle in question.
- The Charge submitted for Capital Damages may not exceed either:
  - 15% above the amount established in the specific estimate of the Capital Damages
  - The replacement cost of the vehicle, in the case of a total loss, due to damages caused by the Cardmember.

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Merchants must not include an amount in any Charge for any damages, penalties, fines, charges, costs, or fees in addition to the Estimated Authorization whether or not such amounts are set out in the rental agreement unless such itemized amounts are expressly permitted to be charged under the Agreement and expressly requested by the Cardmember to be charged to the Card. If the Merchant includes such amounts in any Charge without the Cardmember's express request, American Express will have Chargeback rights for the amount of the Charge in excess of the Estimated Authorization.

In addition to the other Chargeback rights contained in the Agreement, American Express will exercise Chargeback rights if any Charge for Capital Damages is not submitted in accordance with all the procedures contained within this *Merchant Operating Guide*.

The Merchant must comply with requests from the Cardmember or the Cardmember's insurance adjustor to supply Documentation related to the capital loss incident, if applicable.

Merchants should adhere to the requirements in Section 4.5.4: Merchant-Initiated Transactions when processing Capital Damages.

American Express may monitor the Merchant's compliance with the preceding special Authorization procedures. If American Express notifies the Merchant that an Establishment is not complying with these Authorization procedures, the Merchant must cure such non-compliance within 30 days. If, after 30 days from the date of such notice, the Merchant continues not complying with these procedures, then American Express will have Chargeback rights for the full amount of any Charges made at that Establishment during such continued non-compliance. For purposes of this provision, "non-compliance" occurs when more than five percent of either the Merchant's total or any Establishment's Authorizations do not comply with the preceding procedures.

Notwithstanding the Authorization procedures set out above, the Merchant must still obtain the Cardmember's consent to the full exact amount of the Charge. Any additional amount may only be submitted if the Merchant treats it as a separate Charge and obtain the Cardmember's consent to the full exact amount of the Charge.

11.15.3 Vehicle Sales (U.S., Canada, LAC)

American Express will accept Charges for the deposit payment or the entire purchase price of new and used motor vehicles only if:

- The amount of the Charge does not exceed the total price of the motor vehicle after deduction of applicable discounts, rebates, cash down payments, and trade-in values; and
- The Merchant obtains Authorization for the entire amount of the Charge.

If the Cardmember denies making or authorizing the Charge and the Merchant has not transferred title or physical possession of the motor vehicle to the Cardmember, American Express will have Chargeback rights for such Charge.

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12 Dispute Resolution

12.1 Arbitration Agreement (as to Claims Involving American Express) – U.S.

American Express values its Merchant relationships. In the event that the Merchant is not able to resolve any issue with American Express or a third party that concerns or relates to any American Express Card Transaction or any issue regarding American Express Card acceptance or its Network, including but not limited to disputes that concern or relate to Merchant Services Provider, this section explains how Claims can be resolved through mediation, arbitration, or litigation. It includes an arbitration provision. The Merchant's Agreement to this Dispute Resolution provision does not preclude Merchant from bringing its concerns to the attention of any appropriate governmental agencies.

1. **Notice of Claim**. Before the Merchant or American Express file a lawsuit or initiates a mediation or arbitration regarding a Claim, the Merchant and American Express agree to send a written notice (Claim notice) to the party against whom the Claim is asserted. This provides the parties an opportunity to resolve the Claim informally or through mediation. The Claim notice by any party, including American Express, must describe the nature and basis of the Claim and state the specific monetary amount of the Claim, absent any interest, trebling, or similar additions, and/or any other relief demanded. The Merchant's Claim notice to American Express must also include the Merchant's name, the Merchant's Establishment name, Merchant address, Merchant d/b/a, Merchant mailing address (if different from the Merchant address), Merchant phone number, Merchant Tax ID, the Merchant Number (MID) or the Merchant's Service Establishment 10-Digit Number(s) with American Express and be sent to its notice address as follows: By mail at: American Express Travel Related Services Company, Inc., P.O. Box 299051, Fort Lauderdale, FL 33329, Attn: Department 87; or by email at American.Express.Contract.Keying@aexp.com.
2. **Mediation**. In mediation, a neutral mediator helps parties resolve a Claim. The mediator does not decide the Claim but helps parties reach a voluntary agreement to resolve the Claim.
    a) **Initiation of Mediation**. Before beginning a mediation, the Merchant or American Express must first provide the Claim notice described above and attempt to resolve the Claim in good faith through informal negotiations. If the parties are unable to resolve the Claim through informal negotiations within 60 days of receiving the Claim notice, the Merchant or American Express then have 90 days to submit the Claim to JAMS (1-800-352-5267, www.jamsadr.com) for mediation, or to an alternative mediator mutually agreed upon in writing by the Merchant and American Express.
    b) **Conduct of Mediation**. **The Merchant and American Express will cooperate in selecting a mediator from a panel of neutrals and in scheduling the mediation proceedings. Both parties will share equally the costs of any mediation proceedings but otherwise will be responsible for their own legal costs and expenses. The Merchant or American Express shall both have a business representative (either an employee or principal, the choice of whom shall be at the producing party's discretion) attend any mediation, whether in-person or by remote videoconference.**
    c) **Confidentiality/Tolling**. **All communications made for the purpose of, in the course of, or pursuant to the mediation are confidential, and no evidence of any such communication is admissible for any purpose or subject to discovery. From the date the Merchant or American Express receives the Claim notice, all applicable statutes of limitations and**

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defenses based upon the passage of time are tolled for 180 days or until termination of the mediation, whichever is earlier.

d) **Effect**. If neither party elects mediation within 90 days after the completion of the 60-day informal negotiation period, or the parties do not reach a resolution within a period of 90 days from the first meeting of the parties in mediation, then either party may elect to resolve the Claim by initiating a binding arbitration as set forth in Section 3 below.

3. **Arbitration**. The Merchant or American Express may elect to resolve any Claim involving the Merchant, American Express, or any third party, including Merchant Services Provider, by individual, binding arbitration. Claims will be decided by a single neutral arbitrator except as provided below. For the avoidance of doubt, any disputes arising out of or related to the enforceability, scope, or validity of this section shall be decided by an arbitrator and not by a court or judge.
If arbitration is chosen by either party, neither the Merchant nor American Express has the right to litigate that Claim in court or have a jury trial on that Claim. Further, neither the Merchant nor American Express has the right to participate in a representative capacity or as a member of any class pertaining to any Claim subject to arbitration.

