

## **Excerpts from contract PS65669 listing provisions of the American Express Merchant Regulations that are modified or do not apply under this agreement:**

Contractor acknowledges that it does not classify an Authorized User as a Payment Services Provider on Contractor's Network. If an Authorized User wishes to provide Payment Services and has obtained the necessary approvals to do so, and Contractor, in its sole discretion, approves and classifies such Authorized User as a Payment Service Provider, then Chapter 13, "Payment Service Provider," of the Merchant Regulations shall apply to such Authorized User. Otherwise, Chapter 13 does not apply to an Authorized User. (I. Scope of Agreement – page 4)

### 1.1 Definitions

b. The definitions in the Merchant Regulations are hereby amended as follows:

(i) The definition of *you* and *your* is hereby deleted in its entirety and replaced with the following:

*You* and *your* (sometimes called the "Merchant", "Service Establishment", or "SE" in American Express's materials) mean the Authorized Users. (page 5)

### 1.4 MERCHANT REGULATIONS

The Merchant Regulations set forth the policies and procedures governing your acceptance of the Card. You shall ensure that your personnel interacting with customers are fully familiar with the Merchant Regulations. The Merchant Regulations are a part of, and are hereby incorporated by reference into, this Agreement. An Authorized User agrees to be bound by and accept all provisions in the Merchant Regulations (as changed from time to time), to the extent such provisions do not conflict with the provisions set forth in the Agreement documents that are given preference to the Merchant Regulations in section 1.2 above, as if fully set out herein and as a condition of your agreement to accept the Card. Contractor reserve the right to make changes to the Merchant Regulations in scheduled changes and at any time in unscheduled changes as set forth in section 5.2 below. The Merchant Regulations and releases of scheduled changes therein are provided only in electronic form, existing at the website specified above in the definition of "Merchant Regulations" or its successor website. However, American Express shall provide you a paper copy of or a CD-ROM containing the Merchant Regulations or releases of scheduled changes therein upon your request. To order a copy, please call American Express's Merchant Services representatives (telephone: 1-800-528-5200). Notwithstanding anything to the contrary in the Agreement, the Parties agree that an electronic transmission contemplated hereunder is being provided in connection with a transaction affecting interstate commerce that is subject to the federal Electronic Signatures in Global and National Commerce Act, 15 U.S.C. §1700 *et seq.* (*E-Sign Act*). The Parties intend that the E-Sign Act apply to the fullest extent possible to validate their ability to electronically transmit and electronically commit to be bound by the obligations and form assent described in the Merchant Regulations and releases of scheduled changes therein.

The Parties recognize that the numbering system used in the Merchant Regulations may change. For avoidance of doubt, the Parties agree that the narrative used to describe a section of the Merchant Regulations controls over the number reference. For example, in the phrase "Chapter 14, Merchant Fees", the controlling element is the narrative "Merchant Fees." (page 7)

### 1.5 AMERICAN EXPRESS NETWORK

The State and Contractor agree that the American Express Network, as defined in the April 2011 edition of the Merchant Regulations, with the exception of the Online Merchant Services tool, is neither Licensed Software nor a Licensed Product, but that it is a Product. Accordingly, Contractor shall have no obligation to meet the requirements of sections 82 through 86 of Appendix B of this Agreement with respect to the American Express Network (with the exception of the Online Merchant Services tool). As stated in section 3.3, the Contractor's On-Line Merchant Services ("OMS") tool is not authorized under this Agreement, the Parties agree to continue discussions to amend the Agreement in the near future to provide for use of OMS consistent with the terms and conditions of this Agreement. (Page 7-8)

## 2.4 AUTHORIZED USER PAYMENTS

All State Agency Authorized User payments will be made to Contractor in conformance with Article XI-A of the New York State Finance Law.

A non-State Agency Authorized User payment will be made to Contractor within thirty (30) calendar days of receipt of a complete and accurate invoice (excluding legal holidays recognized by the State) subject to applicable law under which the Authorized User operates. The non-State Agency Authorized User will provide the Contractor with documentation that supports payment terms exceeding thirty (30) calendar days in its EVTA- 2 Form or other writing provided to Contractor. (page 9)

## 2.8 CONVENIENCE FEE

This section 2.8 shall supersede section 12.6 of the Merchant Regulations titled "Government/Utilities/Higher Education." The Convenience Fee shall be applied at the direction of the Authorized User. When Convenience Fees are applied, the Authorized User agrees to clearly disclose to Cardmembers: (1) the amount of such Convenience Fee; (2) that the Authorized User is charging the Convenience Fee; and, (3) that the Convenience Fee is being charged for the usage of such convenient method of payment. Authorized User agrees to not discriminate against any Cardmember by charging him/her a higher Convenience Fee than the Authorized User would charge a holder of another charge, credit, debit or smart card or similar card, service or payment product. For the Authorized User, the amount of the Convenience Fee and the method by which it may be collected shall be submitted for approval by American Express prior to being set forth in the Authorized User's EVTA-2 Work Order Form.

When Convenience Fees are applied and are paid by a Cardmember directly to an Authorized User, then one (1) Charge (constituting both the amount of the payment and the amount of the Convenience Fee) must be submitted to American Express. The Discount will be assessed on this Charge.

When Convenience Fees are applied and are paid by a Cardmember to a party who is not the Authorized User, then two (2) Charges (one (1) constituting the amount of the payment, and one (1) constituting the amount of the Convenience Fee) must be submitted to American Express. The Discount will be assessed on both Charges. In such cases, the Authorized User must instruct American Express as to the payment of the Convenience Fee on the Authorized User's EVTA-2 Work Order Form. Authorized User remains responsible for payment of the Discount. (page 10)



# american express merchant regulations - u.s.

april 2011



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**change bars**

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



**summary of changes table**

Important updates are listed in the table below and are also indicated in the Merchant Regulations with a change bar.

chapter	section / subsection	description
<a href="#">chapter 2, "doing business with american express"</a>	<a href="#">2.8 establishment closing</a>	Clause modified to clarify requirements if no refunds or exchanges will be provided.
<a href="#">chapter 4, "transaction processing"</a>	<a href="#">4.6.1 keyed no imprint program</a>	Clause removed, with simplified content moved to tip box.
	<a href="#">4.7.1 no signature program</a>	Clause removed, with simplified content moved to tip box.
	<a href="#">4.7.2 customer activated terminals</a>	Clause revised to clarify that Charges originating at Customer Activated Terminals must comply with the Technical Specifications.
	<a href="#">4.8.1 processing a Card not present charge (internet)</a>	Clause regarding sharing of Card Data or Transmission Data is removed, as content is covered in section 4.4.
	<a href="#">4.10 corporate purchasing Card charges</a>	Description of Transaction descriptor is simplified for clarity.
	<a href="#">4.16 processing a credit</a>	Effective July 1, 2011, if you issue a Credit, we will refund the Discount (but not any other fees or assessments) previously applied on the portion of the corresponding Charge that has been credited if you elect to increase your Discount Rate by 40 basis points (0.40%).
	<a href="#">4.16.2 return and cancellation policies</a>	Moved to section 4.17 and subsequent sections renumbered accordingly.
	<a href="#">4.17 processing prepaid Cards</a>	Moved to section 4.18. Clause revised for clarity.

## summary of changes table (continued)

chapter	section / subsection	description
	<a href="#">4.17.1 distribution of stored value/prepaid cards</a>	Section renamed “return policy for prepaid products.” Section revised for clarity.
	<a href="#">4.18 processing prepaid Cards</a>	Clause removed for clarity.
<a href="#">chapter 5, “authorizations”</a>	<a href="#">5.3 the purpose of authorization</a>	Clause eliminated for clarity. Clause modified to clarify that an Authorization Approval does not constitute a guarantee.
	<a href="#">5.8 verification services</a>	Clause modified to clarify that our verification services do not constitute a guarantee.
	<a href="#">5.14 additional authorization requirements</a>	Additional Authorization requirements for Prepaid Cards are removed. Recurring Billing and Split Tender additional Authorization requirements simplified for clarity.
<a href="#">chapter 7, “settlement”</a>	<a href="#">7.2 settlement amount</a>	Clauses revised for clarity.
	<a href="#">7.6.2 gross pay</a>	Clause revised for clarity.
<a href="#">chapter 9, “fraud prevention”</a>	<a href="#">9.3 strategies for deterring fraud</a>	Clause modified to clarify that our recommended strategies and tools for deterring fraud do not constitute a guarantee.
	<a href="#">9.7 prepaid Card security features</a>	Prepaid Card security features updated.
	<a href="#">9.10 fraud mitigation tools</a>	Clause modified to clarify that our fraud mitigation tools do not constitute a guarantee.
	<a href="#">9.11 verification services</a>	Clause modified to clarify that our verification services do not constitute a guarantee.
<a href="#">chapter 10, “risk evaluation”</a>	<a href="#">10.2 prohibited merchants</a>	Medical marijuana dispensaries added as a prohibited business type.
	<a href="#">10.3 monitoring</a>	Clauses revised for clarity.

**summary of  
changes table  
(continued)**

chapter	section / subsection	description
	<a href="#">10.3.1 high risk merchants</a>	Reference to government services removed. Clause added to clarify that our description of high risk criteria is not exhaustive and may be changed at our discretion.
	<a href="#">10.3.2 fraudulent, deceptive, or unfair business practices, illegal activities, or prohibited uses of the Card</a>	Clauses revised for clarity.
<a href="#">chapter 11, "inquiries and chargebacks"</a>	<a href="#">11.3 disputed charge process</a>	Clause added to clarify that resolution of Disputed Charges is at our sole discretion.
	<a href="#">11.7 inquiry types</a>	Multiple repeated clauses simplified for clarity.
	<a href="#">11.9 resubmission of disputed charge</a>	Moved to section 11.15. Subsequent sections renumbered accordingly.
	<a href="#">11.9.2 unauthorized charge</a>	Clause revised for clarity.
	<a href="#">11.9.3 billing error</a>	Clause revised for clarity.
	<a href="#">11.9.5 cancel recurring billing</a>	Clauses revised for clarity.
	<a href="#">11.10.3 billing error</a>	Moved to subsection 11.9.3. Clause revised for clarity.
	<a href="#">11.12 how we chargeback</a>	Moved to section 11.11. Clause revised to clarify that a Chargeback may involve reversal of a Charge for which we have not paid you.
	<a href="#">11.13 chargeback reasons</a>	Moved to section 11.12. Entire section revised for clarity.
	<a href="#">11.14 chargeback programs</a>	Moved to subsection 11.12.1. Clause revised to clarify that we may place Merchants in the Immediate Chargeback Program or Partial Immediate Chargeback Program if the industries to which they belong have historically high occurrences of Disputed Charges.

## summary of changes table (continued)

chapter	section / subsection	description
<a href="#">chapter 12, "specific industries"</a>	<a href="#">12.7 insurance</a>	Clause modified to update terms regarding your indemnification of us. New requirements added regarding purchase of fixed rate cash value life insurance policies or fixed rate annuities on the Card.
	<a href="#">12.9.3 oil fraud protection program</a>	New subsection added to introduce the Oil Fraud Protection Program.
	<a href="#">12.11 restaurants</a>	Clause removed for clarity.
	<a href="#">12.14.2.3 CARDeposit Program</a>	Clauses revised for clarity.
<a href="#">chapter 13, "payment service provider"</a>	<a href="#">13.1 introduction</a>	Clause added prohibiting Payment Service Providers from combining purchases or refunds (or both) from multiple Sponsored Merchants when submitting an Aggregated Charge.
<a href="#">chapter 14, "merchant fees"</a>	<a href="#">14.2.1 Card acceptance discount fees</a>	Monthly Flat Fee: description revised for clarity.
	<a href="#">14.2.2 authorization fees</a>	Non-swiped Transaction fee: description revised for clarity.

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**summary of  
changes table  
(continued)**

<b>chapter</b>	<b>section / subsection</b>	<b>description</b>
<a href="#">Glossary</a>	<a href="#">Chargeback</a>	Definition revised for clarity.
	<a href="#">Charge Record</a>	Definition revised for clarity.
	<a href="#">Inquiry</a>	Definition simplified for clarity.
	<a href="#">Oil Fraud Protection Program</a>	Defined term added.
	<a href="#">Split Tender</a>	Definition revised for clarity.

## contact information



Merchant Services (general customer service for Merchants)	1-800-528-5200
Authorization Department	1-800-528-2121
Travelers Cheque / Gift Cheque Customer Service	1-800-221-7282
Travelers Cheque / Authorizations and Fraud	1-800-525-7641
American Express Terminal Assistance (If a vendor other than American Express provided your terminal, contact that vendor directly.)	1-800-851-5948
General Charge/Credit Forms (Vendor supplying paper Charge and Credit forms.)	1-877-867-3409
Charge Verification Group	1-800-876-9786



Paper Submissions	American Express Initial Processing PO Box 2878 Omaha, NE 68103-2878
Rush Paper Submissions	AJD Data Services, Inc. DHL Omaha Station Attn: Ryan Drees 1505 Hartman Court Omaha, NE 68110
Customer Service Disputes	American Express Credit Card Account Customer Service Department PO Box 981532 El Paso, TX 79998 Fax: 623-444-3000
Fraud Disputes	American Express Credit Card Account Customer Service Department PO Box 981541 El Paso, TX 79998 Fax: 623-444-3003  Overnight/Signature Required American Express Datamark, Inc. 43 Butterfield Circle El Paso, TX 79906-5202



American Express Merchant homepage	<a href="http://www.americanexpress.com/merchant">www.americanexpress.com/merchant</a>
Online Merchant Services (OMS)	<a href="http://www.americanexpress.com/oms">www.americanexpress.com/oms</a>
Point of Sale Materials	<a href="http://www.americanexpress.com/decals">www.americanexpress.com/decals</a>
Merchant Fraud Prevention Information	<a href="http://www.americanexpress.com/fraudinfo">www.americanexpress.com/fraudinfo</a>



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## 1.1 about American Express



American Express was established more than 150 years ago and has undergone remarkable changes over the years. One characteristic has remained constant, however: our commitment to the core values of our founders. Doing business in more than 130 countries around the globe, American Express is guided by a value system that is steadfastly focused on doing business with trust and integrity, delivering quality products and services to our valued customers.

We are the brand of choice for high-spending Cardmembers. Our Network supports millions of Merchants in the United States alone and processes millions of Transactions daily, forging relationships between Cardmembers and Merchants. We help build the businesses of millions of Merchants, from neighborhood shops to multinational corporations.

As a world-recognized brand leader, we take our commitment to Merchants seriously. To that end, the *American Express Merchant Regulations - U.S.* are designed to provide you, our Merchant customer, with accurate, up-to-date information on processing Transactions while helping to minimize your business' risk. They also offer best practices, helpful tips, and available tools to assist Merchants' businesses.

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## 1.2 about the merchant regulations

We are pleased to provide the *American Express Merchant Regulations - U.S.* Merchants can be more successful if they have access to and understand Card acceptance policies and procedures. To that end, and to serve all Merchants consistently, we require them to operate under these Merchant Regulations.

The Merchant Regulations set forth the policies and procedures governing your acceptance of the American Express® Card. They are a part of, are hereby incorporated by reference into, the Agreement. You agree to be bound by and accept all provisions in the Merchant Regulations (as changed from time to time) as if fully set out in the Agreement and as a condition of your agreement to accept the Card. In the event of any conflict between the Agreement and any applicable law, the requirements of the law govern.



### 1.3 organization of the merchant regulations

The following icons will appear throughout the Merchant Regulations to highlight important information:



Definition



Fraud Alert



Helpful Tip



Further Information

The *American Express Merchant Regulations - U.S.* are designed to meet the needs of busy Merchants. The Merchant Regulations follow the flow of the Transaction cycle – from Card acceptance, to Authorization, to Submission, to Settlement, to Disputed Charges, to Chargebacks.

To make it easier for you to locate the information you need quickly, the Merchant Regulations were designed with the following functionality:

- Important information is identified throughout the Merchant Regulations using the icons on the left.
- Point-and-click links to and from chapters are identified by [blue underlined text](#) when viewing the Merchant Regulations online.
- A table of contents and comprehensive glossary are provided at the front and back of these Merchant Regulations, respectively.
- Capitalized terms used in these Merchant Regulations have the meanings ascribed to them in the glossary.

### 1.4 changes in merchant regulations

We reserve the right to make changes to the Merchant Regulations in scheduled changes and at any time in unscheduled changes as set forth in the General Provisions. These change provisions are repeated below for ease of reference. You agree to accept all changes (and further to abide by the changed provisions of the Merchant Regulations) as a condition of your agreement to accept the Card.



introduction

**1.4.1 scheduled changes**

The Merchant Regulations are published twice each year, in April and October. We have the right to, and hereby notify you that we may, change the provisions of the Merchant Regulations in scheduled releases (sometimes called “Notification of Changes - U.S.” in our materials) as follows:

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

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

**1.4.2 unscheduled changes**

We also have the right, and hereby notify you that we may, change the provisions of the Merchant Regulations in separate unscheduled releases, which generally shall take effect ten days after notice to you (unless another effective date is specified in the notice).

**1.5 contacting American Express**

To find the answers to your questions, we recommend the following options:

in order to...	please do the following...
Find American Express telephone numbers and addresses	<ul style="list-style-type: none"> <li>○ Access the <a href="#">contact information</a> page at the front of these Merchant Regulations, or</li> <li>○ Visit our contact page on the web – <a href="http://www.americanexpress.com/merchant">www.americanexpress.com/merchant</a> then click the “Customer Service” link in the top right corner.</li> </ul>
Contact our general Customer Service number	Call <a href="#">Merchant Services</a> at 1-800-528-5200.

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doing business with American Express

## 2.1 introduction

At American Express, we feel privileged to do business with Merchants like you and want to help make the process of accepting our Cards as simple as possible. These Merchant Regulations explain the policies and procedures related to accepting American Express Cards. They also highlight some of the services and tools that can help your business. This chapter outlines some general concepts that relate to doing business with American Express.

## 2.2 benefits of accepting the American Express Card



Sign up to manage your Merchant Account with our Online Merchant Services and you can access easy-to-use account management features at any time.

You can:

- find out how much you're getting paid
- manage cash flow
- get fast access to detailed Transaction features
- learn about and review new Disputed Charges

To enroll or learn more, go to

[www.americanexpress.com/oms](http://www.americanexpress.com/oms)

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

Accepting the Card is an easy way to enhance your relationships with customers, increase revenue, and improve efficiency. Accepting the Card allows you to:

- offer your customers the convenience of paying with American Express Cards,
- increase retention by allowing customers with recurring Charges to pay automatically,
- access your Merchant Account instantly through our online program, and
- manage your Inquiries, Submissions and payment information online with daily updates.

## 2.3 the American Express merchant number



You will need your Merchant Number each time you call American Express.



If you do not know your Merchant Number, refer to your current statement - either paper or electronic (through [Online Merchant Services](#)) - or contact the representative from your corporate office that works with American Express.

American Express Merchant Numbers are provided to you shortly after the application process to accept the Card is completed. Your Merchant Number (sometimes called an Establishment or SE number in our materials) is a unique, 10-digit identifier, which we assign to your Establishments.

- If you have more than one Establishment, we may assign a separate Merchant Number for each.
- Each Merchant Number is designated for a single currency.
- Your Merchant Number is assigned to you based on our classification of your industry. Certain Establishments may operate in more than one industry classification (e.g., a gasoline station with both in-store and Customer Activated Terminal [CAT] Transactions). In these instances, you must obtain a separate Merchant Number for each industry classification.
- We may refuse to assign a Merchant Number or grant Card acceptance privileges to an Establishment.

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

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

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



doing business with American Express

## 2.4 merchant information



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

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

You and any person signing the application to accept Cards must have provided all required information. To help the United States fight terrorism and money laundering, we obtain, verify and record information that identifies each person/business/entity that applies to accept the Card and open a Merchant Account.

What this means for you: when you apply to accept the Card and open a Merchant Account, we will ask for your business name, a street address and a tax identification number. Additionally, we may request information about your significant owners, including name, street address, date of birth and/or an identification number, such as a social security number. We may also ask to see identifying documents such as a business license, driver's license or similar documentation that will allow us to identify you.

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

- banking information (e.g., routing number, Bank Account, bank name),
- legal name of business or corporate owner registered with the IRS,
- federal tax identification number as registered with the IRS,
- full physical address/location,
- telephone number at which we can contact you (e.g., your business telephone number),
- telephone number at which your customers may contact you (e.g., your customer service telephone number),
- email address at which we can contact you (e.g., your business email address),
- email address at which your customers may contact you (e.g., your customer service email address),



## 2.4 merchant information (continued)



As a result of new IRS rules governing “merchant acquiring entities,” American Express will be required, beginning January 1, 2012, to withhold 28% of Settlement from any Merchant whose tax identification number (TIN) and/or legal name are missing or do not match what is on file with the IRS. To avoid potential backup withholdings, you must notify us any time there is a change to your TIN, legal name, and/or business address, and ensure you respond to any requests for verification and record updates from us.

- website URL
- goods/services offered (type of business),
- method of doing business (e.g., mail order, internet, storefront),
- form of organization (e.g., sole proprietorship, partnership, limited liability company, corporation, non profit, government),
- publicly traded or privately held organization,
- ownership/control (e.g., sale of business, change in control of business),
- significant owners that control 25% or more of your business. If you do not have a single significant owner that controls 25% or more, you still must provide one owner. For each significant owner or owner, provide:
  - name,
  - full home physical address/location,
  - Social Security Number or date of birth,
- authorized signer information,
  - name and title,
  - Social Security Number,
- other critical business information that helps us contact or do business with you (e.g., change of Processor).

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



doing business with American Express

## 2.5 use of third parties



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

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

- service providers/Processors,
- Terminal Providers,
- vendors, and
- Covered Parties and other agents contracted to operate on your behalf.

You may retain, at your expense, such third parties; however, you remain financially and otherwise liable for all obligations (including confidentiality obligations and compliance with the Technical Specifications), services, and functions they perform under the Agreement for you, such as the technical requirements of authorizing and submitting Transactions to American Express, as if you performed such obligations, services, and functions. Any omission or failure to perform by your third party does not relieve you of your obligations under the Agreement. We need not alter our conduct of business in respect of your third parties' performance and may rely upon that performance as if done by you.

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

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



## 2.5 use of third parties (continued)

You must ensure that these third parties cooperate with us to enable your Card acceptance. You must notify us if you intend for these third parties to deal directly with us and notify us promptly in writing if you change such third parties. You must provide us, on request, all relevant non-confidential information about your third parties. We generally use this information to help in servicing your Merchant Account, including troubleshooting issues affecting the processing of your Transactions, and ensuring compliance with the Technical Specifications (see [section 2.7, "compliance with the Technical Specifications."](#))

## 2.6 configuring communications

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

## 2.7 compliance with the technical specifications



### Technical Specifications

The set of mandatory, conditional, and optional requirements related to connectivity to the Network and electronic Transaction processing, including Authorization and Submission of Transactions (sometimes called "specifications" in our materials), which we may update from time to time, and which we make available on our website at [www.americanexpress.com/merchantspecs](http://www.americanexpress.com/merchantspecs) or upon request from your American Express representative.

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

You must ensure that you and any third parties you enlist to facilitate Transaction processing with us comply with the Technical Specifications (see [section 2.5, "use of third parties."](#)) Valid and accurate data must be provided for all data elements in accordance with the Technical Specifications. Failure to comply with the Technical Specifications may impact your ability to successfully process Transactions, and may result in non-compliance fees, as described more fully herein.



doing business with American Express

## 2.7 compliance with the technical specifications (continued)



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

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

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

Merchants who connect to the Network directly may elect to receive email notifications when updates are made to the Technical Specifications. To receive such email notifications, contact your American Express representative or send an email to [SpecQuestions@aexp.com](mailto:SpecQuestions@aexp.com).

## 2.8 establishment closing

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

- Notify American Express' [Merchant Services](#) immediately.
- Your policies must be conveyed to the Cardmember prior to completion of the Charge and printed on the copy of a receipt or Charge Record the Cardmember signs. See [subsection 4.17, "returns and cancellation policies"](#) for additional information.
- If you are not providing refunds or exchanges, post notices indicating that all sales are final (e.g., at the front doors, by the cash registers, on the Charge Record, on your website and catalogs).
- Your return and cancellation policies must be clearly disclosed at the time of sale.



doing business with American Express

## 2.9 verification and disclosure of information

We obtain information about you, including your taxpayer identification number, from your application to accept the Card and from other sources (e.g., credit reporting agencies and providers of business information). We may request from consumer or commercial credit reporting agencies or other investigative agencies an investigative or consumer report about the commercial or personal finances of you, any person signing your application to accept the Card (or any other application/set up page used in applying for Card acceptance), and any person providing us with permission to obtain such information in connection with the Agreement. You authorize and direct us to inform such persons directly, or through you, of reports about such persons that we have requested from such agencies.

Such information will include the name and address of the agency furnishing the report. You also authorize American Express to use the reports from consumer reporting agencies for marketing and administrative purposes. We may, at our sole discretion, disclose information about you and/or any person signing the application/set up page of the Agreement, if applicable, and/or any person providing us with permission to obtain or disclose information in connection with the Agreement, including information about your Merchant Account, to our agents, subcontractors, Affiliates, and other parties, including industry organizations and reporting agencies, for any purpose permitted by law, including debt collection, fraud prevention, and risk reduction.

You and/or any person signing the application/set up page of the Agreement, if applicable, and/or any person providing us with permission to obtain or disclose information in connection with the Agreement, hereby release and waive any right or Claim arising out of or related to such disclosure, including defamation Claims, even if the information that we disclose is incorrect or incomplete. You acknowledge that we may report your business name and the name of your principals to the MATCH™ (Member Alert to Control High Risk Merchants) listing maintained by MasterCard. You and they hereby specifically consent to the reporting, and you and they hereby waive and hold us harmless from all Claims and liabilities you and they may have as a result of such reporting.



doing business with American Express

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**2.10 call monitoring**

We may monitor or record (or both) our telephone calls with you for quality assurance, training, or other administrative purposes.

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- 3.2 [treatment of the American Express brand](#)
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- 3.4 [prohibited merchants](#)
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## Card acceptance

### 3.1 accepting the Card



You must accept the Card as payment for goods and services (other than those goods and services prohibited under [section 3.3, “prohibited uses of the Card”](#)) sold, or (if applicable) for charitable contributions made, at all of your Establishments, except as expressly permitted by applicable state statute. You are jointly and severally liable for the obligations of your Establishments under the Agreement.

By accepting the Card at your Establishment, you are providing your customers with convenience and flexibility in choosing their method of payment.

### 3.2 treatment of the American Express brand



You may issue policies related to customer identification, and define minimum Charge amounts, subject to applicable law and the Agreement.

For the past 150 years, American Express has built a brand that is synonymous with trust, integrity, security, quality, and customer service. We work diligently to uphold our reputation, and restrict Merchants from engaging in activities that would harm our business or brand.

Except as expressly permitted by applicable law, you must not:

- indicate or imply that you prefer, directly or indirectly, any Other Payment Products over our Card,
- try to dissuade Cardmembers from using the Card,
- criticize or mischaracterize the Card or any of our services or programs,
- try to persuade or prompt Cardmembers to use any Other Payment Products or any other method of payment (e.g., payment by 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 ACH funds transfer, cash, and checks,
- engage in activities that harm our business or the American Express Brand (or both), or
- promote any Other Payment Products (except your own private label card that you issue for use solely at your Establishments) more actively than you promote our Card.



Card acceptance

### 3.2 treatment of the American Express brand (continued)

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

Whenever payment methods are communicated to customers, or when customers ask what payments are accepted, you must indicate your acceptance of the Card and display our Marks (including any Card application forms we may provide you) according to the guidelines below and as prominently and in the same manner as any Other Payment Products.

Our corporate logo, the “American Express® Blue Box” logo, is the strongest visual symbol of our company’s image. The “Blue Box” represents and reinforces the high quality service and values of American Express. The appropriate version of the “Blue Box” logo must appear on all point-of-purchase materials and signs. The guidelines listed below apply to the Merchant’s use of the “Blue Box” logo.

- The space around the “Blue Box” must equal at least 1/3 the size of the box.
- The “Blue Box” logo minimum size is 3/8” and 1/2” is the preferred size.
- Always spell out “American Express.”
- A minimum distance of 1-1/2 times the size of the “Blue Box” must be allowed between the “Blue Box” logo and another Mark.

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

For additional guidelines on the use of our Marks, contact your American Express representative or call [Merchant Services](#). You can also visit the American Express website at [www.americanexpress.com/decals](http://www.americanexpress.com/decals).



## Card acceptance

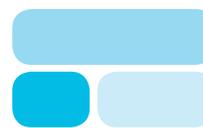
### 3.3 prohibited uses of the Card

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

- adult digital content sold via Internet Electronic Delivery,
- amounts that do not represent bona fide sales of goods or services (or, if applicable, amounts that do not represent bona fide charitable contributions made) at your Establishments; for example, purchases at your Establishments by your owners (or their family members) or employees contrived for cash flow purposes, or payments that you have accepted in order to advance cash to Cardmembers in connection with the Transaction,
- amounts that do not represent bona fide, direct sales by your Establishments to Cardmembers made in the ordinary course of your business,
- cash,
- Charges that the Cardmember has not specifically approved,
- costs or fees over the normal price of the goods/services (plus applicable taxes) that the Cardmember has not specifically approved,
- damages, losses, penalties, or fines of any kind,
- gambling services (including online gambling), gambling chips, gambling credits, or lottery tickets,
- illegal activities, or fraudulent business transactions (or both),
- 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),
- sales made by third parties or Entities conducting business in industries other than yours, except as provided in [chapter 13, “payment service provider,”](#) or
- other items of which we notify you.

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

For more information on how we monitor such uses of the Card, see [subsection 10.3.2, “fraudulent, deceptive, or unfair business practices, illegal activities, or prohibited uses of the Card.”](#)



Card acceptance

### 3.4 prohibited merchants

Some Merchants are not eligible to accept our Card. You will be denied the privilege to accept our Card if we find you meet one or more of the criteria for a prohibited Merchant, including the criteria set forth in [chapter 10, "risk evaluation."](#)

### 3.5 treatment of American Express Cardmember information

American Express is committed to protecting the millions of Cardmembers who rely on us to safeguard their personal information.

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

Except as otherwise specified, you must not disclose Cardmember Information, nor use nor store it, other than to facilitate Transactions at your Establishments in accordance with the Agreement. For more information, see [section 4.4, "completing a transaction at point of sale."](#)

For more information about protecting Cardmember Information, see [chapter 8, "protecting Cardmember information."](#)



Remember: if the Agreement terminates, Cardmember information can only be retained according to the PCI DSS, which is available at <https://www.pcisecuritystandards.org>.



Card acceptance

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transaction processing

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#### 4.1 **the many types of transactions**

Remember when the only method by which to make a Charge was in person, in the presence of a store clerk at a traditional “brick and mortar” Establishment? In today’s marketplace, point of sale Transactions encompass a wide variety of customer options, including:

- in-store Transactions
- internet/e-commerce Transactions
- phone/mail order Transactions
- Customer Activated Terminal (CAT) Transactions
- No Signature Transactions

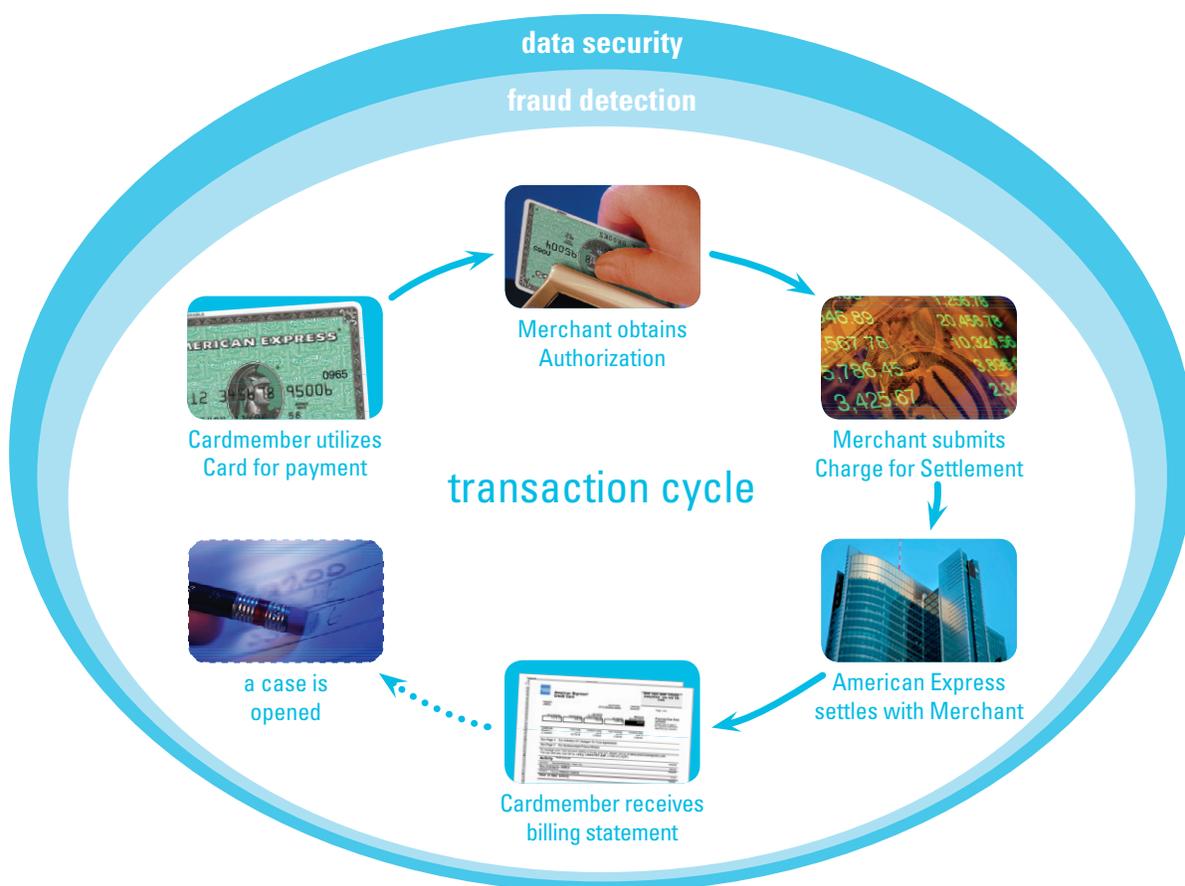
This section of the Merchant Regulations addresses Transaction processing and offers specific procedures for dealing with various Transaction types. It covers Card Present, Card Not Present, the acceptance of Prepaid Cards and more.



## 4.2 transaction cycle

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

The graphic below illustrates the high level phases that occur throughout the Transaction cycle. We will refer to this Transaction cycle at various points throughout the Merchant Regulations.





transaction processing

### 4.3 American Express payment options



American Express offers many products and services. If you are interested in a service that is not listed here, please contact your American Express representative.



**Expresspay from American Express**  
Expresspay allows the transfer of payment information wirelessly when an embedded chip is held up to a contactless Point of Sale System. For more information on Contactless Technology, contact [Merchant Services](#).

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

#### *Credit and Charge Cards*

- Charge Cards and Standard Credit Cards such as the Blue from American Express® Card
- Cash Rewards Cards
- Sports and Special Interest “Loyalty” Cards
- Airline and Hotel Rewards Cards
- Small Business and Corporate Cards
- Many more

#### *Additional Products and Services*

- Prepaid Cards
- Travelers Cheques
- Gift Cheques
- Expresspay from American Express®



transaction processing

#### 4.4 completing a transaction at point of sale



Where Cardmembers pay Merchants using payment or “e-wallet” accounts (which Cardmembers may have created by providing Cardmember Information when the account was established), the Transaction Data collected to facilitate the Card Not Present Charge has already been provided directly by the Cardmember. Such Merchants are not required to have the Cardmember re-enter the Transaction Data.

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

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

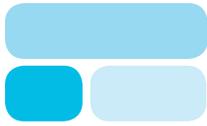
- clearly and conspicuously disclose all material terms of sale prior to obtaining an Authorization, and
- clearly and conspicuously inform Cardmembers at all points of interaction (e.g., sales conducted in-person, over the internet, mobile or via mail or telephone order) what Entity is making the sales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

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



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

You must not accept or have accepted Transaction Data from, nor shall you provide or have provided Transaction Data to, any third parties other than your Covered Parties. If you fail to comply with this requirement, in addition to our rights and remedies listed under [section 10.3, “monitoring,”](#) we may, in our sole discretion, charge you non-compliance fees (see [subsection 14.2.5, “data pass violation fee,”](#)) suspend Card acceptance privileges at your Establishments, or terminate the Agreement.



transaction processing

#### 4.5 **electronic transactions**

Electronic Point of Sale Systems automatically capture required information from the Card so it can be used to request Authorization for the Transaction.

The Charge Record or Credit Record is created from the information captured during the electronic Transaction.

Work with your Terminal Provider or Processor if you have questions about your POS System's capabilities.

#### 4.6 **key-entered transactions**

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

If the Card cannot be scanned electronically, you are responsible for key-entering the data required for a [Charge Record](#) or [Credit Record](#) (see [sections 4.7, "processing an in-person charge"](#) and [4.16, "processing a credit."](#)) Key-entered Charges are subject to a fee. See [subsection 14.2.2, "authorization fees."](#)



Supplies to help you process paper Charge and Credit Records are available. Call [General Charge/Credit Forms](#) to order paper supplies.

For key-entered Transactions, you must validate the Card's presence by:

- taking an imprint of the Card (the imprint is for your records), or
- ensuring the Charge meets the criteria of the Keyed No Imprint Program. See [subsection 4.6.1, "keyed no imprint program."](#)



In-Person Charges that must be key-entered because the Magnetic Stripe cannot be read are more likely to be fraudulent. See [chapter 9, "fraud prevention,"](#) to learn how to inspect the Card and for procedures to follow when you suspect fraud.

Failure to validate the Card's presence can render you liable for Chargebacks.



transaction processing

#### 4.6.1 keyed no imprint program



To learn more about how to send CID through your Point of Sale System, see [subsection 9.11.1.1, "Card identification \(CID\) verification."](#)



The Keyed No Imprint Program does not provide blanket protection against all Chargebacks. Even if an Establishment and Charge qualify for the Keyed No Imprint Program, the Merchant may still be subject to Chargeback for reasons unrelated to its obtaining a positive CID Number match at the point of sale. For more information about Disputed Charges and Chargebacks, see [Chapter 11, "inquiries and chargebacks."](#)

The Keyed No Imprint Program allows you to submit In-Person Charges without taking an imprint of the Card if you meet the Charge criteria listed below. All Cards qualify for the Keyed No Imprint Program.