Arbitration procedures are generally more limited than the procedures that apply in court, and discovery is generally more limited. The arbitrator's authority is limited to Claims between the Merchant and American Express alone, **except that Merchant Services Provider may be added as a party at the election of either the Merchant or American Express**. Claims may not be joined or consolidated unless the Merchant and American Express agree in writing. An arbitration award and any judgment confirming it only applies to the specific Claims(s) arbitrated and cannot be used in any other arbitration or case except to enforce the award for that Claim. Other rights the Merchant or American Express would have in court may also not be available in arbitration. **The arbitrator's decisions are as enforceable as any court order and are subject to very limited review by a court. Except as set forth below, the arbitrator's decision is final and binding.**

a) **Initiation of Arbitration. Before beginning an arbitration, the Merchant or American Express must first provide the Claim notice described above**. Claims will be referred to either JAMS as the arbitration organization or to an alternative arbitrator or arbitration organization mutually agreed upon in writing by the Merchant and American Express. Claims will be resolved pursuant to this Arbitration provision and the arbitration organization's rules in effect when the Claim is filed, except where those rules conflict with the Arbitration Agreement (in which case the Agreement shall govern). The parties agree that the *JAMS Mass Arbitration Procedures and Guidelines and Fee Schedule* shall apply to "Mass Arbitration" as defined under those Procedures. Contact JAMS to begin an arbitration and for other information. Claims may be referred to another arbitration organization if the Merchant and American Express agree in writing, or to an arbitrator appointed pursuant to section 5 of the *Federal Arbitration Act, 9 U.S.C. §§ 1-16 (FAA)*. If JAMS ceases operations or otherwise declines or is unable to administer the arbitration, Claims will be referred to the American Arbitration Association (AAA) (1-800-778-7879, www.adr.org), or the Merchant and American Express will agree on another binding arbitration forum. If an arbitration is held in person, it shall take place in New York, New York, unless the parties agree in writing to an alternate venue.

b) **Limitations on Arbitration**. **If either party elects to resolve a Claim by arbitration, that Claim will be arbitrated on an individual basis. There is no right or authority for any Claim to be arbitrated on a class action basis or on bases involving any Claim brought in a purported representative capacity on behalf of the general public, other Merchants or other persons similarly situated, including persons alleging Claims arising from Transactions involving Merchant Services Providers. This prohibition is intended to, and does, preclude the Merchant from participating in any action by any trade association or other organization against American Express. Disputes brought by the Merchant or American Express against the other may not be joined or consolidated in arbitration with Claims brought by or against any third party, unless agreed to in writing by all parties,**

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except that Merchant Services Provider may be added as a party at the election of either the Merchant or American Express. Notwithstanding any other provision and without waiving the right to appeal such decision, if any portion of these Limitations on Arbitration is deemed invalid or unenforceable, then the entire Arbitration provision (other than this sentence) does not apply.

c) **Previously Filed Claims/No Waiver**. the Merchant or American Express may elect to arbitrate any Claim, including one that concerns or relates to Transactions involving Merchant Services Provider, that has been filed in court at any time before the earlier of the presentation of evidence at trial has begun and final judgment being entered on the Claim. Either the Merchant or American Express may choose to delay enforcing or to not exercise rights under this arbitration provision, including the right to elect to arbitrate a Claim, without waiving the right to exercise or enforce those rights on any other occasion. For the avoidance of doubt, and without limiting its scope, this Section 3.c applies to any class-action lawsuit relating to the "Honor All Cards," "non-discrimination," or "no steering" provisions of the *Merchant Operating Guide*, or any similar provisions of any prior American Express Card acceptance Agreement, that was filed against American Express prior to the date that the Agreement is effective.

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

e) **Split Proceedings for Equitable Relief**. Either the Merchant or American Express may seek equitable relief in aid of arbitration prior to arbitration on the merits solely to preserve the status quo pending completion of such arbitration process. Equitable relief awarded pursuant to this section shall be enforced by any court of competent jurisdiction, and the party seeking enforcement is entitled to an award of all costs, including legal fees, to be paid by the party against whom enforcement is ordered following a violation of such award.

f) **Small Claims Court**. American Express shall not elect to use arbitration under this section for any Claim Merchant properly files in a small claims court so long as the Claim seeks individual relief only and is pending only in that court. This section is not intended to and does not substitute for American Express' ordinary business practices, policies, and procedures, including our rights to Chargeback and to create Reserves.

g) **Governing Law/Arbitration Procedures/Entry of Judgment**. This section is made pursuant to a Transaction involving interstate commerce and is governed by the FAA. The arbitrator shall apply New York law, including the same substantive law, statutes of limitations, and privileges as would apply in court. Arbitration will not be deemed initiated under section c, including for statute of limitations purposes until the Merchant or American Express submits a Claim notice as described in section 3.a, a formal written arbitration demand is filed with the organization selected, and the Merchant either: (a) pays its share of arbitration filing fees or (b) includes in the Merchant's written arbitration demand a request that American Express advance the Merchant's share of arbitration filing fees. Subject to the tolling provision of section b.3, neither sending a Claim notice alone nor requesting mediation constitutes initiation of arbitration for statute of limitations purposes. A business representative (either an employee or principal, the choice of whom shall be at the producing party's discretion) for both of the Merchant and American Express shall attend any Arbitration hearing, whether in-person or by remote videoconference. The arbitrator shall apply the rules of the arbitration organization selected, as applicable to matters relating to evidence and discovery, not the federal or any state rules of civil procedure or rules of evidence, provided that any party may request that the arbitrator expand the scope of discovery by doing so in writing and copying any other parties, who shall have 15 days to make objections, and the arbitrator shall notify the parties of its decision