The Charge criteria are:

- the Charge must be key-entered,
- the Charge Submission must include the appropriate indicator to reflect that the Card and the Cardmember were present at the point of sale,
- the Charge Submission must include a valid six-digit Approval code, and
- the CID Number must be confirmed as a positive match.

Under the Keyed No Imprint Program, we will not exercise Chargeback for such Charges based solely on the Establishment's failure to obtain an imprint of the Card.

If we receive disproportionate amounts or numbers of Disputed Charges under the Keyed No Imprint Program, you must work with us to reduce the number of Disputed Charges. If such efforts fail, we may place you in any of our Chargeback programs (see [subsection 11.12.1, "chargeback programs."](#)) or we may modify or terminate your participation in the Keyed No Imprint Program.

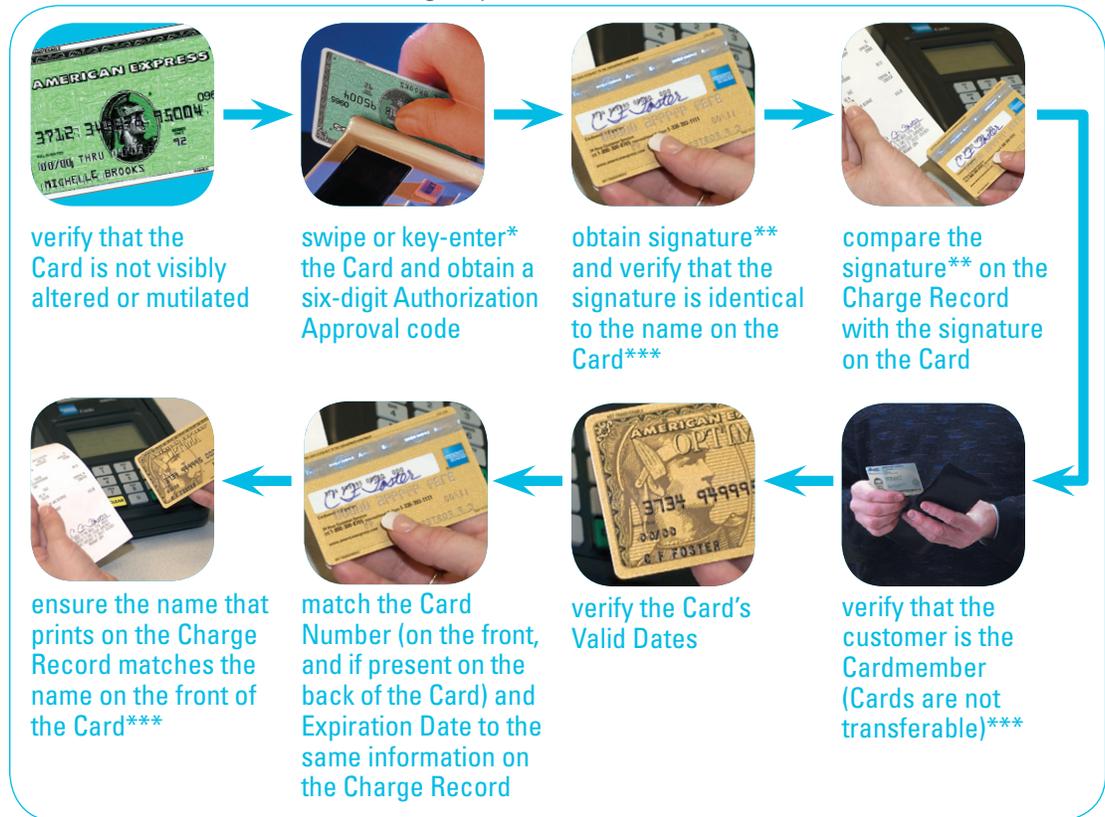


transaction processing

## 4.7 processing an in-person charge

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

For In-Person Charges, you must:



\* See [section 4.6, "key-entered transactions"](#) for additional requirements.

\*\* Except when the Charge qualifies for the No Signature Program.

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



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



#### 4.7 processing an in-person charge (continued)

The table below describes the course of action required during an In-Person Transaction cycle.

if...	then...
The Card is obviously altered or counterfeit.	Do not accept the Card.
The Cardmember is attempting to use the Card outside of its Valid Dates. <b>Note:</b> Cards are valid through the last day of the month on the front of the Card.	Do not accept the Card. Advise the Cardmember to contact the Customer Service number on the back of the Card.
It appears that someone other than the Cardmember is attempting to use the Card.	Do not accept the Card. Indicate that Cards are non-transferable and that only the Cardmember is permitted to use the Card.
The signature does not match the name on the Card.	Call the <a href="#">Authorization department</a> with a "Code 10."
The swipe fails.	Follow all the requirements in <a href="#">section 4.6, "key-entered transactions."</a> A fee may be assessed for non-swiped Transactions. See <a href="#">subsection 14.2.2, "authorization fees."</a>
You are unable to obtain Authorization electronically.	Call the <a href="#">Authorization department</a> . There may be a fee assessed for Voice Authorizations. See <a href="#">subsection 14.2.2, "authorization fees."</a>
The Authorization is Declined.	Do not accept the Card, and follow your internal policies for handling various Authorization responses. See <a href="#">section 5.5, "possible authorization responses."</a>
The customer presents an unsigned Card.	An unsigned Card is invalid. Show customer that the Card is not signed. Ask the customer to sign the Card and also request photo identification (ID) such as a valid driver's license or passport to compare the signatures. If the customer refuses to sign the Card, and you accept it, you are liable for a Chargeback.
The customer's signature on the Charge Record does not appear to match the customer's signature on the Card.	Call the <a href="#">Authorization department</a> with a "Code 10," or, if you prefer, simply decline to accept the Card. For more information on "Code 10," see <a href="#">chapter 9, "fraud prevention."</a>
The Card Number and Expiration Date on the front of the Card and/or back of the Card do not match the Charge Record.	
The name on the Charge Record does not match the name on the front of the Card (except in the case of a Prepaid Card which does not show a name on its face).	
The appearance of the Card or the actions of the customer make you suspicious.	



transaction processing

#### 4.7.1 no signature program



To determine if your Merchant Account qualifies for the No Signature Program, please contact your American Express representative or [Merchant Services](#).

Your Establishments in the United States (not Puerto Rico, the U.S. Virgin Islands, or other U.S. territories and possessions) may participate in our No Signature Program. The No Signature Program allows Establishments not to request a signature from Cardmembers on the Charge Record.

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

The Establishment criteria are:

If we classify your Establishment in an industry that accepts In-Person Charges, then the Establishment may participate in the No Signature Program with the exception of the following categories:

- Merchants who do not conduct In-Person Charges (i.e., internet, mail order, telephone order).
- Prohibited Merchants or prohibited Transactions (or both) as defined in [chapter 10, "risk evaluation."](#) See [section 3.3, "prohibited uses of the Card."](#)
- High Risk Merchants (e.g., cellular phone sales, nightclubs/lounges) as defined in [subsection 10.3.1, "high risk merchants."](#)
- Merchants placed in our Fraud Full Recourse Program. See [subsection 11.12.1, "chargeback programs."](#)

The Charge criteria are:

- The amount of the Charge must be \$25.00 or less.
- The Authorization request must include the full Magnetic Stripe.
- The Charge Submission must include the appropriate indicator to reflect that the Card and the Cardmember were present at the point of sale.
- The Charge Submission must include the appropriate indicator to reflect that the Charge was Merchant attended.
- The Charge Submission must include a valid six-digit Approval code.



transaction processing

#### 4.7.1 no signature program (continued)



The No Signature Program does not provide blanket protection against all Chargebacks. Even if an Establishment and Charge qualify under the No Signature Program, the Merchant may still be subject to Chargeback for reasons unrelated to its failure to obtain a signature from the Cardmember at the point of sale. For more information about Disputed Charges and Chargebacks, see [Chapter 11, "inquiries and chargebacks."](#)

Under the No Signature Program, we will not exercise Chargeback for such Charges based solely on the Establishment's failure to obtain the Cardmember's signature at the point of sale, so long as the Establishment transmits full Magnetic Stripe with its Authorization request through its Point of Sale System. We may nevertheless exercise Chargeback if:

- the Magnetic Stripe is unreadable and the Establishment keys the Charge to obtain an Authorization; or
- the Point of Sale System or the Establishment's Processor fails to capture and pass full Magnetic Stripe to us at the time of the Authorization request.

If we receive disproportionate amounts or numbers of Disputed Charges under the No Signature Program, you must work with us to reduce the amount or number of Disputed Charges. If such efforts fail, we may place you in any of our Chargeback programs (see [subsection 11.12.1, "chargeback programs,"](#)) or we may modify or terminate your Establishment's participation in the No Signature Program.



transaction processing

#### 4.7.2 customer activated terminals



Zip Code Verification is a tool available to minimize the risk of fraud at Customer Activated Terminals. The Zip Code Verification tool compares the billing zip code provided by the customer with that on file for the Cardmember. See [chapter 9, "fraud prevention"](#) for more information.

We will accept Charges for purchases at your Customer Activated Terminals (CATs), provided that you must meet the requirements (except for the Cardmember's signature) for Card Present Charge Records as detailed in [section 4.9, "charge records."](#) You must also follow additional requirements in order for us to accept Charges for purchases at your CATs.

You must:

- include in all requests for Authorization the full Magnetic Stripe data stream, and
- comply with the Technical Specifications (see [section 2.7, "compliance with the Technical Specifications,"](#)) including a CAT indicator on all Authorization requests and Submissions.

We will not be liable for actual or alleged fraudulent Charges occurring through Customer Activated Terminals, and we will have the right to Chargeback for those Charges.



transaction processing

#### 4.8 processing a Card not present charge (general)

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

You must:

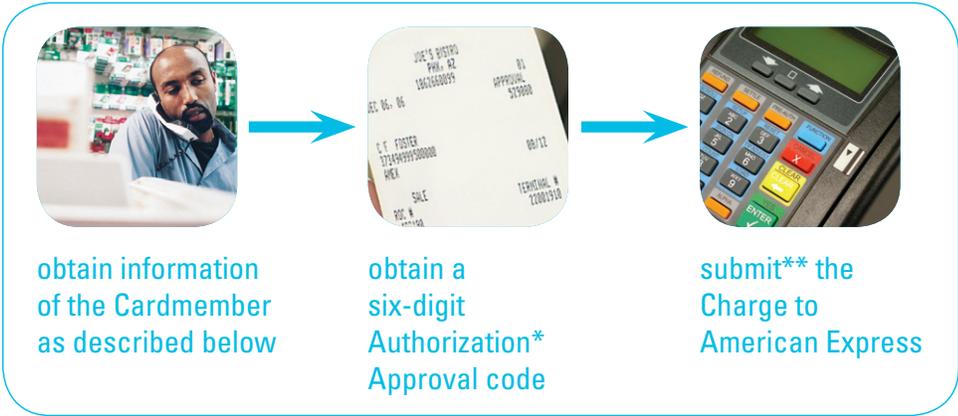


To help reduce the anonymity criminals depend on, American Express offers fraud protection solutions such as CID Verification and Enhanced Authorization. These and other tools are featured in [chapter 9, "fraud prevention."](#)



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

- o date merchandise was delivered,
- o full name of recipient,
- o full shipping address, including full street (and, if applicable, suite or apartment number), city, state, and zip code. Include country, if different from the United States.



\*See [section 5.6, "obtaining an electronic authorization."](#)  
 \*\* See [section 6.5, "submission requirements-electronic."](#)

For Card Not Present Charges, you must create a Charge Record as described in [section 4.9, "charge records."](#) The information you must ask the Cardmember to provide includes:

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



transaction processing

#### 4.8 **processing a Card not present charge (general) (continued)**



In situations where the merchandise is ordered through a Card Not Present channel, but either:

- picked up at a physical store by the Cardmember, or
- delivered to the Cardmember by you (e.g., pizza delivery),

we recommend that you ask to see and obtain an imprint of the Card that was used to make the purchase before releasing the merchandise to the Cardmember. For other Fraud Prevention strategies, see [chapter 9, "fraud prevention."](#)

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

- verified with us, through Automated Address Verification (see [subsection 9.11.1.3, "automated address verification,"](#)) that the address to which the goods were shipped is the Cardmember's full billing address, and
- provided Proof of Delivery indicating the delivery of the goods or services to the Cardmember's full billing address.



transaction processing

#### 4.8.1 processing a Card not present charge (internet)

The popularity and growth of internet sales have sparked exciting new business opportunities for many Merchants, but it also opens Merchants to additional risk and security issues.

If you accept Card Present Transactions and also accept payments via the internet, you must notify American Express so that we may assign a separate Merchant Number for your internet Transactions. For more information on Merchant Numbers, see [section 2.3, “the American Express merchant number.”](#)

We will accept Charges for Internet Orders subject to the requirements of the preceding [“Card not present charge \(general\)”](#) subsection and the following additional requirements.

You must:

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

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

Charge Record requirements for internet Charges are the same as for other Card Not Present Charges.

Additionally, if a Disputed Charge arises involving a Card Not Present Charge that is an Internet Electronic Delivery Charge, we may exercise Chargeback for the full amount of the Charge and place you in any of our Chargeback programs (see [subsection 11.12.1, “chargeback programs.”](#))



transaction processing

## 4.9 charge records



For Card Present Charges, retain a copy of the Charge Record with the Cardmember's signature for your records. You will need it in case the Charge is later disputed. See [section 11.6, "minimum supporting documentation."](#)

You must create a Charge Record for every Charge. For each Charge submitted electronically, you must create an electronically reproducible Charge Record, and the Charge must comply with the Technical Specifications (see [section 2.7, "compliance with the technical specifications."](#)) For each Charge submitted on paper, you must comply with the Charge Record requirements listed in [section 6.6, "submission requirements - paper."](#)

The Charge Record (and a copy of the customer's receipt) must disclose your return and/or cancellation policies. See [subsection 4.17, "return and cancellation policies"](#) for additional information.

If the Cardmember wants to use different Cards for payment of a purchase, you may create a separate Charge Record for each Card used. However, if the Cardmember wants to use a single Card for payment of a purchase, you shall not divide the purchase into more than one Charge nor shall you create more than one Charge Record unless the purchase qualifies for a Delayed Delivery Charge. See [section 4.11, "delayed delivery charges."](#)

For all Charge Records, you must:

- 1 Submit the Charge to American Express directly, or through your Processor, for payment.
- 2 Retain the original Charge Record (as applicable) and all documents evidencing the Charge, or reproducible records thereof, for twenty-four (24) months from the later of the date you submitted the corresponding Charge to us or the date you fully delivered the goods or services to the Cardmember. See [chapter 8, "protecting Cardmember information"](#) for additional information.
- 3 Provide a copy of the Charge Record to the Cardmember. Pursuant to applicable law, truncate the Card Number and do not print the Card's Expiration Date on copies of Charge Records delivered to Cardmembers.



transaction processing

## 4.9 charge records (continued)

Truncated Card Number digits must be masked with replacement characters such as “x,” “\*,” or “#,” and not blank spaces or numbers. Here is an example of a Charge Record with a truncated Card Number.



## 4.10 corporate purchasing Card charges



### Corporate Purchasing Card (CPC)

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

In order for us to adjust your Discount for Corporate Purchasing Card (CPC) Charges (if applicable), you must capture additional or reformatted Transaction Data on the Charge Record, and Transmission Data on the Transmissions, according to the Technical Specifications (see [section 2.7, “compliance with the technical specifications,”](#)) including:

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

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



transaction processing

## 4.11 delayed delivery charges



### Delayed Delivery Charge

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



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

- clearly disclose all sales and refund policies (see [subsection 4.17, "return and cancellation policies."](#))
- retain a copy of the Cardmember's written consent in a format that easily allows you to respond to an Inquiry.

See [chapter 11, "inquiries and chargebacks"](#) for additional information.

You may accept the Card for Delayed Delivery Charges. For a Delayed Delivery Charge, you must:

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



## 4.12 aggregated charges



### Aggregated Charge

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



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

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

If we classify you in an internet industry, you may process Aggregated Charges provided the following criteria are met.

- Clearly disclose your intent and obtain written consent from the Cardmember that their purchases or refunds (or both) on the Card may be aggregated and combined with other purchases or refunds (or both) before you request an Authorization.
- Each individual purchase or refund (or both) that comprises the Aggregated Charge must be incurred under the same Merchant Number and on the same Card.
- Obtain a pre-Authorization of no more than \$15. See [section 5.13, "pre-authorization"](#) for additional information.
- Create a Charge Record for the full amount of the Aggregated Charge. For more information on Charge Records, see [section 4.9, "charge records."](#)
- The amount of the Aggregated Charge must not exceed \$15 or the amount for which you obtained pre-Authorization.
- Submit each Charge Record within our Submission timeframe (see [section 6.5, "submission requirements-electronic."](#)) For the purposes of section 6.5, "submission requirements – electronic," a Charge will be deemed "incurred" on the date of the last purchase or refund (or both) that comprises the Aggregated Charge.
- Provide the Cardmember with an email containing:
  - the date, amount, and description of each individual purchase or refund (or both) that comprises the Aggregated Charge, and
  - the date and the amount of the Aggregated Charge.



transaction processing

### 4.13 advance payment charges



#### Advance Payment Charge

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

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

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

For an Advance Payment Charge, you must:

- State your full cancellation and refund policies, clearly disclose your intent and obtain written consent from the Cardmember to bill the Card for an Advance Payment Charge before you request an Authorization. The Cardmember's consent must include:
  - his or her agreement to all the terms of the sale (including price and any cancellation and refund policies), and
  - a detailed description and the expected delivery date of the goods and/or services to be provided (including, if applicable, expected arrival and departure dates).
- Obtain an Authorization Approval.



transaction processing

### 4.13 advance payment charges (continued)



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

- o clearly disclose all reservation, sales, cancellation, and refund policies (see [subsection 4.17, "return and cancellation policies."](#))
- o retain a copy of the Cardmember's written consent, including a detailed description and expected delivery date of the goods and/or services to be provided in a format that easily allows you to respond to an Inquiry.

See [chapter 11, "inquiries and chargebacks"](#) for additional information.

- o Complete a Charge Record. If the Advance Payment Charge is a Card Not Present Charge, you must also:
  - ensure that the Charge Record contains the words "Advance Payment" (see [section 4.9, "charge records,"](#)) and
  - within twenty-four (24) hours of the Charge being incurred, provide the Cardmember written confirmation (e.g., email or facsimile) of the Advance Payment Charge, the amount, the confirmation number (if applicable), a detailed description and expected delivery date of the goods and/or services to be provided (including expected arrival and departure dates, if applicable) and details of your cancellation/refund policy.

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

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



transaction processing

#### 4.14 recurring billing charges



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

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

For more tips on reducing Chargebacks, see [chapter 11, "inquiries and chargebacks."](#)

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

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

- clearly and conspicuously disclose all material terms of the option, including, if applicable, the fact that Recurring Billing will continue until the option is cancelled by the Cardmember,
- obtain the Cardmember's express written consent for you to bill the Card before submitting the first Recurring Billing Charge,
- notify the Cardmember that he or she can withdraw such consent at any time, and ensure that your process for cancellation of Recurring Billing is simple and expeditious,
- within twenty-four (24) hours of incurring the first Recurring Billing Charge, provide the Cardmember written confirmation (e.g., email or facsimile) of such Charge, including all material terms of the option and details of your cancellation/refund policy, and
- where the material terms of the option change after Submission of the first Recurring Billing Charge, promptly notify the Cardmember in writing of such change and obtain the Cardmember's express written consent to the new terms prior to submitting another Recurring Billing Charge.