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within 20 days of any objecting party's submission. Notwithstanding the previous sentence, if a Claim is for: (a) $100,000 or less, the Merchant or American Express may elect to have the arbitration conducted solely on the basis of documents submitted to the arbitrator, through a telephonic hearing, or by an in-person hearing as established by the rules of the selected arbitration organization, with no discovery; (b) more than $100,000 and less than $1,000,000, the Merchant and American Express shall be entitled to limited discovery, which shall include reasonable discovery of hard-copy and electronically stored information, including not more than four custodians, the selection of which is to be approved by the arbitrator, who shall consider, *inter alia*, whether the discovery sought from one party is proportional to the discovery received by the other party, but shall not include depositions; or (c) $1,000,000 or more, or includes a request for injunctive relief, the Merchant and American Express shall be entitled to reasonable document and deposition discovery, including reasonable discovery of electronically stored information and no more than 10 depositions for each side, as approved by the arbitrator, who shall consider, *inter alia*, whether the discovery sought from one party is proportional to the discovery received by the other party. With respect to awards of $500,000 or more and/or where injunctive relief is ordered by the arbitrator, either party can initiate an appeal by notifying the arbitration organization and all parties in writing within 60 days after the arbitrator's award is issued, after which the parties will select a three-arbitrator panel administered by the selected arbitration organization, which shall reconsider *de novo* any aspect requested of that award and whose decision (or award (if no written decision is timely requested)) is final and binding; the appeal will otherwise proceed pursuant to the arbitration organization's appellate rules. At the timely request of a party, the arbitrator(s) shall provide a written and reasoned opinion explaining its award. The arbitrator's decision is final and binding, subject to each party's right to appeal as stated in this section c and/or to challenge or appeal an arbitration award pursuant to the FAA. If more than 60 days after the written arbitration decision is issued a party fails to satisfy or comply with an award or file a notice of appeal, if applicable, the other party shall have the right to seek judicial confirmation of the award in any state or federal court where the other party's headquarters or assets are located.

h) **Confidential Proceedings**. The Claim, Claim notice, any subsequent arbitration proceeding and all testimony, filings, documents, and any information relating to or presented during the proceedings are confidential information not to be disclosed to any other party. All offers, promises, conduct, and statements, whether written or oral, made in the course of the Claim resolution, negotiations, mediation, arbitration, and proceedings to confirm arbitration awards by either party, its agents, employees, experts or attorneys, or by the mediator or arbitrator, including any arbitration award or judgment related thereto, are confidential and inadmissible for any purpose, including impeachment or estoppel, in any other litigation or proceeding involving any of the parties or non-parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the negotiation, mediation, or arbitration. However, nothing in the foregoing provision shall prevent the Merchant or American Express from asserting that a final and binding arbitration award or judgment has preclusive effect in a subsequent arbitration of the same Claim between the Merchant and American Express.

i) **Costs of Arbitration Proceedings**. Except where otherwise provided in the Agreement, the Merchant will be responsible for paying its legal fees, witness fees (including expert witnesses), and the Merchant's share of any arbitration fees (including filing, administrative, hearing and/or, all other fees). At the Merchant's written request, American Express will consider in its sole discretion making, but will not be required to make, a temporary advance of the Merchant's share of any arbitration fees or paying for the reasonable fees of an expert appointed by the arbitrator for good cause.

j) **Additional Arbitration Awards**. If the arbitrator rules in the Merchant's favor for a net award in an amount greater than any settlement offer made to the Merchant before any final arbitration award is announced, that arbitrator's award will include any money to which the Merchant is

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entitled pursuant to the award, but in no case less than $5,000. If the arbitrator determines that the claims or defenses of a party to the arbitration lacked merit and were presented in bad faith or for purposes of harassment, the arbitrator shall award to the other party such fees and costs as reasonably incurred in responding to the improperly presented claims or defenses.

4. **Interest**. To the extent permitted by Applicable Law, the parties expressly disclaim any entitlement to prejudgment, post-verdict, or post-judgment interest imposed by New York law or any other Applicable Law. If Applicable Law does not permit disclaiming such interest, any interest awarded by a court, tribunal, or arbitrator related to a Claim shall be calculated using a rate equivalent of the weekly average 1-year constant maturity Treasury yield, as published by the Board of Governors of the Federal Reserve System, for the calendar week preceding the date of the judgment, but in no event shall the interest rate exceed 5%. Any award for prejudgment, post-verdict, or post-judgment interest, if not permitted to be disclaimed under Applicable Law pursuant to the first sentence of this paragraph, shall use this rate and this rate only.
5. **Definitions**. For purposes of this section only, (a) American Express, its, and American Express include 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, (b) the Merchant and the Merchant's include its Affiliates, licensees, predecessors, successors, or assigns, any purchasers of any receivables and all agents, directors, and representatives of any of the foregoing, and (c) *Claim* includes any allegation of an entitlement to relief, whether damages, injunctive or any other form of relief, against American Express, Merchant or any other entity that American Express has the right to join in or control or its resolution, including any Transaction using an American Express product or network or issue regarding an American Express policy or procedure.
6. **Continuation**. This section survives termination of the Agreement, any legal proceeding to collect a debt, any bankruptcy and any sale of the Merchant and its assets (in the case of a sale, its terms apply to the buyer). If any portion of this chapter, except as otherwise provided in the Limitations on Arbitration subsection, is deemed invalid or unenforceable, it does not invalidate the remaining portions of this section, the Agreement, or any predecessor agreement the Merchant may have had with American Express, each of which is enforceable regardless of such invalidity.
7. **Amendments**. A Claim shall proceed under the version of this section in place at the time that notice was provided of the Claim or, if the Merchant earlier opted out of accepting the Card pursuant to the Agreement, the version of this section in effect at the time of the Merchant's opt-out is the version that applies.

12.2 Arbitration Agreement (as to Claims Involving American Express) – Canada

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

1. **Definitions.** For purposes of this section, the following definitions apply (a) American Express means 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, (b) Claim means any claim, dispute, or controversy between Merchant and American Express whether contractual, extra-contractual, tortious, or statutory arising from or relating to the Merchant Agreement (including the validity or enforceability or scope of this arbitration provision) or the relationship resulting from the 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 American Express' ordinary business practices, policies

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and procedures, or that American Express has the right to join, and (c) Merchant Agreement means the Agreement between Merchant and Merchant Services Provider to which American Express is a third party beneficiary (conferring on American Express beneficiary rights, but not obligations), and (d) Merchant includes its affiliates, licensees, predecessors, successors, or assigns, any purchasers of any receivables and all agents, directors, and representatives of any of the foregoing.

2. **Asserting a Claim.** All Claims will be resolved exclusively by arbitration pursuant to this section, except as otherwise provided for herein. Merchant agrees to use commercially reasonable efforts to settle any Claim within 30 days following the time that a Claim is raised.
3. **Arbitration.** A Claim that is not resolved directly between the parties thereto within 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. The parties agree that the *ADR Institute of Canada Arbitration Rules and Fee Schedule* shall apply, including any procedures governing multiple or consolidated claims. If the ADR Institute of Canada ceases operations, declines, or is unable to administer the arbitration, Claims shall be referred to another recognized arbitration organization in Canada mutually agreed upon in writing by the parties. 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. Prior to the initiation of any Claim, American Express has the right to change or replace the Administrator or the Rules in its sole discretion. For the avoidance of doubt, any disputes arising out of or related to the enforceability, scope, or validity of this section shall be decided by an arbitrator and not by a court or judge.
4. **Small Claims Court Proceedings and Complaint Procedures.** Notwithstanding anything to the contrary in this section, Merchant may pursue any Claim without resort to arbitration in a small claims court of the province or territory of Merchant's main business office in Canada, so long as the Claim is individual, within the jurisdiction of, and pending only in that court.
5. **Consolidation.** Merchant acknowledges and agrees 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 Merchant against American Express or by American Express against Merchant 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 Merchant, if agreed to in writing by all relevant. Merchant further agrees that the arbitrator will have no jurisdiction or authority to consider any Claim brought on a class action or representative party basis.
6. **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 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 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.
7. **Location of Arbitrations/Payment of Fees.** Any arbitration hearing that Merchant attends 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

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costs and expenses of the arbitration and appeal, and the fees of the arbitrator, appeal panel, and Administrator. Except where otherwise provided in the Agreement, the Merchant will be responsible for paying its legal fees, witness fees (including expert witnesses), and the Merchant's share of any arbitration fees (including filing, administrative, hearing and/or, all other fees).

8. **Limitation of Rights.** If arbitration is chosen by either Merchant or American Express to resolve a Claim, neither Merchant nor American Express will have the right to litigate the Claim in a court action.
9. **Survival.** This arbitration section shall survive termination or expiration of the Merchant Agreement.
10. **Amendments.** A Claim shall proceed under the version of this section in place at the time that notice was provided of the Claim or, if the Merchant earlier opted out of accepting the Card pursuant to the Agreement, the version of this section in effect at the time of the Merchant's opt-out is the version that applies.

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A Data Security Requirements

A.1 Introduction to DSR and Standards for Protection

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, Service Providers, 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 Merchants share similar concerns and therefore a Merchant should, as part of its responsibilities ensure, that it complies with the data security provisions in its Agreement with its Merchant Services Provider and the Data Security Requirements (DSR) to accept (in the case of Merchants) or process (in the case of Service Providers) the American Express® Card. The DSOP, which American Express may amend from time to time, applies to each Merchant's equipment, systems, and networks and its components on which Encryption keys, Cardholder Data, Sensitive Authentication Data or a combination of those are stored, processed, or transmitted.

Capitalized terms used but not defined herein have the meanings ascribed to them in the glossary at the end of this section.

The DSR is a set of comprehensive policy requirements designed to protect Account Data whenever such data is stored, processed, or transmitted.

American Express requires all Merchants and its Merchant Services Providers to be Payment Card Industry Data Security Standard (PCI DSS) compliant. As part of that requirement, the Merchant must, and must cause its 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 Security Standards Council (PCI-SSC) Requirements applicable to processing, storing, or transmitting of Encryption Keys, Cardholder Data, or Sensitive Authentication Data, no later than the effective date for implementing that version of the applicable requirement.
- Ensure PCI Approved products are used when deploying or replacing technology to store, process, or transmit data.

Merchants must protect all American Express Charge and Credit Clearing Records retained pursuant to the Agreement in accordance with these data security provisions and must use these records only for purposes of the Agreement and safeguard them accordingly. Merchants are financially and otherwise liable to American Express for ensuring its Covered Parties' compliance with these data security provisions, other than for demonstrating Merchants' and Service Providers' Covered Parties' compliance with this policy as detailed in Section A.2: PCI DSS Compliance Program (Important Periodic Validation of Merchant Systems) and except as otherwise detailed in that section.

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A.2 PCI DSS Compliance Program (Important Periodic Validation of Merchant Systems)

Merchants must take the following actions to validate under PCI DSS annually and every 90 days as described below, the status of their and their Franchisees' equipment, systems, or networks and components on which Cardholder Data or Sensitive Authentication Data are stored, processed, or transmitted.

There are four actions required to complete validation:

- **Action 1: Participate in American Express' Compliance Program:** Participate in American Express' PCI compliance program under this policy
- **Action 2: Merchant Level and Validation Requirements:** Understand the Merchant's Level and Validation Requirements
- **Action 3: Complete the Validation Documentation:** Complete the Validation Documentation that the Merchant or Service Provider must send to their Merchant Services Provider
- **Action 4: Send the Validation Documentation to the Merchant Services Provider:** Send the Validation Documentation to its Merchant Services Providerwithin the prescribed timelines

A.2.1 Action 1: Participate in American Express' Compliance Program

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

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

A.2.2 Action 2: Merchant Level and Validation Requirements

Merchants have four possible classifications regarding their level and validation requirements. After determining the Merchant level from the list below, see the Merchant Table to determine validation documentation requirements.

Table A-1: Merchant Provider Levels

Merchant Provider Level	Annual American Express Card Transactions
Level 1 Merchant	2.5 million or more, or any Merchant that American Express Card Transactions per year; or any Merchant that American Express otherwise, in its discretion, assigns a Level 1
Level 2 Merchant	50,000 to fewer than 2.5 million American Express Card Transactions per year
Level 3 Merchant	10,000 to fewer than 50,000 American Express Card Transactions per year
Level 4 Merchant	Fewer than 10,000 American Express Card Transactions per year

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Table A-2: Merchant Validation Documentation

Merchant Level/ Annual American Express Transactions	Report on Compliance Attestation of Compliance (ROC AOC)	Self-Assessment Questionnaire Attestation of Compliance (SAQ AOC) AND Quarterly External Network Vulnerability Scan (Scan)
Level 1/ 2.5 million or more	**Mandatory**	Not applicable
Level 2/ 50,000 to fewer than 2.5 million	**Optional**	SAQ AOC mandatory (unless submitting a ROC AOC); scan mandatory with certain SAQ types
Level 3/ [1] 10,000 to fewer than 50,000	**Optional**	SAQ AOC optional (mandatory if required by American Express); scan mandatory with certain SAQ types
Level 4/ [1] fewer than 10,000	**Optional**	SAQ AOC optional (mandatory if required by American Express); scan mandatory with certain SAQ types

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

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

A.2.3 Action 3: Complete the Validation Documentation

The following documents are required for different Merchants as detailed in Section A.2.2: Action 2: Merchant Level and Validation Requirementsthat Merchants must send, if required, to its Merchant Services Provider.