The method you use to secure consent must contain a disclosure that you may receive updated Card account information from the Issuer. You must retain evidence of such consent for twenty-four (24) months from the date you submit the last Recurring Billing Charge.



transaction processing

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#### 4.14 recurring billing charges (continued)

Before submitting a Recurring Billing Charge, you must obtain Authorization and complete a Charge Record (see [section 4.9, "charge records"](#)) except with the words "signature on file," if applicable, on the signature line and the appropriate electronic descriptor on the Charge Record. For complete Authorization requirements, see [chapter 5, "authorization."](#)

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

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

The cancellation of a Card constitutes immediate cancellation of that Cardmember's consent for Recurring Billing Charges. We need not notify you of such cancellation, nor will we have any liability to you arising from such cancellation.

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

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



transaction processing

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#### **4.15 processing transactions for specific industries**

Most policies and procedures in the Merchant Regulations are applicable to all Merchants, regardless of industry. Some Merchants classified in specific industries, however, are subject to additional policies and procedures. These policies and procedures appear in [chapter 12, “specific industries.”](#)

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#### **4.16 processing a credit**

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

Follow these steps to issue a Credit for Card Present Charges:

- 1** Create a Credit Record.
- 2** Compare the last four digits on the Charge Record against the Card presented.
- 3** Have the Cardmember sign the Credit Record.

Follow these steps to issue a Credit for Card Not Present Charges:

- 1** Create a Credit Record.
- 2** Compare the last four digits on the Credit Record against the original Charge Record that was provided to the Cardmember.
- 3** Indicate if the Credit Record is for a telephone, mail or Internet Order and if the Cardmember’s signature is on file.



transaction processing

#### 4.16 processing a credit (continued)



Beginning July 1, 2011, you can log into Online Merchant Services (OMS) to access the Credit processing calculator to help you evaluate the Discount Refund Option. If you wish to enroll in the Discount Refund Option, please contact [Merchant Services](#).

You must not issue a Credit when there is no corresponding Charge, nor issue a Credit in exchange for cash or other consideration from a Cardmember. You must submit Credits to us within seven (7) days of determining that a Credit is due and create a Credit Record that complies with our requirements (see [subsection 4.16.1, "credit records"](#) for additional information). If you issue a Credit, we will not refund the Discount or any other fees or assessments previously applied on the corresponding Charge, unless you elect to increase your Discount Rate by 40 basis points (0.40%), in which case, if you issue a Credit, we will refund the Discount (but not any other fees or assessments) previously applied on the portion of the corresponding Charge that has been credited. This option, sometimes called the "Discount Refund Option" in our materials, is available only to your Establishments in the United States (not Puerto Rico, the U.S. Virgin Islands, or other U.S. territories and possessions). Enrollment in the Discount Refund Option requires a one year commitment for all your Establishments, after which time you can change your election. The Discount on Chargebacks will not be refunded (see [section 11.11, "how we chargeback."](#))

**effective  
july 1, 2011**

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

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

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

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



transaction processing

#### 4.16.1 credit records

You must create a Credit Record for any Credit you issue. For each Credit submitted electronically, you must create an electronically reproducible Credit Record, and the Credit must comply with the Technical Specifications (see [section 2.7, “compliance with the technical specifications.”](#))

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

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

For all Credit Records, you must:

- 1 Submit the Credit to American Express directly, or through your Processor.
- 2 Retain the original Credit Record (as applicable) and all documents evidencing the Transaction, or reproducible records thereof, for twenty-four (24) months from the date you submitted the corresponding Credit to us. See [chapter 8, “protecting Cardmember information”](#) for additional information.
- 3 Provide a copy of the Credit Record to the Cardmember. Pursuant to applicable law, truncate the Card Number and do not print the Card’s Expiration Date on copies of Credit Records delivered to the Cardmember.

## 4.17 return and cancellation policies



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

- near the cash registers
- on the Charge Record/sales slip the customer signs

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

For internet Transactions, display terms and conditions of purchases, returns and cancellations in a prominent location on your website with an "I Accept" functionality.



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

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

### *Return/Cancellation Policies*

We recommend that you:

- 1 Provide clear return instructions for your customers, including the following information:
  - customer service telephone number,
  - reference number for the return,
  - expected processing time for the Credit, and
  - return address, preferably on a preformatted shipping label (if applicable).
- 2 Document cancellation policy and terms and conditions on the contract the Cardmember signs, or on your website, as applicable.
- 3 Provide Cardmember with a cancellation number that can be tracked in your records.

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

See [chapter 6, "submission"](#) for additional information.



transaction processing

#### 4.17.1 return policy for prepaid products



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

This section applies to Merchants who accept our Card for the purchase of any prepaid product (Prepaid Cards, non-American Express branded stored value or gift cards, or both). If your return policy for the purchase of prepaid products is different from your standard return policy, notwithstanding the requirements listed in [subsection 4.17, “return and cancellation policies,”](#) you must ensure that such prepaid product-specific return policy is clearly disclosed to the Cardmember at the time of purchase and also coded to print on all receipts and copies of Charge Records you provide to Cardmembers.

#### 4.18 processing prepaid Cards



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

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

- Instruct Cardmembers that, before making a purchase, they must check their remaining funds by calling the 24-hour toll-free number on the back of the Card.
- Because Prepaid Cards are pre-funded, if you receive a Decline when seeking Authorization, ask the customer to call the toll-free number on the back of the Card to confirm that the purchase price does not exceed the available funds on the Prepaid Card.
- If the Prepaid Card does not have enough funds to cover the purchase price, process a Split Tender Transaction or request an alternative form of payment. See [section 5.14, “additional authorization requirements.”](#)
- You must create a Charge Record for a Prepaid Card as you would any other Card.

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

## 4.19 processing travelers / gift cheques

American Express Travelers Cheques, Cheques for Two, and Gift Cheques are easy to accept provided that the cheque is an authentic American Express Travelers Cheque. See [subsection 4.19.1, "acceptance procedures."](#)

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



American Express Travelers Cheques are the most widely used and recognized travel currency in the world. They are considered the world's safest currency because if they are ever lost or stolen, they can be replaced quickly and easily, almost anywhere in the world, usually within 24 hours.



Travelers Cheques come in denominations ranging from \$20 to \$1000. Be cautious when presented with an American Express Travelers Cheque in a denomination of \$500 or greater. These higher-denominated Travelers Cheques are rarely sold, and therefore are more likely to be counterfeit. For information on how to perform a "smudge test," which is designed to test the authenticity of the Travelers Cheque, see [section 9.9, "travelers cheque and gift cheque security features."](#)

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

- 1 Do not accept it.
- 2 Write the word "VOID" across the front of the counterfeit Cheque.
- 3 Contact the [American Express Travelers Cheque Customer Service Department](#).

For further information, see [chapter 9, "fraud prevention."](#)



transaction processing

#### 4.19.1 acceptance procedures

Accepting American Express Travelers and Gift Cheques is easy.

- Watch your customer countersign in the lower left corner of the Cheque, and compare the countersignature to the signature in the upper left corner for American Express Travelers Cheques and Gift Cheques. For Cheques for Two, the customer's countersignature must match either one of the two signatures on top.
- Validate Security Features – validating these features will help reduce the acceptance of counterfeit checks (see [section 9.5, “Card security features.”](#))
- Obtain authorization – American Express recommends obtaining an authorization to reduce the chances of accepting fraudulent Cheques. American Express offers a variety of authorization tools. See authorization methods in the table below to determine your course of action.

if...	then...
The signature and countersignature are a reasonable match (they look alike, but may not be identical)	Accept the Cheque. There is no need to obtain any identification.
You suspect that the countersignature is false, or you did not watch the customer countersign	Ask the customer to turn the Cheque over and sign again across the left-hand side (in the same manner one typically endorses a check). Then take the Cheque and fold up the bottom right-hand corner so that you can compare the original signature with the new one.
The signatures are not the same, or if there is a question regarding the validity of the Cheque	Call the <a href="#">American Express Travelers Cheque Customer Service Department</a> .
You suspect that the Travelers Cheque being presented is fraudulent	Use any of the following methods to verify that the Cheque you are accepting is authentic. <ul style="list-style-type: none"> <li>○ Perform a smudge test (see <a href="#">chapter 9, “fraud prevention”</a> for details).</li> <li>○ Obtain Online Authorization – <a href="https://www.americanexpress.com/verifyamextc">https://www.americanexpress.com/verifyamextc</a>.</li> <li>○ Obtain Point of Sale Authorization – Contact your check verification vendor (e.g., TeleCheck, Certegy) to find out more about point of sale Authorization solutions for your business.</li> </ul>

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## authorization

### 5.1 introduction

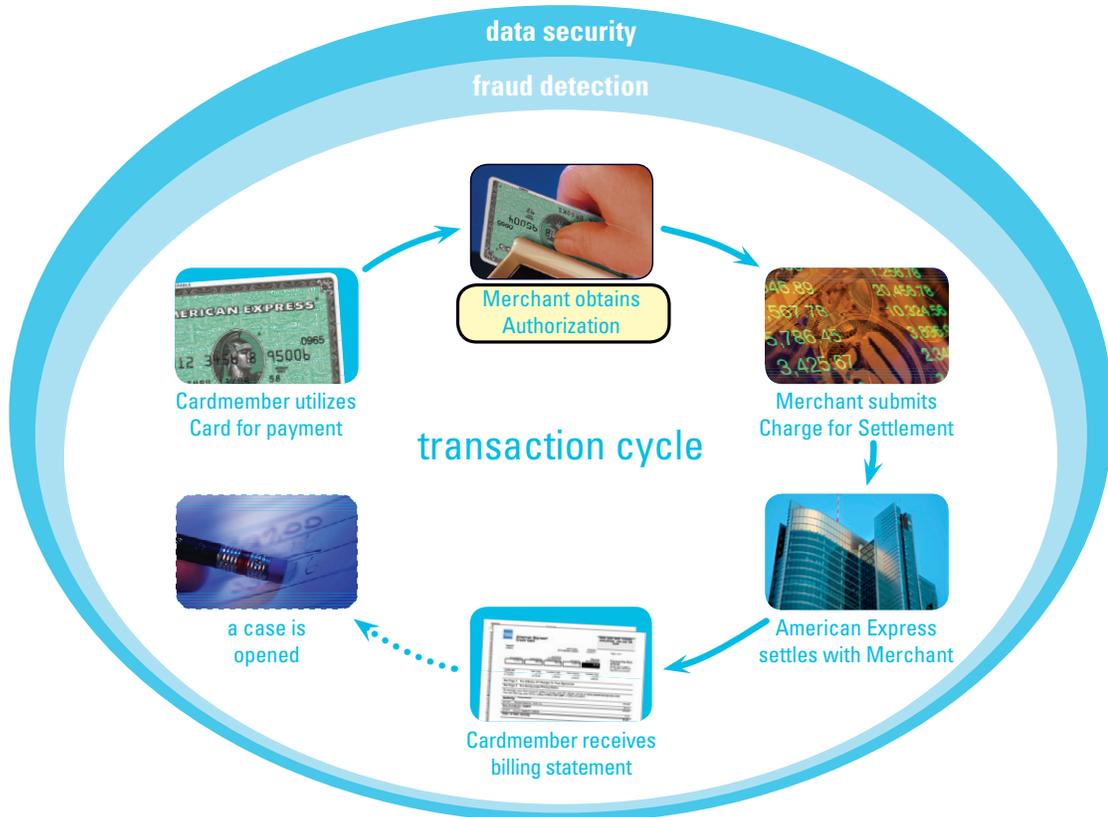


The payment card industry devotes significant amounts of time and resources to developing Authorization systems and decision models in an effort to mitigate the financial losses.

Every Transaction begins and ends with the Cardmember. Between the time the Cardmember presents the Card for payment and receives the goods or services, however, a great deal of data is exchanged, analyzed and processed. A process that literally takes seconds at the point of sale is actually a highly complex approach to analyzing each Transaction.

### 5.2 transaction cycle

For all Charges you must initiate an Authorization. The Authorization process begins when you provide an Authorization request to us. After requesting Authorization, you receive an Authorization response, which you use, in part, to determine whether to proceed with the Charge.





### 5.3 the purpose of authorization

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

For every Charge, you are required to obtain an Authorization Approval. Once you receive from us a six-digit Approval code, the Charge can be submitted for payment.

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

### 5.4 authorization process





authorization

## 5.5 possible authorization responses



When keying Transactions, ensure:

- the Card number is keyed correctly
- the Expiration Date is entered in a YY/MM format



If you have a POS terminal printer, the six-digit Approval code prints automatically. If you do not have a POS terminal printer, write down the six-digit Approval code clearly on the Charge Record. You will need it as supporting documentation.

Responses to your requests for Authorization are generated by Issuers and transmitted by us to you. The following are among the most commonly generated responses to your request for Authorization. The exact wording will vary, so check with your Processor or Terminal Provider to determine what Authorization responses will appear on your equipment.

authorization response	what it means
Approved	The Charge is approved.
Declined or Card Not Accepted	The Charge is not approved. Do not submit the Charge. If you nevertheless choose to submit the Charge, you will be subject to a Chargeback. 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.
Please Call or Referral	Additional information is required to complete the Charge. Call the <a href="#">American Express Authorization department</a> for resolution. See <a href="#">section 5.7, "obtaining a voice authorization"</a> for instructions.
Pick up	You may receive an Issuer point of sale response indicating that you must pick up the Card. Please follow your internal policies when you receive this response. Never put yourself or your employees in unsafe situations. If your policies direct you to do so, you may initiate the pick up process by calling the <a href="#">American Express Authorization department</a> .



## 5.6 obtaining an electronic authorization



Failure to comply with the Technical Specifications for Authorization may impact your ability to successfully process Transactions. For example, we may not be able to issue an Authorization response or process the Charge at Submission (see [section 6.5, "submissions requirements – electronic."](#))

The easiest way to obtain an Authorization response is through a Point of Sale System.

If you process Card Present Charges electronically, you must transmit Transaction Data with your Authorization request through your Point of Sale System.

You must ensure that all Authorization requests comply with the Technical Specifications (see [section 2.7, "compliance with the technical specifications."](#)) If the Authorization request does not comply with the Technical Specifications, we may reject the Submission, we may exercise Chargeback, and we will have the right to assess non-compliance fees (see [subsection 14.2.3, "submission and settlement fees."](#))

If the Card is unreadable and you have to key-enter the Charge to obtain an Authorization, then you must validate the Card's presence. See [section 4.6, "key-entered transactions"](#) for additional information.

If you use an electronic Point of Sale System to obtain Authorization, the six-digit Approval code must be printed automatically on the Charge Record.

Obtaining electronic Authorization may occasionally not be possible due to Point of Sale System problems, System Outages and other disruptions of an electronic Charge. In these instances, you must obtain a Voice Authorization (see the following section). Fees may apply to Voice Authorization. See [subsection 14.2.2, "authorization fees"](#) for more information.



authorization

## 5.7 obtaining a voice authorization



American Express may assess a fee for Voice Authorization. Some ways to avoid this fee are:

- process and submit Charges electronically.
- obtain the six-digit Approval code electronically by swiping the Card.
- if you receive a Please Call or Referral prompt on your Point of Sale System, you will not be assessed a Voice Authorization fee if you call the [American Express Authorization department](#) on the same day you receive the Please Call or Referral message, and if you enter the same dollar amount (within \$1) over the phone that you initially entered in the POS System when you received the message.

If your electronic Point of Sale System is unable to reach our Authorization system, or you do not have an electronic Point of Sale System, you must seek Voice Authorization by following the steps below:

- 1 Call the [American Express Authorization department](#).
- 2 The voice response system or an American Express representative will request, at a minimum, the following information:
  - Card Number
  - Merchant Number
  - Dollar amount

In some situations, you may be asked for additional information such as Expiration Date or Card Identification (CID) Number.

- 3 A response will be provided. If the request for Authorization is approved, capture the six-digit Approval code for Submission.
- 4 If you are submitting electronically, you must enter the Approval code into your Point of Sale System. For instructions on how to complete this type of Charge, contact your Terminal Provider and/or Processor.

We may assess a fee (see [subsection 14.2.2, "authorization fees"](#)) for each Charge for which you request a Voice Authorization unless such failure to obtain Authorization electronically is due to the unavailability or inoperability of our computer Authorization system.



## 5.8 verification services



For Card Not Present Charges, you can minimize the chance of a Chargeback if you:

- ensure a positive match of the billing address through AAV
- ship to the billing address
- obtain Proof of Delivery

For more information, see [chapter 11, "inquiries and chargebacks."](#)

There are a number of tools available to help you verify information about Cardmembers by making sure the information provided by your customers matches the information on file with the Issuer. These tools help mitigate the risk of fraud, but are not a guarantee that (i) the person making the Charge is the Cardmember, (ii) the Charge is in fact valid or bona fide, (iii) you will be paid for the Charge, or (iv) you will not be subject to a Chargeback. The following list shows the available tools. See [section 9.11, "verification services"](#) for additional information.

### *Electronic Services*

Electronic verification is a cost effective way to help verify information provided by the Cardmember. Electronic verification is free to you and certified Processors, and can be used to:

- process Authorizations in real time and/or combine Authorizations and submit all at once,
- help identify high-risk Charges, and
- process with, or in the case of some verification tools, without an Authorization request.

The electronic verification services we offer are:

- CID Verification
- Zip Code Verification
- Automated Address Verification (AAV)
- Telephone Number Verification
- Email Address Verification



authorization

## 5.8 verification services (continued)

In order to utilize these electronic verification services, you must comply with the applicable sections of the Technical Specifications (see [section 2.7, “compliance with the technical specifications.”](#))

### Additional Services

In addition to electronic verification services, we also offer the following verification services which may be accessed by telephone:

- Name and Address Verification (NAV)
- Charge Verification Program

## 5.9 Card identification (CID) number



### Card Identification (CID) Number

CID is a four-digit number printed above the Card Number (circled in red in this picture) on the face of all American Express Cards.



The Card Identification (CID) Number provides an extra level of Cardmember validation and is part of the Authorization process. The CID Number is printed on the Card. The number is four (4) digits.

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

**Note:** CID Numbers must not be stored for any purpose. They are available for real time Charges only. See [chapter 8, “protecting Cardmember information.”](#)

See [chapter 9, “fraud prevention”](#) for more information on CID Numbers and our CID Program.

## 5.10 authorization reversal

To cancel or void a Charge that has been Approved, you may cancel the Authorization by calling the [American Express Authorization department](#).

Once a Charge Record has been submitted to us, however, the Authorization cannot be cancelled or changed. For example, if you make an error in a Charge but have already submitted the Charge Record, you cannot systematically request a change in the Charge. You must instead follow the procedures for Processing a Credit, as defined in [section 4.16, “processing a credit.”](#)



## 5.11 authorization time limit



For more information about how much time you have to submit a Charge, see [section 6.5, "submission requirements - electronic."](#)

Authorization Approval codes are valid for thirty (30) days after the Authorization date except for certain Charges from Merchants that we classify in the cruise line, lodging, or vehicle rental industries (see [section 12.14, "travel industries"](#) for Authorization Approval validity times for each of these industries). You must obtain a new Approval if you submit the Charge to us more than thirty (30) days after the original Authorization date.

For Charges of goods or services that are shipped or provided more than thirty (30) days after an order is placed, you must obtain an Approval for the Charge at the time the order is placed and again at the time you ship or provide the goods or services to the Cardmember.

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

## 5.12 floor limit



### Floor Limit

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

We maintain a zero-dollar Floor Limit on all Charges for our Merchants in the U.S., Puerto Rico, the U.S. Virgin Islands, and other U.S. territories and possessions. This means that we require an Authorization on all purchases, regardless of the amount.



authorization

### 5.13 pre-authorization

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

### 5.14 additional authorization requirements

There are instances, which are outlined below, when additional Authorization requirements apply.

Merchants classified in certain industries also are subject to additional specific Authorization requirements. See [chapter 12, "specific industries."](#)

topic	additional requirements
Recurring Billing	<p>You must flag all requests for Authorization with a Recurring Billing indicator (see <a href="#">section 4.14, "recurring billing charges."</a>)</p> <p>To improve the likelihood of obtaining an Approval to an Authorization request, we recommend you periodically verify with Cardmembers that all their information (e.g., Card Number, Expiration Date, billing address) is still accurate.</p>
Gift Cheques and Travelers Cheques	<p>You do not need to obtain Authorization prior to accepting Gift and Travelers Cheques. You must, however, follow the appropriate procedures outlined in <a href="#">section 4.19, "processing travelers/gift cheques."</a></p> <p>Questions concerning the validity of Gift or Travelers Cheques can be raised by calling the <a href="#">Travelers Cheque Customer Service Department</a>.</p>
Split Tender	<p>During a Split Tender Transaction, the Cardmember uses multiple forms of payment for a single purchase (e.g., Prepaid Cards, cash, American Express Card).</p> <p>You may follow your policy on combining payment on Prepaid Cards with any Other Payment Products or methods of payment. If the other payment method is an American Express Card then you are required to follow all provisions of the Agreement.</p> <p>Please check with your Terminal Provider or Processor to determine if your Point of Sale System is set up for Split Tender functionality.</p>

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submission

## 6.1 introduction

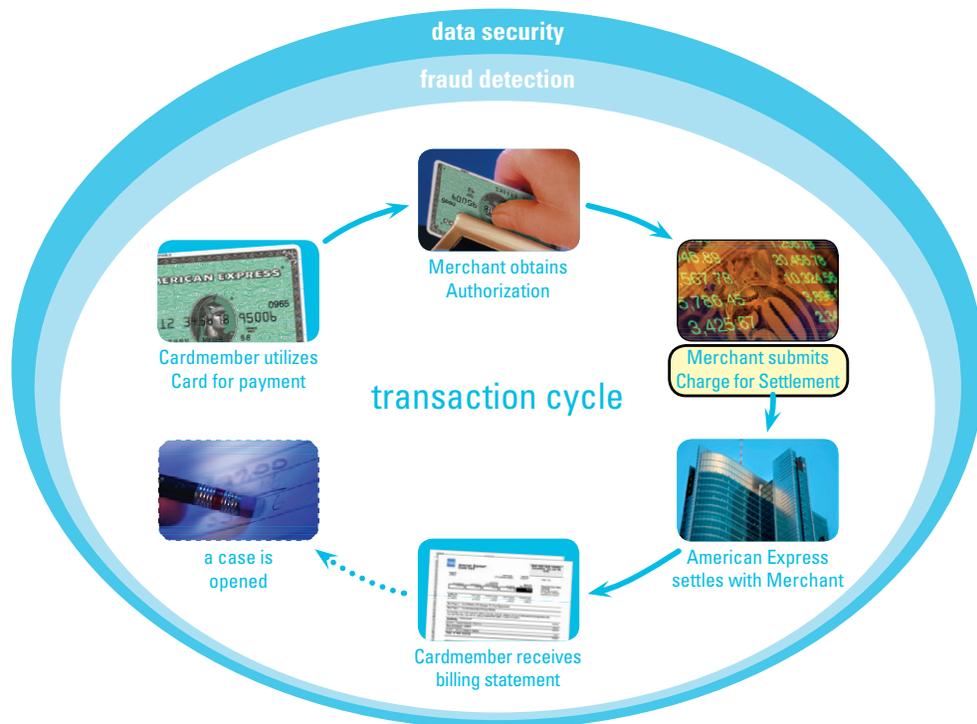
Merchants are familiar with commitments that keep their business running smoothly. One such commitment is to submit Transactions conducted at your Establishments to us for payment.

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

See [sections 4.7, “processing an in-person charge”](#) and [4.16, “processing a credit”](#) for additional information.

## 6.2 transaction cycle

You must submit Transactions to us, directly or through a Processor, usually at the end of a day. If you have any questions about applying these Submission policies and procedures to your POS System, contact your Processor, Terminal Provider, or your American Express representative.





### 6.3 purpose of submission

After we receive the Submission, either directly from you or from your Processor, we will process it and settle with you according to your payment plan, speed of payment and payment methods, as described in [chapter 7, "settlement."](#)

Charges and Credits will be deemed accepted on a given business day if processed by us before 4:00 p.m., Mountain time (U.S.A.).

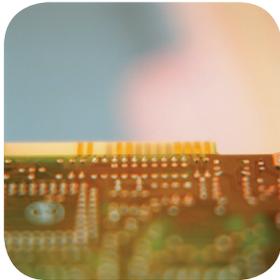
### 6.4 submission process





submission

## 6.5 submission requirements – electronic



### Further Information

For additional information on retaining information, see [section 4.9, “charge records,”](#) and [section 8.3, “standards for protection of Cardmember information.”](#)



Besides impacting your Transaction processing, failure to comply with the Technical Specifications may increase your Disputed Charges. For instance, for a Card Not Present Charge, if you do not provide a customer service telephone number or web address, Cardmembers who do not recognize Charges may initiate “no knowledge” Inquiries rather than contact you directly to identify the Charge. For additional requirements for third parties, see [section 2.5, “use of third parties.”](#)

You must submit Transactions electronically except under extraordinary circumstances. Your Establishments in the United States, Puerto Rico, the U.S. Virgin Islands, and other U.S. territories and possessions, must submit Charges and Credits only in U.S. dollars.

- Credits: You must submit all Credits to us within seven (7) days of determining that a Credit is due. You must submit each Credit under the Merchant Number of the Establishment where the Credit originated.
- Charges: You must submit all Charges to us within seven (7) days of the date they are incurred. Charges are deemed “incurred” on the date the Cardmember indicates to you that they will pay for the goods or services purchased with the Card, except for Aggregated Charges (see [section 4.12, “aggregated charges”](#) for additional information.) Charges must not be submitted to us until after the goods are shipped, provided, or the services are rendered except for Delayed Delivery Charges (see [section 4.11, “delayed delivery charges”](#) for additional information) or Advance Payment Charges (see [section 4.13, “advance payment charges”](#) for additional information). You must submit each Charge under the same Merchant Number as the Merchant Number under which the Authorization request was sent.

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

A Submission must comply with the Technical Specifications (see [section 2.7, “compliance with the technical specifications.”](#)) Failure to follow these requirements could result in a rejection of your Submission or delay in your payment (or both). If a Batch rejects, you will not be paid until the Submission is corrected and resubmitted. You must work with your Terminal Provider and/or Processor, or if you have a direct link with American Express, your American Express representative, to correct the error, then resubmit. For Submissions which fail to comply with the Technical Specifications, we have the right to Chargeback and assess non-compliance fees (see [subsection 14.2.3, “submission and settlement fees.”](#))



submission

## 6.6 submission requirements – paper



Submitting electronically allows you to avoid paying a paper Submission rate. Electronic Submission ensures your Submission file is sent to us quickly, so we can begin the process of settling with you. If you are not submitting electronically, contact [Merchant Services](#) for information on how to facilitate electronic Submission.



If you are presented with an unembossed Prepaid Card, you must hand-write the required information to process a Charge Record. See [section 4.9, “charge records.”](#)



If you cannot obtain an electronic Authorization, you must obtain a Voice Authorization (see [section 5.7, “obtaining a voice authorization”](#) for more information).

If, under extraordinary circumstances, you submit Transactions on paper, you must do so in accordance with our instructions outlined in [chapter 4, “transaction processing.”](#)

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

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

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

- Full Card Number and Expiration Date (pursuant to applicable law), and if available, Cardmember name.
- The date the Charge was incurred.
- The amount of the Charge, which must be the total price for the purchase of goods and services (plus applicable taxes and gratuities) purchased on the Card.
- The six-digit Authorization Approval code.
- A clear description of the goods or services purchased by the Cardmember.
- An imprint or other descriptor of your name, address, Merchant Number and, if applicable, store number.
- The words “No Refunds” if you have a no refund policy, and your return and/or cancellation policies. See [subsection 4.17, “return and cancellation policies”](#) for additional information.
- If a Card Present Charge, the Cardmember’s signature.



submission

## 6.6 submission requirements – paper (continued)



Retain a copy of the Charge Record with the Cardmember's signature for your records (see [section 4.9, "charge records,"](#) and [section 11.6, "minimum supporting documentation,"](#) for more information).

- If a Card Not Present Charge, the words "telephone order," "mail order," "Internet Order," or "signature on file," as applicable.

Charge Records submitted on paper must comply with the applicable requirements in [section 4.9, "charge records."](#)

Charges must be submitted in accordance with the applicable requirements (e.g., the amount of time you have to submit Charges after they are incurred) described in [section 6.5, "submission requirements – electronic."](#)

Fees may apply if you submit Transactions on paper. See [subsection 14.2.3, "submission and settlement fees."](#)

See the [contact information](#) page for the address to which paper Submissions must be sent.

## 6.7 how to submit



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



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

We recommend that you Batch out and submit Transactions to us at least once each day. On busy days, your Transaction volume may be greater than your Point of Sale System's storage capability. Work with your Terminal Provider to determine your storage capacity, then determine if you will need to submit more than once each day (e.g., submit a Batch at mid-day and again in the evening).

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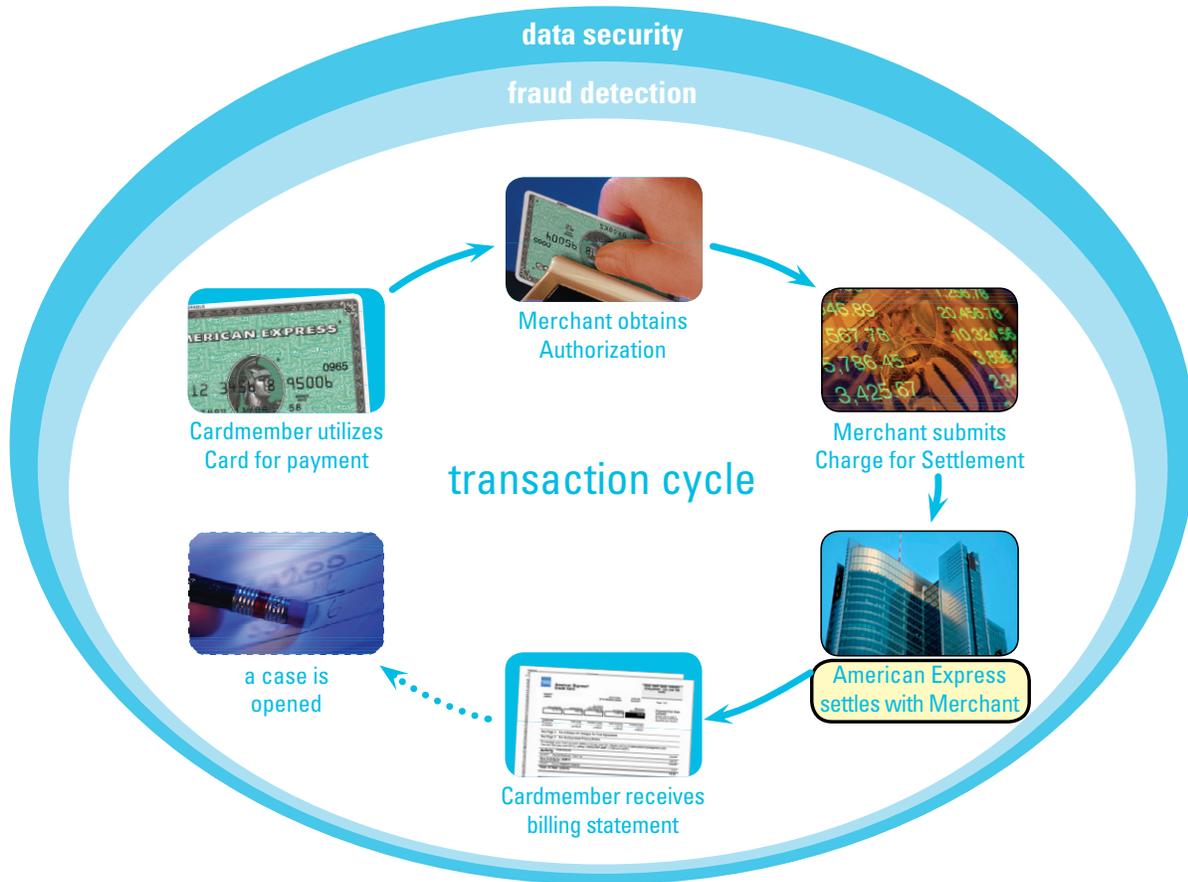
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settlement

**7.1 transaction cycle**

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





## 7.2 settlement amount

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

- Discount
- Amounts you owe us or our Affiliates
- Amounts for which we have Chargebacks
- Credits you submit

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

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

## 7.3 discount/ discount rate



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

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



### Discount/Discount Rate

An amount that we charge you for accepting the Card, which amount is: (i) a percentage (Discount Rate) of the face amount of the Charge that you submit, or a flat Transaction fee, or a combination of both; and/or (ii) a Monthly Flat Fee (if you meet our requirements). See [subsection 7.3.1, "monthly flat fee."](#)



settlement

### 7.3.1 monthly flat fee

---

If the total amount of annual Charges the Merchant expects to incur is less than a threshold we determine (currently \$5000), and you Submit, Authorize, and settle electronically, you may be enrolled in and pay a Monthly Flat Fee each month. See [subsection 14.2.1 “Card acceptance discount fees”](#) for the current Monthly Flat Fee.

If you select or are enrolled in the Monthly Flat Fee option, you will incur the Monthly Flat Fee the first month after you are set up for Card acceptance. If we charge you a Monthly Flat Fee, we will debit your Bank Account for such Monthly Flat Fee.

We may stop charging you a Monthly Flat Fee and start charging you a Discount whenever:

- the total amount of Charges you submit to us during any consecutive twelve month period is greater than a threshold we determine,
- you so request, or
- we otherwise determine in our discretion.

We may automatically charge you a Monthly Flat Fee instead of a Discount if you do not activate your Merchant Account and submit Charges to us within 150 days after we set up your Merchant Account. If we do not receive any Charges from you within any period of twelve consecutive months, we may charge you a Monthly Flat Fee instead of a Discount.

### 7.3.2 corporate purchasing Card discount reduction

---

If you meet the requirements outlined in [section 4.10, “corporate purchasing Card charges,”](#) we may adjust your Discount Rate for Charges made on the American Express® Corporate Purchasing Card (CPC). This adjustment will not apply if you do not meet the preceding requirements or if your Discount is a Monthly Flat Fee or a flat Transaction fee. We will notify you of such adjustments.



settlement

**7.4 method of payment** We will send Settlement amounts to you electronically via an automated clearing house (ACH) to the Bank Account you designate at a bank in the United States that participates in the ACH.

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

You must participate in electronic pay unless you cannot (i.e., your bank does not have access to the Federal Reserve System to receive transactions via an ACH). You must provide us with the bank's name and ABA (bank routing) number, and your Bank Account number, and you must notify your bank that we will have access to your account for debiting and crediting the Bank Account.

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

If you cannot participate in electronic pay, you will receive your Settlement in the form of a check, for which you may be charged a check fee. Settlement in the form of a check may automatically generate a monthly paper statement to you unless you are enrolled in Online Merchant Services. See [section 7.7, "reconciliation options"](#) for more information. We will charge you a fee for paying you by check. See [subsection 14.2.3, "submission and settlement fees."](#)



settlement

**7.4 method of payment (continued)** We will not be responsible for any obligations, damages, or liabilities in excess of the amount of the applicable debit, credit, or adjustment to your Bank Account in the event that your bank does not honor any such item or improperly applies it to your Bank Account.

**7.5 speed of payment plan** Unless otherwise agreed in writing, we will initiate ACH payment to your Bank Account within three days (excluding Sundays and Federal Reserve holidays) after our receipt of the Charge prior to our cut-off time for receiving and processing Charges. If your payment date falls on a day that our bank is not open for processing ACH payments, we will initiate payment on the next day our bank is open for such processing.

You may choose one of the following payment plans:

- Three day payment plan: We initiate payment three days\* after our cut-off time for receiving and processing Charges.
- Fifteen day payment plan: We initiate payment fifteen days\* after our cut-off time for receiving and processing Charges.
- Thirty day payment plan: We initiate payment thirty days\* after our cut-off time for receiving and processing Charges.

The table below illustrates the three day payment plan.

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

\* ACH network does not operate on Sundays and Federal Reserve holidays.



settlement

## 7.5 speed of payment plan (continued)

Fifteen and thirty day payment plans include a reduction in the base Discount Rate.

Your initial choice of a payment plan is indicated in the Agreement or otherwise provided to you in writing. We may offer, in our discretion, other payment plans and will notify you of their terms, as applicable. If you do not choose a payment plan, you will automatically be enrolled in the three day payment plan.

## 7.6 payment options

American Express offers Merchants two main payment options. If you do not choose a payment option, you will automatically be enrolled in the net pay option.

net pay	gross pay
Merchant is paid the full amount of the Charges submitted less the Discount and other applicable amounts.	Merchant is paid the full amount of the Charges submitted, and then a second Adjustment occurs to deduct the Discount and other applicable amounts.

See [section 7.2, "settlement amount"](#) for additional information.

### 7.6.1 net pay

Net pay is the payment option where the Discount and other amounts are deducted from (or netted out of) the payment to the Merchant. For example, you submit a \$100 Charge and your Discount Rate is 3%. Assuming there are no other Adjustments to your Settlement amount, you will be paid \$97.00. See [section 7.2, "settlement amount."](#)



settlement

## 7.6.2 gross pay



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

Gross pay is a payment option where the Discount and other amounts are not deducted (or netted out) from the face amount of the Charge you submit. Instead, when we pay you for the face amount of the Charge, we will settle with you by debiting your Bank Account (or otherwise deducting from payments) for the amounts described in [section 7.2, “settlement amount.”](#) In order to be eligible for gross pay, you must submit all Charges electronically and participate in both electronic pay and the three day payment plan, but not the Monthly Flat Fee option.

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

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

- Monthly gross pay option: we will debit your Bank Account for the total Discount for all of a month’s Charges, and we may increase your Discount Rate if the amount of Charges exceeds a threshold amount we determine. See [subsection 14.2.3, “submission and settlement fees.”](#)
- Daily gross pay option: we will debit your Bank Account separately for the Discount for Charges at the time of each of our payments to you.