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

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

- **Report on Compliance Attestation of Compliance (ROC AOC) - (Annual Requirement)** – The Report on Compliance documents the results of a detailed onsite examination of a Merchant's equipment, systems, and networks and their components where Cardholder Data or Sensitive Authentication Data are stored, processed, or transmitted. The Report on Compliance must be performed by:
  - A QSA
  - An Internal Security Assessor (ISA) and attested by the Merchant chief executive officer, chief financial officer, chief information security officer, or principal

  The ROC AOC must be signed and dated by a QSA or ISA and the authorized level of leadership within the Merchant's organization and provided to their Merchant Services Provider at least once per year.
- **Self-Assessment Questionnaire Attestation of Compliance (SAQ AOC) - (Annual Requirement)** – The Self-Assessment Questionnaires allow self-examination of a Merchant's equipment, systems,

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and networks and their components where Cardholder Data or Sensitive Authentication Data are stored, processed, or transmitted. There are multiple versions of the SAQ. Merchants will select one or more based on their Cardholder Data Environment.

The SAQ may be completed by personnel within a Merchant's company, qualified to answer the questions accurately and thoroughly, or the Merchant may engage a QSA to assist. The SAQ AOC must be signed and dated by the authorized level of leadership within the Merchant organization and provided to their Merchant Services Provider 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 the Merchant's Cardholder Data Environment (e.g., websites, applications, web servers, mail servers, public-facing domains, or hosts).
- 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 their Merchant's Merchant Services Provider at least once every 90 days.

  If submitting a ROC or AOC, Merchants 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.
- **Non Compliance with PCI DSS - (Annual, 90 Day or Ad Hoc Requirement)** – If Merchantsare not compliant with the PCI DSS, they must submit a PCI Prioritized Approach Tool (PAT) Summary (available for download via the PCI Security Standards Council website).

  The PAT Summary must designate a remediation date, not to exceed 12 months following the document completion date in order to achieve compliance. Merchants must submit the appropriate document to their Merchant Services Provider. Merchants shall provide its Merchant Services Provider with periodic updates of their progress toward remediation of their Non-Compliant Status (Level 1, Level 2, Level 3, and Level 4 Merchants). Remediation actions necessary to achieve compliance with PCI DSS are to be completed at the Merchant's expense.

  American Express will not impose non-compliance fees prior to the remediation date. Merchants should reach out to their Merchant Services Provider for more information on non-compliance fees. Merchants remain liable to American Express for all indemnity obligations for a Data Incident and are subject to all other provisions of this policy.

  American Express, at its sole discretion, retains the right to impose non-compliance fees if:

  - A PCI Prioritized Approach Template has not been submitted in accordance with the requirements stated in this section.
  - The remediation steps outlined in the PCI Prioritized Approach Template for Non-Compliant Status were not met.
  - Any of the requirements of the PCI Prioritized Approach Template for Non-Compliant Status were not fulfilled.
  - The mandatory compliance documentation was not provided to American Express by the applicable deadline or upon request.

  Merchants who do not comply with the requirements detailed in Section A.2.2: Action 2: Merchant Level and Validation Requirements may be subject to fees as detailed in Section A.2.4: Action 4: Send the Validation Documentation to the Merchant Services Provider.

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A.2.4 Action 4: Send the Validation Documentation to the Merchant Services Provider

All Merchants required to participate in the Program must submit the Validation Documentation labeled as "mandatory" in the table in Section A.2.2: Action 2: Merchant Level and Validation Requirements.

Merchants must submit their Validation Documentation to their Merchant Services Provider.

By submitting Validation Documentation, Merchants represent and warrant to American Express to the best of their ability that the following is true:

- The Merchant evaluation was complete and thorough.
- The PCI DSS status is accurately represented at the time of completion, whether submitting the AOC or a PCI Prioritized Approach Tool (PAT) Summary for non-compliance.
- Merchants are authorized to disclose the information contained therein and are providing the Validation Documentation to American Express without violating any other party's rights.

A.2.4.1 Non-Validation Fees and Termination of Agreement

American Express and the Merchant's Merchant Services Provider may have the right to impose non-compliance fees on Merchants and terminate the Card acceptance if they do not fulfill these Data Security requirements or fail to provide the mandatory Validation Documentation to American Express by the applicable deadline. The Merchant's Merchant Services Provider will notify the Merchant of the applicable deadline for each annual and quarterly reporting period.

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

A.3 Data Incident Management Obligations

The Merchant must notify their Merchant Services Provider immediately and in no case later than 72 hours after discovery of a Data Incident.

The Merchant must conduct a thorough investigation of each Data Incident and promptly provide to American Express all Compromised Card Numbers. American Express reserves the right to conduct its own internal analysis to identify data involved in the Data Incident.

For Data Incidents involving fewer than 10,000 unique Card Numbers, an investigation summary must be provided to American Express within 10 business days of its completion.

Investigative summaries should include the following information:

- Incident summary
- Description of the affected environments
- Timeline of events
- Key dates
- Impact and data exposure details
- Containment and remediation actions
- Attestation that there is no indication that additional American Express data is at risk

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For Data Incidents involving 10,000 or more unique Card Numbers, Merchants must engage a PCI PFI to conduct this investigation within five days following discovery of a Data Incident.

- The unedited forensic investigation report must be provided to American Express within 10 business days of its completion.
- 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 the Merchant was in compliance with the PCI DSS at the time of the Data Incident
  - Verify the Merchant's ability to prevent Data Incidents by:
    - Providing a plan for remediating all PCI DSS deficiencies, and
    - Participating in the American Express compliance program detailed below.

      The Merchant shall provide validation by a Qualified Security Assessor (QSA), at American Express' request, that the deficiencies have been remediated.

Notwithstanding the foregoing paragraphs of this section, American Express may, in its sole discretion:

- Require a Merchant to engage a PFI to conduct an investigation of a Data Incident for Data Incidents involving fewer than 10,000 unique Card Numbers or where multiple incidents have occurred within a 12-month period. Any such investigation must comply with the requirements detailed above and must be completed within the timeframe required by American Express.
- Separately engage a PFI to conduct an investigation for any Data Incident and may charge the cost of such investigation to the Merchant.