To determine if you are eligible for one of these gross pay options, contact [Merchant Services.](#)



## 7.7 reconciliation options

There are several formats you can choose to reconcile your Merchant Account. Each format can be used separately or in combination with the other formats.

paper format	online format	electronic file format
<p>The monthly paper statement is the default reconciliation format provided by American Express.</p> <p>Under this format, we may assess a fee for each paper statement. See <a href="#">subsection 14.2.3, "submission and settlement fees."</a></p>	<p>Online Merchant Services is the American Express internet-based reconciliation tool designed to provide a clear, logical and easy-to-read statement. Each statement contains a summary of your Merchant Account's activity for the Settlement period, as well as details, including dates and Submission amounts. Go to <a href="http://www.americanexpress.com/oms">www.americanexpress.com/oms</a> to learn more or enroll.</p>	<p>This format provides you with a raw data feed that you can import into your own software system.</p> <p>To request further information regarding availability of this format, contact your American Express representative.</p>

## 7.8 payment errors or omissions

You must notify us in writing of any error or omission in respect of your Discount or other fees or payments for Charges, Credits or Chargebacks within ninety (90) days of the date of the statement containing such claimed error or omission or we will consider the statement to be conclusively settled as complete and correct in respect of such amounts. If the error involves a Chargeback, see [section 11.14, "chargeback reversals."](#)

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

Whether or not you notify us, we have the right to withhold future payments to you or debit your Bank Account until we fully recover the amount. We have no obligation to pay any party other than you under the Agreement.



settlement

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## **7.9 collecting from Cardmembers**

You must not bill or collect from any Cardmember for any purchase or payment made on the Card unless we have exercised Chargeback for such Charge, you have fully paid us for such Charge, and you otherwise have the right to do so.

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## protecting Cardmember information

### 8.1 introduction



As a leader in consumer protection, American Express has a long-standing commitment to protect Cardmember Information, ensuring that it is kept secure.

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

### 8.2 data security operating policy

American Express knows that you share our concern and requires, as part of your responsibilities, that you comply with the data security provisions in the Agreement and this Data Security Operating Policy. These requirements apply to all your equipment, systems, and networks on which Cardmember Information is stored, processed, or transmitted.

### 8.3 standards for protection of Cardmember information



#### Covered Parties

Any or all of a Merchant's employees, agents, representatives, subcontractors, Processors, service providers, providers of its POS Systems or payment processing solutions, and any other party to whom it may provide Cardmember Information access in accordance with the Agreement.

Merchants must, and they must cause their Covered Parties, to:

- store Cardmember Information only to facilitate Transactions in accordance with, and as required by, the Agreement, and
- comply with the current version of the Payment Card Industry Data Security Standard ("PCI DSS," which is available at <https://www.pcisecuritystandards.org>) no later than the effective date for implementing that version.

For the avoidance of doubt, the data elements that constitute Cardmember Information shall be treated according to their corresponding meanings as "cardholder data" and "sensitive authentication data," as such terms are used in the then current PCI DSS.



## protecting Cardmember information

### 8.3 standards for protection of Cardmember information (continued)



Remember: if the Agreement terminates, Cardmember Information can only be retained according to the PCI DSS, which is available at <https://www.pcisecuritystandards.org>.

You must protect all Charge Records and Credit Records retained pursuant to the Agreement in accordance with these data security provisions; you must use these records only for purposes of the Agreement and safeguard them accordingly. You are financially and otherwise liable to American Express for ensuring your Covered Parties' compliance with this chapter 8, "protecting Cardmember information" (other than for demonstrating their compliance with this policy under [section 8.6, "periodic validation of merchant systems."](#))



protecting Cardmember information

## 8.4 data incident management obligations



### Data Incident

An incident involving at least one Card Number in which there is (i) unauthorized access or use of Cardmember Information that is stored, processed, or transmitted on a Merchant's equipment systems, and/or networks (or the components thereof); (ii) use of such Cardmember Information other than in accordance with the Agreement; and/or (iii) suspected or confirmed loss, theft, or misappropriation by any means of any media, materials, records, or information containing such Cardmember Information.



### Compromised Card Number

A Card Number related to a Data Incident.

You must notify American Express immediately and in no case later than twenty-four (24) hours after discovery of a Data Incident.

To notify American Express, please contact the American Express Enterprise Incident Response Program (EIRP) toll free at (888) 732-3750/US only, or at 1-(602) 537-3021/International, or email at EIRP@aexp.com. You must designate an individual as your contact regarding such Data Incident.

You must conduct a thorough forensic investigation of each Data Incident. For Data Incidents involving 10,000 or more unique Card Numbers (or otherwise at American Express's request), a reputable third party forensic investigator must conduct this investigation. You must promptly provide to American Express all Compromised Card Numbers and the forensic investigation report of the Data Incident. You must work with American Express to rectify any issues arising from the Data Incident, including consulting with American Express about your communications to Cardmembers affected by the Data Incident and providing (and obtaining any waivers necessary to provide) to American Express all relevant information to verify your ability to prevent future Data Incidents in a manner consistent with the Agreement.

Forensic investigation reports must include forensic reviews, reports on compliance, and all other information related to the Data Incident; identify the cause of the Data Incident; confirm whether or not you were in compliance with the PCI DSS at the time of the Data Incident; and verify your ability to prevent future Data Incidents by providing a plan for remediating all PCI DSS deficiencies. Upon American Express's request, you shall provide validation by a QSA that the deficiencies have been remediated.



protecting Cardmember information

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**8.4 data incident management obligations (continued)**

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

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**8.5 indemnity obligations for a data incident**

Your indemnity obligations to American Express under the Agreement for Data Incidents shall be determined, without waiving any of American Express's other rights and remedies, under this section 8.5.

American Express will not seek indemnification from you for a Data Incident (a) involving less than 10,000 unique Compromised Card Numbers or (b) if:

- you notified American Express of the Data Incident pursuant to this chapter,
- you were in compliance at the time of the Data Incident with the PCI DSS (as determined by the forensic investigation of the Data Incident), and
- the Data Incident was not caused by your wrongful conduct or that of your Covered Parties.



protecting Cardmember information

## 8.5 indemnity obligations for a data incident (continued)



### Data Incident Event Window

The timeframe that begins 365 days prior to the Notification Date and ends 33 days after the Notification Date.



### Notification Date

The date, as designated by American Express, that Issuers receive notification of the Data Incident.

You are liable for all other Data Incidents as follows. For a Data Incident involving Card Numbers alone, you shall compensate American Express promptly by paying a Data Incident management fee (see [subsection 14.2.4, "data security fees."](#)) For a Data Incident involving Card Numbers with "sensitive authentication data," as such term is used in the then current PCI DSS, you shall compensate American Express promptly for:

- Incremental Fraud (defined below) within the Data Incident Event Window,
- Card monitoring and replacement costs of (i) \$1.00 per Card Number for 90% of the total number of Compromised Card Numbers and (ii) \$5.00 per Card Number for 10% of the total number of Compromised Card Numbers, respectively, and
- a Data Incident management fee.

American Express shall calculate Incremental Fraud according to the following methodology:

Incremental Fraud = (X – Y) multiplied by Z, where:

X = (i) Issuers' total fraud losses excluding fraud Chargebacks and losses from fraudulent Card applications on Compromised Card Numbers during the Data Incident Event Window divided by (ii) Issuers' total Charge volume on Compromised Card Numbers during the Data Incident Event Window.

Y = (i) Issuers' total fraud losses excluding fraud Chargebacks and losses from fraudulent Card applications on non-Compromised Card Numbers during the Data Incident Event Window divided by (ii) Issuers' total Charge volume on non-Compromised Card Numbers during the Data Incident Event Window.

Z = Issuers' total Charge volume on Compromised Card Numbers during the Data Incident Event Window.



protecting Cardmember information

**8.5 indemnity obligations for a data incident (continued)**

American Express will exclude from its calculations of Incremental Fraud and Card monitoring and replacement costs any Card Number that was involved in another Data Incident involving Card Numbers with “sensitive authentication data,” as such term is used in the then current PCI DSS, provided that American Express received notification of the other Data Incident within the twelve (12) months prior to the Notification Date. All calculations made by American Express under this methodology are final.

**8.6 periodic validation of merchant systems**

You must take the following steps to validate under PCI DSS annually and quarterly as described below (each such period a “reporting period”) the status of your equipment, systems and/or networks (and their components) on which Cardmember Information is stored, processed, or transmitted.

*Step 1 – Enroll in American Express’s Compliance Program under this Policy*

Level 1 and Level 2 Merchants, as described below, must enroll in American Express’s compliance program under this policy by providing the full name, email address, telephone number, and physical mailing address of an individual who will serve as their general data security contact. Merchants must submit this information to Trustwave ([www.trustwave.com](http://www.trustwave.com)), which administers the program on behalf of American Express, by one of the methods listed in Step 3 below. Merchants must notify Trustwave if this information changes, providing updated information where applicable.



protecting Cardmember information

## 8.6 periodic validation of merchant systems (continued)

### Step 2 – Determine Your Merchant Level and Validation Requirements

Most Merchant Levels are based on the Merchant’s volume of Transactions submitted by its Establishments that roll-up to the highest American Express Merchant Account level. Merchants fall into one of three Merchant Levels specified in the table below.

merchant level	definition	validation documentation	requirement
1	2.5 million Transactions or more per year; or any Merchant that American Express otherwise deems a Level 1 Merchant	annual onsite security assessment report and quarterly network scan	mandatory
2	50,000 to 2.5 million Transactions per year	annual Self Assessment Questionnaire and quarterly network scan	mandatory
3	Less than 50,000 Transactions per year	annual Self Assessment Questionnaire and quarterly network scan	strongly recommended*

\* Level 3 Merchants need not submit Validation Documentation, but nevertheless must comply with, and are subject to liability under, all other provisions of this Data Security Operating Policy.



protecting Cardmember information

**8.6 periodic validation of merchant systems (continued)**

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

Validation Documentation		
annual onsite security assessment	annual self assessment questionnaire	quarterly network scan
<p>The annual onsite security assessment is a detailed onsite examination of your equipment, systems, and networks (and their components) where Cardmember Information is stored, processed, or transmitted. It must be performed by:</p> <ul style="list-style-type: none"> <li>o a QSA, listed below, or</li> <li>o you and certified by your chief executive officer, chief financial officer, chief information security officer, or principal.</li> </ul> <p>The annual onsite security assessment must be submitted annually to American Express on the applicable Attestation of Compliance (AOC). To fulfill validation obligations under this policy, the AOC must certify compliance with all requirements of the PCI DSS and, upon request, include copies of the full report on compliance. The AOC is available in the Appendix section of the PCI DSS.</p>	<p>The annual self assessment is a process using the PCI DSS Self-Assessment Questionnaire (SAQ) that allows self-examination of your equipment, systems, and networks (and their components) where Cardmember Information is stored, processed, or transmitted. It must be performed by you and certified by the chief executive officer, chief financial officer, chief information security officer, or principal on the AOC section of the SAQ submitted annually to American Express. To fulfill validation obligations under this policy, the AOC section of the SAQ must certify that you are in compliance with all requirements of the PCI DSS and include full copies of the SAQ on request.</p>	<p>The quarterly network scan is a process that remotely tests your internet-connected computer networks and web servers for potential weaknesses and vulnerabilities. It must be performed by an ASV, listed below. You must complete and submit the executive summary of findings of the scan (and copies of the full scan, on request) quarterly to American Express. To fulfill validation obligations under this policy, the executive summary must certify that the results satisfy the PCI DSS scanning procedures, that no high risk issues are identified, and that the scan is passing or compliant.</p>

The following websites can be used for lists of QSAs and ASVs.

QSA: [https://www.pcisecuritystandards.org/pdfs/pci\\_qsa\\_list.pdf](https://www.pcisecuritystandards.org/pdfs/pci_qsa_list.pdf)

ASV: [https://www.pcisecuritystandards.org/pdfs/asv\\_report.html](https://www.pcisecuritystandards.org/pdfs/asv_report.html)

SAQs are available at <https://www.pcisecuritystandards.org/saq/index.shtml>



protecting Cardmember information

## 8.6 periodic validation of merchant systems (continued)

### *Step 3 – Send the Validation Documentation to American Express*

Level 1 and Level 2 Merchants must submit the Validation Documentation marked “mandatory” in the table in Step 1.

- Level 1 Merchant’s Validation Documentation must include the AOC from the annual onsite security assessment report and executive summaries of findings of quarterly network scans.
- Level 2 Merchant’s Validation Documentation must include the AOC from the SAQ and the executive summaries of findings of quarterly network scans.
- Level 3 Merchants are not required to submit Validation Documentation (but must comply with, and are subject to liability under, all other provisions of this policy).

Merchants must submit their Validation Documentation to Trustwave by one of these methods:

**SECURE PORTAL:** Merchants may upload their Validation Documentation via Trustwave’s secure portal. Please contact Trustwave at (866) 659-9016 or via email at [AmericanExpressCompliance@trustwave.com](mailto:AmericanExpressCompliance@trustwave.com) for instructions in using this portal.

**SECURE FAX:** Merchants may fax their Validation Documentation to fax: (312) 276-4019. Please include the Merchant name, DBA (“Doing Business As”) name, the 10-digit Merchant Number, the name of the Merchant’s data security contact, the Merchant’s address, and phone number.

**MAIL:** Merchants may copy their Validation Documentation in an encrypted format on a compact disc. Place in an envelope marked “Mandatory” and mail to:

American Express DSOP Compliance Program  
 c/o Trustwave  
 70 West Madison, Suite 1050  
 Chicago, IL 60602



protecting Cardmember information

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## 8.6 **periodic validation of merchant systems (continued)**

Email the encryption key required to decrypt the Validation Documentation along with the Merchant's name, DBA ("Doing Business As") name, the 10-digit Merchant Number, name of the Merchant's data security contact, the Merchant's address, and phone number to Trustwave at [AmericanExpressCompliance@trustwave.com](mailto:AmericanExpressCompliance@trustwave.com).

If you have general questions about the program or the process above, please contact Trustwave at (866) 659-9016 or via email at [AmericanExpressCompliance@trustwave.com](mailto:AmericanExpressCompliance@trustwave.com).

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

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### 8.6.1 **merchants not compliant with PCI DSS**

If you are not compliant with the PCI DSS, then you must complete an AOC including "Part 4. Action Plan for Non-Compliant Status" and designate a remediation date, not to exceed twelve (12) months following the date of the AOC, for achieving compliance. You must submit this AOC with "Action Plan for Non-Compliant Status" to American Express by one of the methods listed in [section 8.6, "periodic validation of merchant systems."](#) You shall provide American Express with periodic updates of your progress toward remediation under the "Action Plan for Non-Compliant Status." American Express shall not impose non-validation fees (described below) on non-compliant Merchants prior to the remediation date, but you remain liable to American Express for all indemnity obligations for a Data Incident and are subject to all other provisions of this Data Security Operating Policy.

The AOC is available in the Appendix section of the PCI DSS.



protecting Cardmember information

### 8.6.2 non-validation fees and termination of agreement

American Express has the right to impose non-validation fees on you and terminate the Agreement if you do not fulfill these requirements or fail to provide the mandatory Validation Documentation to American Express by the applicable deadline. American Express will notify you separately of the applicable deadline for each reporting period. The fees for non-validation are outlined in [subsection 14.2.4, "data security fees."](#)

If American Express does not receive your mandatory Validation Documentation within 60 days of the first deadline, then American Express has the right to terminate the Agreement in accordance with its terms as well as impose non-validation fees on you.

### 8.7 confidentiality and disclosure

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

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



protecting Cardmember information

## 8.8 disclaimer



### Further Information

American Express Data Security:

[www.americanexpress.com/datasecurity](http://www.americanexpress.com/datasecurity)

PCI Security Standards Council, LLC for:

- o PCI Data Security Standards
- o List of Qualified Security Assessors
- o List of Approved Scanning Vendors

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

AMERICAN EXPRESS HEREBY DISCLAIMS ANY AND ALL REPRESENTATIONS, WARRANTIES, AND LIABILITIES WITH RESPECT TO THIS DATA SECURITY OPERATING POLICY, THE PCI DSS, AND THE DESIGNATION AND PERFORMANCE OF QSAs OR ASVs (OR BOTH), WHETHER EXPRESS, IMPLIED, STATUTORY, OR OTHERWISE, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. Issuers are not third party beneficiaries under this Data Security Operating Policy.



protecting Cardmember information

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fraud prevention

## 9.1 introduction



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

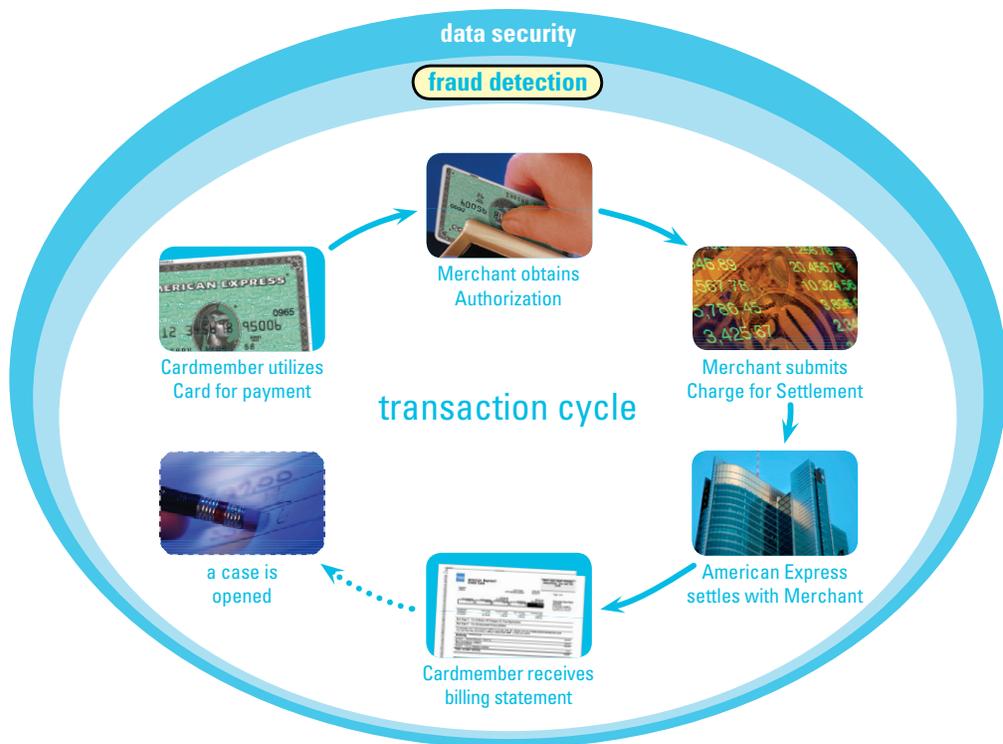
We offer a full suite of premium value tools that can help to mitigate the chances of fraud on American Express Cards and reduce this cost to your business. Our Affiliates also may offer separate fraud tools and services, which are not a subject of the Agreement.

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

## 9.2 transaction cycle

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

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





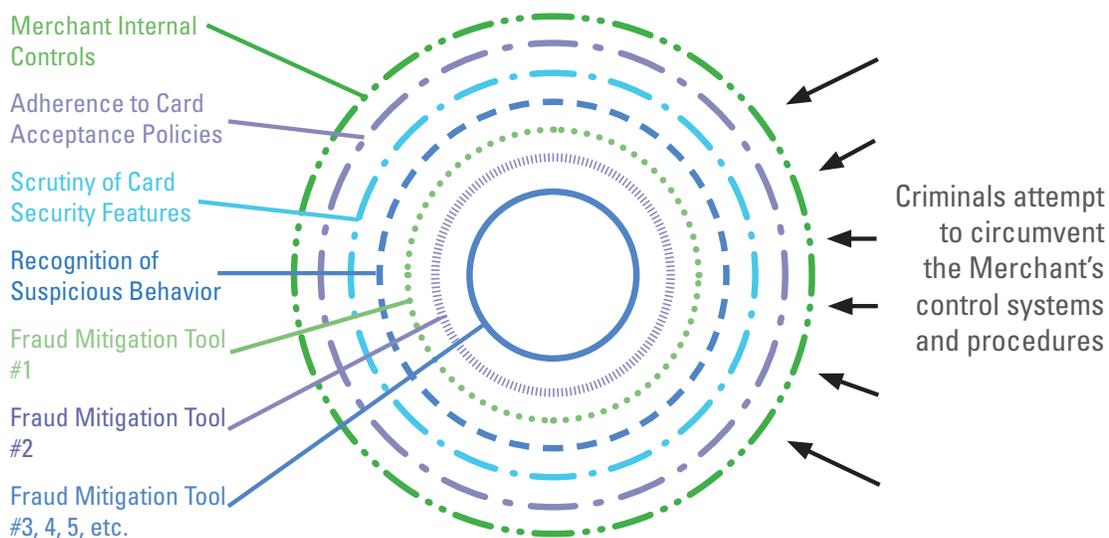
### 9.3 strategies for deterring fraud

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

#### Layers of Protection

Your first layer for mitigating fraud is to follow our Card acceptance policies and procedures, as outlined in [chapter 4, "transaction processing."](#) Other fraud mitigation strategies that you choose to implement may include any combination of:

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



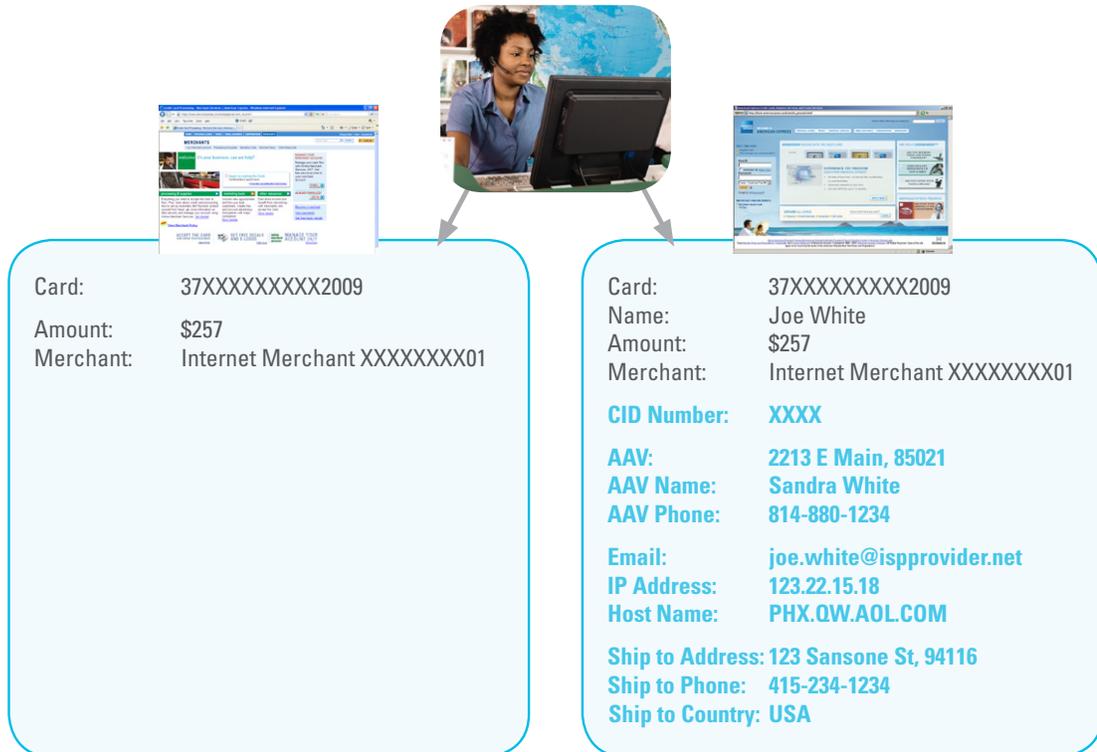


fraud prevention

### 9.3 strategies for deterring fraud (continued)

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

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



### 9.4 Card acceptance policies

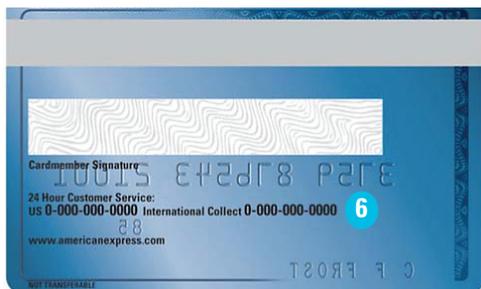
A critical component in your overall fraud mitigation strategy is to follow our Card acceptance procedures, as defined in [chapter 4, "transaction processing."](#) The procedures outlined in the "Transaction Processing" chapter are required under the Agreement and can also serve as your first line of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

## 9.5 Card security features

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

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

The picture below is just one example of an American Express Card; we offer a number of different Cards. These are some things you must look for:



- 1 Pre-printed Card Identification (CID) Numbers must always appear above the Card Number, on either the right or the left edge of the Card.
- 2 All American Express Card Numbers start with "37" or "34." The Card Number appears embossed on the front of the Card. Embossing must be clear, and uniform in sizing and spacing. Some Cards also have the Card Number printed on the back of the Card in the signature panel. These numbers, plus the last four digits printed on the Charge Record, must all match.
- 3 Do not accept a Card outside the Valid Dates.
- 4 Only the person whose name appears on an American Express Card is entitled to use it. Cards are not transferable.
- 5 Some Cards contain a holographic image on the front or back of the plastic to determine authenticity. Not all American Express Cards have a holographic image.
- 6 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.



### Further Information

The four-digit CID Number is located on the front of the Card and the three-digit CSC is located on the back of the Card. These codes are considered Card security features and can validate that the Card is present for a Transaction. You should prompt your customers for the four-digit CID Number. See [subsection 9.11.1.1, "Card identification \(CID\) verification"](#) for additional information.

**Note: The security features for Prepaid Cards and Travelers Cheques are listed in [section 9.7, "prepaid Card security features,"](#) and [section 9.9, "travelers cheque and gift cheque security features."](#)**



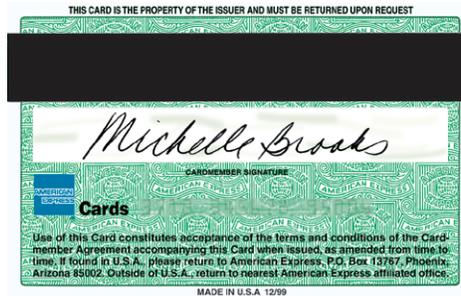
fraud prevention

## 9.5.1 compromised Card security features



Often, you can look closely at Cards to determine if they're altered or counterfeit. As another layer in your internal fraud prevention program, educate yourself and all your personnel at your business on how to identify a potentially altered Card. Training materials are available to assist you; simply contact [Merchant Services](#), your American Express representative, or visit [www.americanexpress.com/fraudinfo](http://www.americanexpress.com/fraudinfo).

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



Do not accept a Card if:

### *Altered Magnetic Stripe*

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

### *Altered Front of the Card*

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

### *Altered Back of the Card*

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



### 9.5.1 compromised Card security features (continued)

#### *Altered Appearance of the Card*

- There are “halos” of previous embossing or printing underneath the current Card Number and Cardmember name.
- A portion of the surface looks dull compared with the rest of the Card. Valid American Express Cards have a high-gloss finish.
- The Card has a bumpy surface or is bent around the edges.
- You suspect any [Card security features](#) have been compromised.
- The Card appears physically altered in any way.

If you suspect Card misuse, follow your internal store policies, and, if directed to do so, call the [Authorization department](#) and state that you have a [Code 10](#). **Never put yourself or your employees in unsafe situations.**

### 9.6 recognizing suspicious activity

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

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

#### *Suspicious Behavior*

A suspicious situation may arise, causing you to question the authenticity of the Card, or the legitimacy of the person presenting it.



fraud prevention

## 9.6 recognizing suspicious activity (continued)



No single factor by itself is indicative of risk; however, when a combination of factors is present during a Transaction, additional scrutiny is warranted.

Risk Factors:

- 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 zip codes or countries where you show a history of fraudulent claims.
- Orders of a “hot” product – i.e., highly desirable goods for resale.
- Customer is a first-time shopper.
- Customer is purchasing large quantities of high-priced goods without regard to color, size, product feature, or price.
- Customer comes in just before closing time and purchases a large quantity of goods.
- Customer wants to rush or overnight the order.
- Customer has a previous history of Disputed Charges.
- Customer is rude or abusive toward you; wanting to rush or distract you.
- Customer frequents your Establishment to make small purchases with cash, then returns to make additional purchases of expensive items with a Card.

If you suspect Card misuse, follow your internal store policies, and, if directed to do so, call the [Authorization department](#) with a [Code 10](#).

**Never put yourself or your employees in unsafe situations, nor physically detain or harm the holder of the Card.**



## 9.7 prepaid Card security features



You are responsible for following all our Prepaid Card acceptance procedures in [section 4.18, "processing prepaid Cards."](#) Although there are a number of unique Prepaid Cards, all Prepaid Cards share similar features, except that:

- Prepaid Cards may or may not be embossed, and
- The features described below may appear on the front or back of the Card (or a combination of both):



- 1 The American Express logo generally appears in the bottom right corner.
- 2 The words PREPAID or INCENTIVE will generally be shown above the American Express logo.
- 3 Cards preloaded with funds may show the dollar amount or the total points (reloadable Cards generally will not show a number).
- 4 The CID Number will appear usually above the Card Number or above the logo.
- 5 The Card Number appears on the Card.
- 6 The 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.



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## 9.8 best practices for prepaid Card acceptance

We recommend that you follow the procedures in [section 9.6, “recognizing suspicious activity,”](#) in addition to being vigilant for the following suspicious behaviors related specifically to Prepaid Cards:

- Customer frequently makes purchases and then returns goods for cash. (To avoid being the victim of this scheme, we suggest you provide a Credit on the Prepaid Card, rather than giving cash to the customer.)
- Customer uses Prepaid Cards to purchase other Prepaid Cards.
- Customer uses large numbers of Prepaid Cards to make purchases.

## 9.9 travelers cheque and gift cheque security features

Even though few products offer more convenience, and security, than our Travelers Cheques and Gift Cheques, counterfeit products circulate worldwide. You must verify all Cheque products presented at your Establishment and contact the [Travelers Cheque/Gift Cheque Customer Service](#) with questions or suspicions.

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

- Turn the cheque over (non-signature side).
- Locate the denomination (e.g., U.S.\$50) on the right side of the cheque.
- Wipe a moistened finger across the denomination. The ink *should not* smudge.
- Wipe a moistened finger across the denomination on the left side of the cheque. The ink *should* smudge.

**9.9 travelers cheque and gift cheque security features (continued)**

The image below shows an example of a smudge test.

*left side smudges* *right side does not smudge*



We offer a variety of Cheque verification solutions to help you avoid accepting fraudulent Cheque products. For more details about Authorization solutions please contact us via email at [tconlineAuthorizations@aexp.com](mailto:tconlineAuthorizations@aexp.com).

For Travelers and Gift Cheque acceptance procedures, see [section 4.19.1, "acceptance procedures."](#) We also recommend you follow the procedures in [section 9.6, "recognizing suspicious activity,"](#) to assist you in the mitigation of fraud.

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

*Centurion Portrait* *Watermark*



*Security Thread* *Holographic Foils*



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## 9.10 fraud mitigation tools



Our Affiliate - Accertify, Inc. - offers a comprehensive and integrated software platform, and other tools and strategies, for mitigating the risk of online fraud on all payment card types, not only American Express Cards. To learn more, call 800-231-4915 or visit [www.accertify.com](http://www.accertify.com).

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

- you comply with the applicable sections of the Technical Specifications (see [section 2.7, “compliance with the technical specifications,”](#)) and
- you provide high quality data in the Authorization request.

Failure to comply with all applicable sections of the Technical Specifications can impair or prevent your use of our fraud mitigation tools. The following table indicates which tools are appropriate for each type of Transaction.

fraud mitigation tools			
tool	In-Person	CAT	Card Not Present
<a href="#">Track 1</a>	•	•	
<a href="#">Code 10</a>	•		
<a href="#">Terminal ID</a>	•	•	
<a href="#">Enhanced Authorization</a>			•
<a href="#">Verification Services</a>			
<a href="#">Electronic Verification Services</a>			
○ <a href="#">Card Identification (CID) Verification</a>	•		•
○ <a href="#">Zip Code Verification</a>	•	•	•
○ <a href="#">Automated Address Verification (AAV)</a>			•
○ <a href="#">Telephone Number Verification</a>			•
○ <a href="#">Email Address Verification</a>			•
<a href="#">Additional Services</a>			
○ <a href="#">Name and Address Verification (NAV)</a>			•
○ <a href="#">Charge Verification Program</a>			•



### 9.10.1 track 1

<b>description</b>	There are two tracks of information encoded in the Magnetic Stripe. Track 1 contains additional data that provides an extra layer of fraud protection.
<b>purpose</b>	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.
<b>how it works</b>	The Point of Sale System captures data encoded in the 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.
<b>industry</b>	Appropriate for all Card Present Charges.
<b>implementation</b>	To implement this tool, work with your Processor, Terminal Provider, or if you have a direct link to American Express, your American Express representative.



## 9.10.2 code 10

<b>description</b>	A special phrase ("Code 10 Authorization Request") that Merchants use 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.
<b>purpose</b>	"Code 10 Authorization Request" is used so that the customer does not know that you are suspicious.
<b>how it works</b>	By asking for a "Code 10 Authorization" you alert the American Express representative that you are suspicious of this Card, customer or Transaction. The representative then asks "yes" or "no" questions in order to assess the situation and make a recommendation. Respond to the representative's questions calmly; avoid rousing the customer's suspicions.
<b>industry</b>	Appropriate for all In-Person Charges.
<b>implementation</b>	If you suspect Card misuse, follow your internal store policies, and, if directed to do so, call the <a href="#">Authorization department</a> with a Code 10 Authorization Request. Only pick up a Card if directed to do so by an American Express representative or the Issuer. <b>Never put yourself or your employees in unsafe situations.</b>



### 9.10.3 terminal ID

<b>description</b>	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.
<b>purpose</b>	The Terminal ID tool helps detect high risk patterns of a particular register or terminal. Certain registers or terminals may be the source of higher-than-normal fraud due to their location (e.g., proximity to an exit) or other circumstances that a criminal may find appealing (e.g., self-check out). When you submit the Terminal ID with each Charge, the Issuer can apply its risk modeling to each Charge originating from a high risk register or terminal and incorporate the result into the appropriate Authorization response to you.
<b>how it works</b>	As a Card is swiped, the Point of Sale 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.
<b>industry</b>	Appropriate for all Card Present Charges.
<b>implementation</b>	To implement this tool, work with your Processor, Terminal Provider, or if you have a direct link with American Express, your American Express representative.



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### 9.10.4 enhanced authorization



#### Further Information

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

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



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## 9.11 verification services

We also offer tools that help verify information provided by your customer for both Card Present Charges and Card Not Present Charges. These verification tools can be used in multiple layers simultaneously to help you mitigate the risk of fraud, but are not a guarantee that (i) the person making the Charge is the Cardmember, (ii) the Charge is in fact valid or bona fide, (iii) you will be paid for the Charge, or (iv) you will not be subject to a Chargeback.

These verification services help mitigate the risk of fraud prior to the completion of a purchase by comparing information provided by the customer at the point of sale with information on file with the Issuer. The response from the Issuer only indicates the validity of and/or discrepancies in the information you provided for the customer. Although the Authorization may have been approved, you can decide whether to submit the Charge based on the verification response and your internal policies.

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

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### 9.11.1 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 you to compare information provided by the customer with information about the Cardmember not available on the Card, thereby allowing you to make a more informed decision about the validity of the Charge prior to completion of the purchase.



### 9.11.1.1 Card identification (CID) verification



Sensitive authentication data such as the CID Number must not be stored after Authorization even if it has been encrypted. See [section 8.3, "standards for protection of Cardmember information"](#) for additional information.



Merchants who utilize the CID Verification tool for In-Person Charges may also qualify for the Keyed No Imprint Program. See [subsection 4.6.1, "keyed no imprint program."](#)

#### description

The Card Identification (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.



The Card Identification (CID) is a four-digit, (flat) number that is printed on every American Express Card. The CID Number is usually located above the Card Number on the face of the Card.

#### purpose

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 his or her possession.
- Requesting the CID Number for Card Present Charges helps to determine that the person making the purchase is not using an altered or counterfeit Card.

#### requirements

To utilize this tool, you must:

- capture the CID Number and enable your Point of Sale System to be able to receive a CID response code. If you receive an "invalid CID Number" Decline, or a "no match" response code, then re-prompt the person making the purchase to re-enter the correct CID Number.
- add systematic editing and monitoring abilities to prevent unlimited and repetitive (more than two) entries of the CID Number.
- monitor and maintain a high positive match rate.



### 9.11.1.1 Card identification (CID) verification (continued)



Training is recommended to minimize incorrect entries of the CID Number. Training materials are available for sales and/or telephone order representatives. To obtain these materials, see our website at: [www.americanexpress.com/fraudinfo](http://www.americanexpress.com/fraudinfo).

<b>how it works</b>	<p>You obtain the four-digit CID Number and send it with the Authorization request. The Issuer compares this CID Number with that on file for the Card and, based on the comparison, returns a response code to your Point of Sale System. If the customer provides a valid three-digit Card security code and you send it with the Authorization request, you will receive a response code as well.</p> <p>Check with your Processor, Terminal Provider or, if you have a direct link to American Express, your American Express representative to determine the codes that will be returned to your Point of Sale System. Use the code received to assess the level of risk and determine whether to complete the Charge.</p>
<b>industry</b>	<p>Appropriate for Card Present and Card Not Present Charges.</p>
<b>implementation</b>	<p>To implement this tool, work with your Processor, Terminal Provider, or if you have a direct link to American Express, your American Express representative.</p>



### 9.11.1.2 zip code verification

<b>description</b>	The Zip Code Verification tool compares the billing zip code provided by the customer with the Cardmember's billing zip code on file with the Issuer.
<b>purpose</b>	The Zip Code Verification tool helps Merchants evaluate the validity of a Charge by comparing information provided by the customer at the point of sale with information about the Cardmember not available on the Card.
<b>how it works</b>	<p>The customer is prompted to enter his or her billing zip code at the point of sale.</p> <p>The Merchant supplies this information in the Authorization request, through the Merchant's Point of Sale System.</p> <p>The Issuer compares the billing zip code entered with that on file for the Cardmember and, based on the comparison, returns a response code to the Merchant.</p> <p>Merchants should incorporate the response from the Issuer into their risk assessment process and determine whether to complete the Charge.</p> <p>Check with your Processor, Terminal Provider, or if you have a direct link to American Express, your American Express representative to determine the codes that will be returned to your Point of Sale System.</p>
<b>industry</b>	Appropriate for all Card Not Present and Card Present Charges; optimal when your customers swipe their Card through your Point of Sale System.
<b>implementation</b>	To implement this tool, work with your Processor, Terminal Provider, or if you have a direct link to American Express, your American Express representative.