The Merchant must assess the Data Incident under applicable data breach notification laws globally and, where deemed necessary, notify applicable regulators and impacted Cardmembers in accordance with such data breach notification laws. If the Merchant has determined that its Service Provider or another entity is responsible for reporting the Data Incident, they shall advise such Service Provider or entity of its duty to assess its reporting obligations under applicable data breach notification laws. The Merchant agrees to obtain written approval from American Express prior to referencing or naming American Express in any communications to Cardmembers about the Data Incident.

DSOP Parties agree to work with Merchant Services Provider and American Express to provide details and rectify any issues arising from the Data Incident, including providing, and obtaining any waivers necessary to provide, to Merchant Services Provider all relevant information to verify the Merchant’s 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 American Express 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.

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A.4 Targeted Analysis Program

Cardholder Data compromises may be caused by data-security gaps in the Merchant 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 that are identified and determined to have originated from making purchases at one of the Merchant's Establishments.
- **Card Data found -** American Express Card and Cardholder Data found on the Internet linked to Transactions at a Merchant's Establishments.
- **Malware suspected -** American Express suspects the Merchant's business is using software infected with or vulnerable to malicious code.

TAP is designed to identify potential Cardholder Data compromises.

Merchants must comply, and must ensure each of their Covered Parties comply, with the following requirements upon notification from American Express or their Merchant Services Provider of a potential Cardholder Data compromise.

- Merchants must promptly review their CDE for data-security gaps and remediate any findings.
- If outsourced, Merchants must cause their third-party vendors to conduct a thorough investigation of the Merchant CDE.
- Merchants must provide a summary of action taken or planned after their review, evaluation, or remediation efforts upon notification from American Express or its Merchant Services Provider.
- Merchants must provide updated PCI DSS validation documents as detailed in Section A.2: PCI DSS Compliance Program (Important Periodic Validation of Merchant Systems).
- As applicable, Merchants must engage a qualified PCI PFI to examine their CDE if the Merchant or their Covered Parties either:
  - Cannot resolve the Cardholder Data compromise within a reasonable time period
  - Confirm that a Data Incident has occurred and comply with the requirements detailed in Section A.3: Data Incident Management Obligations

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

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B Definitions

The definitions in this glossary apply to all sections of the *Merchant Operating Guide* manual. Wherever a term is capitalized it has the meaning shown in this glossary.

Definitions

Account Status Check	A type of Authorization Request that is used to ask an Issuer to indicate if the Account represented by the Card Account 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 the processing of Transactions at Transit Access Terminals.
Aggregated Transaction	The combining of two or more individual purchases, refunds, or both, incurred on the same Card Account Number and Merchant Account Number into one, larger Transaction. (Also referred to as Aggregated Charge in American Express materials.)
Agreement	The merchant processing agreement or sponsored merchant agreement and any accompanying schedules and exhibits, collectively, between Merchant and its Merchant Services Provider.
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 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	Any Card, Account access device, payment device, or service, in each case bearing American Express or its Affiliates' Marks and issued by an Issuer or a Card Number, which can be used to make a Transaction on the American Express Network, or to obtain financial services at ATMs. **Canada and Australia only:** 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.

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American Express Global Network (AEGN) or Network	A global payments platform comprised of communication, delivery, and operational systems and marketing infrastructure that enables payments processing and services that support Merchants, Cardmembers, and the American Express Brand.
Applicable Law	• Any law, statute, regulation, ordinance, or subordinate legislation in force from time to time to which a Merchant is subject: • The common law as applicable to them from time to time. • Any court order, judgment or decree that is binding on them. • Any directive, policy, rule, guidance, undertaking, standards, or order that is binding on them and that is made to or given by a regulator or other government, government agency, department, or other administrative body, commission or bureau or other body exercising adjudicative, regulatory, judicial or quasi-judicial powers of any Territory, or other national, federal, commonwealth, state, provincial, or local jurisdiction. • Any codes of conduct or public commitments to which a party subscribes, or is otherwise binding on a party, including the Code (Canada Only).
Approved Point-to-Point Encryption (P2PE) Solution	A P2PE solution included on the PCI SSC list of validated solutions or validated by a PCI SSC Qualified Security Assessor P2PE Company.
Approved Scanning Vendor (ASV)	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.
Attestation of Compliance (AOC)	A declaration of the status of the compliance with the PCI DSS, in the form provided by the Payment Card Industry Security Standards Council, LLC.
Attestation of Scan Compliance (AOSC)	A declaration of the status of compliance with PCI DSS based on a network scan, in the form provided by the Payment Card Industry Security Standards Council, LLC.
Authorization Adjustment	The Authorization Adjustment message allows Acquirers and their merchants (inclusive of participants) to adjust the Transaction amount when the final Transaction amount is lower than the amount previously authorized. This allows the Issuer to release any hold on available funds on a Cardmember's Card Account for excess amounts authorized without waiting to receive the Presentment message containing the final Transaction amount.
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. (Also referred to Authorization Expiration in American Express materials.)
Bank Identification Number (BIN)	A 6-digit number identifying the Issuer Institution. It is also used as the first six digits of a Card Account number issued by the Issuer, or the first six digits of a Token.

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Batch	A group of Transactions, submitted to American Express, usually on a daily basis.
Card	See American Express Card or Cards.
Cardholder Data	Cardholder Data has the meaning contained in the current *PCI Data Security Standard Glossary, Abbreviations and Acronyms*. As of the date of this publication, it includes the following elements: • The full Primary Account Number (PAN) by itself, • The full PAN plus any of the following: - Cardholder Name - Expiration Date - Service Code Refer to www.pcisecuritystandards.org for more information.
Cardholder Data Environment (CDE)	The people, processes, and technology that store, process, or transmit Cardholder Data or Sensitive Authentication Data.
Cardholder Verification Method (CVM)	The method by which Cardmember verification is performed to ensure that the Person presenting the Card or Mobile Device is the Person to whom the application was issued.
Cardmember	An individual or Entity that has entered into an agreement establishing a Card Account with an Issuer or whose name appears on the Card.
Cardmember Information	Any information about Cardmembers arising from their application for or use of a Card and Transactions, including, but not limited to, Transaction Data, Cardmember name, addresses, Card Accounts, CID Numbers, type of Card (consumer, small business, etc.), marketing preferences, fee services/enrollments, and the fact that a particular person is a Cardmember.
Card Not Present Transaction	Any Transaction in which the Cardmember and Card are not present at the Point of Sale (e.g., Internet, mail order).
Card Number	The unique identifying number that the Issuer assigns to the Card when it is issued.
Card Present Transaction	Any Transaction in which the Cardmember and Card or Mobile Device are present at the Point of Sale (e.g., a retail store).
Charge	A payment or purchase made on a Card.
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. Also referred to as Cumulative Spend Protection Threshold in American Express.
Chip Card	A Card with an embedded Chip and could require a PIN as a means of verifying the identity of the Cardmember or Account information contained in the Chip, (also referred to as "smart Card", an "EMV Card", or an "integrated circuit Card" or "ICC" in American Express materials).

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Chip-Enabled Device	A point-of-sale device having a valid and current EMVCo approval/ certification and be capable of processing AEIPS-compliant Chip Card Transactions.
Clearing Record	The data elements submitted for Clearing for a Cardmember's Transaction containing the details of any Transaction carried out at an ATM or at the POS. (Also referred to as Charge Record, Original Clearing Record, Substitute Clearing Record, Transaction Log, and Copy in American Express materials).
Code 10	A code provided by a Merchant during an Authorization Request, whether or not an Authorization was required, to indicate that the Merchant has suspicions concerning the Cardmember, the Card, the circumstances of the sale, or any combination thereof.
Compromised Card Number	An American Express Card Account number related to a Data Incident.
Consumer Device Cardholder Verification Method (CDCVM)	An Issuer approved and American Express Global Network recognized CVM, whereby the Cardmember's credentials are verified on a Mobile Device and provided to an American Express Issuer in the Authorization.
Contactless	Technology enabling a Card or Mobile Device embedded with a radio frequency component to communicate with a radio frequency-enabled POS system to initiate a Transaction. See also "Expresspay".
Covered Parties	Any or all of employees, agents, representatives, subcontractors, Processors, Service Providers, providers of Point-of-Sale (POS) equipment or systems or payment processing solutions, Entities associated with its American Express Merchant Account, and any other party to whom the Merchant may provide access to Cardholder Data, Sensitive Authentication Data, or both in accordance with the Agreement.
Credit	An amount to be credited to a Cardmember's Card Account for purchases or payments made on the Card.
Credential-on-File	Any Cardmember Account data, including, but not limited, to PAN or Token, that is stored by Merchant.
Cryptocurrency	A digital asset recognized as a medium of exchange, unit of Account or store of value that employs blockchain technology and cryptography to submit, authenticate, and verify Transactions.
Customer Activated Terminal (CAT)	An unattended POS device that dispenses a product or provides a service paid for with a Card (e.g., gasoline pump, electric vehicle charging station, vending machine, check-out kiosk).

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Data Incident	An incident involving the compromise or suspected compromise of American Express Encryption Keys, or at least one American Express Card account number in which there is: • Unauthorized access or use of Encryption Keys, Cardholder Data, Sensitive Authentication Data, or a combination of each that are stored, processed, or transmitted on a Merchant's equipment, systems, or networks, or the components thereof, or the use of which the Merchant mandates, provides or makes available • Use of such Encryption Keys, Cardholder Data, Sensitive Authentication Data, or a combination of each other, than in accordance with the Agreement • Suspected or confirmed loss, theft, or misappropriation by any means of any media, materials, records, or information containing such Encryption Keys, Cardholder Data, Sensitive Authentication Data, or a combination of each
Data Incident Event Window	The window of intrusion or similarly determined period of time detailed in the final forensic report (e.g., PFI report) or, if unknown, up to 365 days prior to the last Notification Date of potentially Compromised Card Numbers involved in a Data Incident reported to American Express.
EMV Specifications	The specifications issued by EMVCo, LLC, available at www.emvco.com.
EMV Transaction	An integrated circuit card (sometimes called an "IC Card," "chip card," "smart card," "EMV card," or "ICC") Transaction conducted on an ICC-capable Point of Sale terminal with a valid and current EMV type approval. EMV type approvals are available at www.emvco.com.
Encryption Key (American Express Encryption Key)	All keys used in the processing, generation, loading, or protection of Account Data. This includes, but is not limited to, the following: • **Key Encrypting Keys -** Zone Master Keys (ZMKs) and Zone Pin Keys (ZPKs) • **Master Keys used in secure cryptographic devices -** Local Master Keys (LMKs) • Card Security Code Keys (CSCKs) • **PIN Keys -** Base Derivation Keys (BDKs), PIN Encryption Key (PEKs), and ZPKs
Expiration Date	The month and year on which a Card expires (also referred to as "valid thru" or "active thru" date in American Express materials).
Forensic Incident Final Report Template	The template available from the PCI Security Standards Council, available at www.pcisecuritystandards.org.
Franchisee	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.

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Franchisor	The operator of a business that licenses persons or Entities (Franchisees) to distribute Goods 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.
Fraudulent, Fictitious, or Collusive Merchant	A Sponsored Merchant that provides fraudulent information during the setup process, or processes Transactions with the intent of defrauding American Express, an Acquirer, a Cardmember, an Issuer, or a Sponsored Merchant whose Charge volume is comprised of Confirmed Fraud, including, but not limited to: • Billing Cardmembers for unauthorized Charges (i.e., Charges the Cardmember did not authorize). • Imprinting, swiping, or keying additional Transactions for unauthorized Charges before returning the Card to the Cardmember, or using stolen Account information while the Cardmember retains possession of their Card. • Keying in an unauthorized Transaction after being given a stolen Account number by a collusive Participant.
Imprint	Cardmember data transferred from a Card to a Transaction Receipt to complete a Transaction. An Imprint may be an electronic Imprint or a manual Imprint. A manual Imprint is the imprint of the embossed data taken with a manual imprinter. A pencil rubbing or photocopy of the Card is not considered proof of a valid Imprint.
In-Person Charge	A Charge for which the physical Card or, in the case of Digital Wallet Contactless-initiated Transactions, Mobile Device is presented at the point of sale, including Charges made at CATs. Sometimes called a "Card Present Charge" in our materials.
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 American Express materials).
Issuer	Any Entity (including, without limitation, American Express and American Express Entities) authorized by American Express or an American Express Entity to issue Cards and to engage in the Card Issuing Business.
Level 1 Merchant	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	A Merchant with 50,000 to fewer than 2.5 million American Express Card Transactions per year.
Level 3 Merchant	A Merchant with 10,000 to fewer than 50,000 American Express Card Transactions per year.
Level 4 Merchant	A Merchant with fewer than 10,000 American Express Card Transactions per year.

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Merchant	The Merchant and all of its affiliates that have entered into a legally binding merchant agreement with a Merchant Services Provider based in the specified region to accept the American Express® Card.
Merchant Number	A unique number American Express assigns to the Merchant's Establishments.
Merchant Services Provider	The Merchant's payment card processor or any Entity with which Merchant receives merchant processing services. These services may include, but are not limited to, processing transactions, facilitating authorizations on purchases, and capturing data, merchant accounting, backroom operations (e.g., chargebacks and detecting fraud), provision of Point-of-Sale (POS) equipment, solutions, or systems, sales, or customer service.
Network	See American Express Global Network (AEGN) or Network.
Notification Date	The date 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.
Original Transaction Identifier (OTID)	A unique number that links a Transaction to the original Authorization response message. It can also be referenced to link subsequent Merchant-Initiated Transactions to the original Cardmember-Initiated Transaction.
Payment Account Reference	Non-financial reference generated by American Express that is associated with a Primary Account Number (PAN). PAR can be utilized by Acquirers and their Merchants to link the PAN and associated Tokens.
Payment Application	The meaning given to it in the then current Glossary of Terms for Secure Software Standard and Secure Software Life Cycle Standard, available at www.pcisecuritystandards.org.
Payment Card Industry Security Standards Council (PCI SSC) Requirements	The set of standards and requirements related to securing and protecting payment card data including the PCI DSS and PA DSS, available at www.pcisecuritystandards.org.
Payment Card Industry Data Security Standard (PCI DSS)	The Payment Card Industry Data Security Standard, available at www.pcisecuritystandards.org.
PCI Approved	A PIN Entry Device, Payment Application, or both appears at the time of deployment on the list of approved companies and providers maintained by the PCI Security Standards Council, LLC, available at www.pcisecuritystandards.org.
PCI Forensic Investigator (PFI)	An Entity that has been approved by the Payment Card Industry Security Standards Council, LLC, to perform forensic investigations of a breach or compromise of payment card data.
PCI PIN Security Requirements	The Payment Card Industry PIN Security Requirements, available at www.pcisecuritystandards.org.
Personal Identification Number (PIN)	A four- to 12-character secret code for use with one or more American Express Network, Acquirer, or Issuer systems for authenticating the user (e.g., a Cardmember).

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PIN Entry Device	The meaning given to it in the then current Glossary of Terms for the Payment Card Industry PIN Transaction Security (PTS) Point of Interaction (POI), Modular Security Requirements, available at www.pcisecuritystandards.org.
Point of Sale (POS)	Point of Sale (POS) device has the meaning contained in the current *PCI Data Security Standard Glossary, Abbreviations and Acronyms* (refer to www.pcisecuritystandards.org), and, as of the date of this publication, it includes the following elements: 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.
Point-to-Point Encryption (P2PE)	A solution that cryptographically protects Account Data from the point where a Merchant accepts the payment card to the secure point of decryption.
Prepaid Card	A Card for which the balance amount is pre-loaded onto the Card and will be reduced as the Card is used by the Cardmember.
Processor	A service provider to Merchants who facilitate authorization and submission processing to the American Express network.
Qualified Security Assessor (QSA)	An entity that has been qualified by the Payment Card Industry Security Standards Council, LLC to validate adherence to the PCI DSS.
Recurring Billing Transactions	A billing method offered to Cardmembers to make recurring Charges automatically on their Card (e.g., membership fees to health clubs, magazine subscriptions, and insurance premiums).
Risk-Mitigating Technologies	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 a Risk-Mitigating Technology, the Merchant must demonstrate the effective utilization of the technology, in accordance with its design and intended purpose. Examples include EMV, Point-to-Point Encryption (P2PE), and tokenization.
Self-Assessment Questionnaire (SAQ)	A self-assessment tool created by the Payment Card Industry Security Standards Council, LLC, intended to evaluate and attest to compliance with PCI DSS.
Sensitive Authentication Data	Sensitive Authentication Data has the meaning contained in the current *PCI Data Security Standard Glossary, Abbreviations and Acronyms*.
Services	Useful labor that does not provide a tangible commodity and which satisfies some customer demand (e.g., telephone service, airline tickets/ travel, meals, professional services).
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.

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Settlement	The process by which your Merchant Services Provider computes the net totals that will be used for funds exchange.
Split Shipment Transactions	A Split Shipment Transaction occurs when a Cardmember makes a single purchase of multiple Goods and the Goods are delivered to the Cardmember in multiple shipments.
Split Tender	The use of multiple forms of payment (e.g., prepaid products, cash, American Express Card) for a single purchase.
Sponsored Merchant	A Merchant that enters into a Sponsored Merchant Agreement with a Payment Facilitator.
Submission Frequency	The maximum number of days that transit Transactions can be aggregated before Submission is required.
Submission Frequency Time Period	The maximum number of days that transit Transactions can be aggregated before Submission is required. (Also referred to as Submission Frequency in American Express materials.)
System Outage	Interruption of either Merchant or Network systems or services (e.g., computer system failure, telecommunications failure, or regularly scheduled downtime).
Targeted Analysis Program	A program that provides early identification of a potential Cardholder Data compromise in a Cardholder Data Environment (CDE). Refer to Section A.4: Targeted Analysis Program.
Token	A surrogate value equivalent to a customer's 15-digit Primary Account Number (PAN). It is a unique reference ID that can be restricted to a specific retailer, a specific number of uses, length of life, and other variables. It complies with industry-standardized EMVCo Payment Tokenization specifications.
Transaction	A Charge, Credit, Cash Advance (or other Cash Access), or ATM Transaction completed by the means of a Card.
Transaction Receipt (previously referred to as Record of Charge)	An electronic or paper record of a Transaction, generated by the Merchant and provided to a Cardmember.
Transit Access Terminal (TAT)	A Contactless-enabled POS Device that, when "tapped" by an authenticated Contactless Card, allows the Cardmember access to the transit system.
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 Security Technology Enhancement Program Attestation.

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