### 9.11.1.3 automated address verification



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

<b>description</b>	The Automated Address Verification tool compares the billing name, street address, and zip code provided by the customer with the Cardmember's billing information on file with the Issuer.
<b>purpose</b>	The Automated Address Verification tool helps Merchants evaluate the validity of a Charge by comparing information provided by the customer at the point of sale with information about the Cardmember not available on the Card.
<b>how it works</b>	<p>The Merchant requests information from the customer at the point of sale, including all or any of the following:</p> <ul style="list-style-type: none"> <li>○ name</li> <li>○ billing address</li> <li>○ zip code</li> </ul> <p>The Merchant supplies this information in the Authorization request, through the Merchant's Point of Sale System.</p> <p>The Issuer compares the information provided by the Merchant with the Cardmember's records, and returns a response code.</p> <p>The Merchant should use the AAV response code from the Issuer to assess the level of risk and determine whether to complete the Charge.</p> <p>Check with your Processor, Terminal Provider, or if you have a direct link to American Express, your American Express representative to determine the codes that will be returned to your Point of Sale System.</p>
<b>industry</b>	Appropriate for all Card Not Present Charges.
<b>implementation</b>	To implement this tool, work with your Processor, Terminal Provider, or if you have a direct link to American Express, your American Express representative.



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#### 9.11.1.4 telephone number verification

<b>description</b>	The Telephone Number Verification tool compares the telephone number information provided by the customer with that on file with the Issuer.
<b>purpose</b>	The Telephone Number Verification tool helps Merchants evaluate the validity of a Charge by comparing information provided by the customer at the point of sale with information about the Cardmember not available on the Card.
<b>how it works</b>	<p>The Merchant requests telephone number information from the customer at the point of sale.</p> <p>The Merchant supplies this information in the Authorization request, through the Merchant's Point of Sale System.</p> <p>The Issuer compares the information provided by the Merchant with the Cardmember's records, and returns a response code.</p> <p>The Merchant should use the response code from the Issuer to assess the level of risk and determine whether to complete the Charge.</p> <p>Check with your Processor, Terminal Provider, or if you have a direct link to American Express, your American Express representative to determine the codes that will be returned to your Point of Sale System.</p>
<b>industry</b>	Appropriate for all Card Not Present Charges.
<b>implementation</b>	To implement this tool, work with your Processor, Terminal Provider, or if you have a direct link to American Express, your American Express representative.



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### 9.11.1.5 email address verification

<b>description</b>	The Email Address Verification tool compares email information provided by the customer with that on file with the Issuer.
<b>purpose</b>	The Email Address Verification tool helps Merchants evaluate the validity of a Charge by comparing information provided by the customer at the point of sale with information about the Cardmember not available on the Card.
<b>how it works</b>	<p>The Merchant requests email information from the customer at the point of sale.</p> <p>The Merchant supplies this information in the Authorization request, through the Merchant's Point of Sale System.</p> <p>The Issuer compares the information provided by the Merchant with the Cardmember's records, and returns a response code.</p> <p>The Merchant should use the response code from the Issuer to assess the level of risk and determine whether to complete the Charge.</p> <p>Check with your Processor, Terminal Provider, or if you have a direct link to American Express, your American Express representative to determine the codes that will be returned to your Point of Sale System.</p>
<b>industry</b>	Appropriate for all Card Not Present Charges.
<b>implementation</b>	To implement this tool, work with your Processor, Terminal Provider, or if you have a direct link to American Express, your American Express representative.



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### 9.11.2 additional services

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

#### 9.11.2.1 name and address verification (NAV)



We recommend you use Automated Address Verification (AAV) to validate Cardmember name and billing address, as AAV validates Cardmember Information at the point of sale through the Authorization process. To learn more, see [subsection 9.11.1.3, "automated address verification."](#)

<b>description</b>	The Name and Address Verification (NAV) tool helps Merchants validate the billing name, street address, zip code and telephone number provided by the customer with that on file with the Issuer. The validation takes place when the Merchant calls the American Express <a href="#">Authorization department</a> .
<b>purpose</b>	The NAV tool helps Merchants evaluate the validity of a Charge by comparing information provided by the customer at the point of sale with information about the Cardmember not available on the Card.
<b>how it works</b>	<p>The Merchant requests information from the customer at the point of sale, including all or any of the following:</p> <ul style="list-style-type: none"> <li>○ name</li> <li>○ billing address</li> <li>○ zip code</li> <li>○ telephone number</li> </ul> <p>The Merchant supplies this information to American Express by calling the American Express <a href="#">Authorization department</a> and following the prompts on the automated system. The Merchant will be advised whether or not the information provided by the customer matches the Cardmember Information on file with the Issuer. The Merchant should use the responses to help assess the level of risk and determine whether to proceed with the Charge.</p>
<b>industry</b>	Appropriate for all Card Not Present Charges.
<b>implementation</b>	To use this tool, call the American Express <a href="#">Authorization department</a> and request a name and address verification.



### 9.11.2.2 charge verification program

<b>description</b>	Merchants who accept orders over the telephone, internet, or through mail order can call the <a href="#">American Express Charge Verification Group</a> for additional verification when an order more than \$200 with an Approval appears to be risky.
<b>purpose</b>	The Charge Verification Program offers Merchants additional validation on orders the Merchant feels are risky, helping Merchants make decisions on whether or not to fulfill orders that they perceive as potentially fraudulent.
<b>how it works</b>	<p>Following an Authorization Approval, if the Merchant suspects a high fraud risk on an order and the Charge is greater than \$200, the Merchant calls for Charge Verification.</p> <p>We will ask you for information about the Charge. Based on that information we will request the Issuer to contact the Cardmember within three calendar days to verify the Charge.</p> <p>We will notify you of the Cardmember's response received from the Issuer. If you provide your email address when opening a Charge Verification case, we can notify you of the case outcome via email instead of telephone.</p> <p>If the Issuer is unable to contact the Cardmember (within the three calendar day timeframe), you will need to determine whether or not to fulfill the order.</p>
<b>industry</b>	Appropriate for all Card Not Present Charges.
<b>implementation</b>	To use this tool, simply contact the <a href="#">American Express Charge Verification Group</a> .



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risk evaluation

## 10.1 introduction

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

## 10.2 prohibited merchants

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

- You are listed on the U.S. Department of Treasury, Office of Foreign Assets Control, Specially Designated Nationals and Blocked Persons List (available at [www.treas.gov/ofac](http://www.treas.gov/ofac)).
- You are listed on the U.S. Department of State's Terrorist Exclusion List (available at [www.state.gov](http://www.state.gov)).
- You are located in or operating under license issued by a jurisdiction identified by the U.S. Department of State as a sponsor of international terrorism, by the U.S. Secretary of the Treasury as warranting special measures due to money laundering concerns, or as noncooperative with international anti-money laundering principles or procedures by an intergovernmental group or organization of which the United States is a member.
- You operate solely from a Post Office Box number and can only be reached by telephone. You must have a verifiable physical address in the United States, Puerto Rico, U.S. Virgin Islands, or other U.S. territories or possessions.
- You are involved (or knowingly participate or have participated) in a fraudulent or illegal activity.
- Your participation as a Merchant on our Network or acceptance of Cards (or both) may cause us not to be in compliance with applicable laws, regulations, or rules.
- You fall into one of the following categories and/or accept Transactions for the prohibited activities appearing in the following list:



risk evaluation

## 10.2 prohibited merchants (continued)

business type	description
Adult entertainment	Internet adult digital content sites.
Check cashing/ guarantee and Bureau de Change Merchants	Cardmember cashes a check using the Card as a check guarantee.
Debt collection	Collection agencies, factoring companies, liquidators, bailiffs, bail bondsmen, credit restoration services and bankruptcy lawyers.  <i>Exceptions: outside agency collection fees and bail bondsmen fees (i.e., you must not accept our Cards to pay for a bail bond but you may accept the Card to pay the fee to the bail bondsman. You must not accept our Cards to pay the amount of a Cardmember's collection debt, but you may accept the Card to pay the fee to the collection agency).</i>
Door-to-door sales	Unsolicited vendors where payment is rendered on the spot.
Escort services and massage parlors	Payment of potentially sexually related services.  <i>Exceptions: licensed massage therapists.</i>
Financial services	Banks, credit unions, savings and loan associations, equities (defined as an instrument that signifies an ownership position, or equity, in a corporation, and represents a claim on its proportionate share in the corporation's assets and profits, e.g., stocks, bonds, and securities), unit trusts, mutual funds, foreign exchange, and Bureau de Change.  <i>Exceptions: taxation, brokerage fees, leasing merchants, mortgage payments, condo down payments and financial advisor fees.</i>
Future services	Merchants that provide investment on future maturity goods/services (greater than four months for delivery) with an intention of gaining return on investment (e.g., wines/spirits or timber investment).  <i>Exceptions: travel related services, membership services (e.g., magazine subscriptions), ticket sales to future events or real estate deposits.</i>
Gambling	Casino chips, bookmaker, federal, state and local lotteries, bingo, internet gambling and casino sites.  <i>Exceptions: lodging, restaurant, bar or gift shop facilities within a casino complex.</i>



risk evaluation

## 10.2 prohibited merchants (continued)

business type	description
Medical marijuana dispensary	Seller of marijuana used for medicinal purposes.
Multi-level pyramid sales	Multi-level marketing system using one or more of the following practices: <ul style="list-style-type: none"> <li>Participants pay for the right to receive compensation for recruiting new participants</li> <li>Participants are required to buy a specific quantity of products, other than at cost, for the purpose of advertising before participants are allowed to join the plan or advance within the plan</li> <li>Participants are sold unreasonable quantities of the product or products (also known as inventory loading)</li> <li>Participants are not allowed to return products on reasonable commercial terms</li> </ul>
Prostitution	Payment for sexual services.
Timeshares	Selling partial ownership of a property for use as a holiday home, whereby a Cardmember can buy the rights to use the property for the same fixed period annually.  <i>Exceptions: Merchants who qualify to accept the Card under the provisions listed in <a href="#">section 12.13, "timeshares."</a></i>

### *Mixed Business*

If any segment of your Charge volume is submitted from the aforementioned business types, you must not accept the Card for those Transactions. If you accept our Card for these Transactions, we will exercise Chargeback. We may also place you in one of our Chargeback programs or we may terminate the Agreement (or both).



### 10.3 monitoring



After you become a Merchant on our Network, we monitor to identify potential risks, assess your financial status and compliance with the Agreement. We use internal and third party information and look for, among other things:

- disproportionate Disputed Charges and Chargebacks
- Merchants that meet our High Risk criteria
- schemes to defraud American Express
- legal, compliance, or other credit and fraud risks

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

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



risk evaluation

### 10.3.1 high risk merchants

High Risk Merchants are those type of businesses we determine put us at risk and/or whose business has excessive occurrences of fraud. If we determine, in our sole discretion, that you meet the criteria for one or more of the High Risk Merchant categories, we may place you in a Chargeback program and/or terminate the Agreement. For more information on our various Chargeback programs, see [subsection 11.12.1, "chargeback programs."](#)

We consider you to be "high risk" if you meet at least one of the following criteria:

category	description
high risk industry	A Merchant whose type of business has had historically high occurrences of fraud and Disputed Charges with us or as compared to other similarly situated Merchants (or both). Examples of High Risk industries include: sales conducted through the internet (including airline, lodging, car rental, auctions/exchanges, Payment Service Providers); cellular phone sales; nightclubs/lounges.
performance	A Merchant whose recent high occurrences of fraud present an excessive risk to us. These Merchants have high occurrences of fraud and/or high fraud amounts for a number of consecutive months.
cancelled derogatory	A Merchant whose Agreement was cancelled due to unsatisfactory activity.
fictitious	A Merchant that accepts Cards fraudulently.
prohibited	A Merchant is not eligible to accept our Card on our Network. For the prohibited criteria see <a href="#">section 10.2, "prohibited merchants."</a>

This list is not exhaustive and we may, at our sole discretion, consider other criteria as high risk.



risk evaluation

**10.3.2 fraudulent, deceptive, or unfair business practices, illegal activities, or prohibited uses of the Card**

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

- placement in one of our Chargeback programs (see [subsection 11.12.1, “chargeback programs”](#))
- exercising Chargeback, rejecting Charges or withholding Settlements
- assessment of fees to your Merchant Account (see [subsection 14.2.5, “data pass violation fee”](#))
- termination of the Agreement (including immediate termination without prior notice to you)

factoring	collusion	marketing fraud	identity theft	illegal activities, fraudulent (other than marketing), unfair or deceptive business practices, or prohibited uses of the Card
Factoring occurs when Transactions do not represent bona fide sales of goods or services at your Establishments (e.g., purchases at your Establishments by your owners (or their family members) or employees contrived for cash flow purposes).	Collusion refers to activities whereby a 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 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 is the assumption of another person’s identity to gain access to their finances through fraudulent Merchant set-up or fraudulent Transactions.	<p>If we determine, or have reason to believe, in our sole discretion, that you engage or have engaged (or knowingly participate or knowingly have participated) in fraudulent, deceptive, or unfair business practices, or accepted the Card to facilitate, directly or indirectly, illegal activity of any kind, and without waiving our other rights and remedies, we have the right to terminate the Agreement.</p> <p>If we find that the Transaction involved a prohibited use of the Card, (see <a href="#">section 3.3, “prohibited uses of the Card,”</a>) we may apply the corrective actions listed above.</p>

This list is illustrative and does not reflect all circumstances under which we will act to protect our interests.



risk evaluation

### 10.3.2.1 consumer protection monitoring program

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

If you are placed in the Consumer Protection Monitoring Program, we will send you a questionnaire regarding your business practices, and conduct an investigation.

We may suspend or refuse to allow Card acceptance at an Establishment, or terminate the Agreement, if:

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

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

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## inquiries and chargebacks

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### 11.1 introduction

This chapter describes how American Express processes Inquiries and Chargebacks and how these processes differ from those of Other Payment Products.

Highlights of this chapter include:

- a discussion of the American Express Disputed Charge process
- a review of the ways to handle Disputed Charges
- examples of various Inquiry types and recommended supporting documentation
- an overview of the American Express Chargeback policies
- tips for avoiding Inquiries and Chargebacks, and preventing fraud

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### 11.2 transaction cycle

Occasionally, Cardmembers question a Charge appearing on their billing statement. For example:

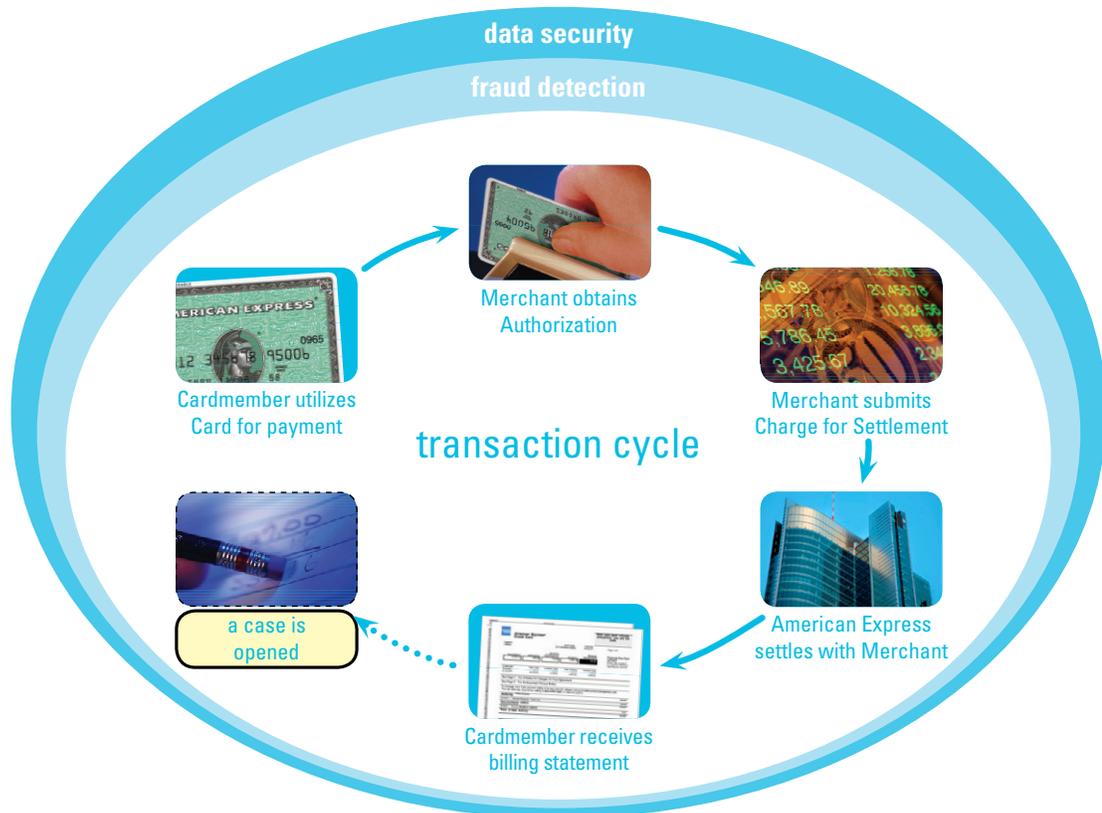
- Cardmember may not recognize a Charge and requests additional information about it.
- Cardmember is billed for goods or services not yet received.

If a Cardmember disputes a Charge, American Express opens a case. We may also open cases when Issuers or the Network initiates disputes. See [section 11.12, “chargeback reasons”](#) for additional information.



inquiries and chargebacks

## 11.2 transaction cycle (continued)





## inquiries and chargebacks

### 11.3 disputed charge process

With respect to a Disputed Charge:

- we may send you an Inquiry prior to exercising Chargeback, or
- we have Chargeback rights, prior to sending you an Inquiry, if we determine that we have sufficient information to resolve the Disputed Charge in favor of the Cardmember.

We have Chargeback rights:

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

#### Case is opened

We may take one of the following actions, based upon the information provided by you, the Cardmember, Issuer or Network:

- Send you an Inquiry if we cannot resolve the Disputed Charge without further information from you
- Resolve the Disputed Charge in your favor and either take no further action (if we have not previously exercised Chargeback) or reverse our previous Chargeback
- Resolve the Disputed Charge against you and either exercise Chargeback or permit our previous Chargeback to remain in effect

None of these actions affect procedures under any [Chargeback program](#) in which you have been placed.

#### Merchant receives an Inquiry

American Express tries to resolve Inquiries by first using information available to us. However, in instances where we cannot resolve a Disputed Charge, we will send you an Inquiry.

The form of Inquiry that we will send you includes information about the Charge in question, explanations of the material you must send us to support the Charge, and a deadline by which your response must be received.

See [section 11.16, "ways to receive inquiries and chargebacks"](#) for options to exchange Inquiry and Chargeback information.



### 11.3 disputed charge process (continued)

<b>Merchant responds</b>	<p>You may respond to the Inquiry by:</p> <ul style="list-style-type: none"> <li>○ providing support for the validity of the Charge (see <a href="#">section 11.6, “minimum supporting documentation”</a>)</li> <li>○ authorizing a Chargeback to your Merchant Account</li> <li>○ issuing a Credit to the Card Number</li> <li>○ issuing a partial Credit to the Card Number and providing American Express with supporting documentation for the remainder of the Charge and the reason for providing only a partial Credit</li> </ul> <p>See <a href="#">section 11.17, “response methods”</a> for the process to follow when responding to an Inquiry.</p> <p><b>Note:</b> If you choose not to respond to our Inquiry, we will debit your Merchant Account with a No Reply Chargeback (see <a href="#">section 11.12, “chargeback reasons.”</a>)</p>
<b>American Express reviews</b>	<p>American Express reviews your response to ensure it includes all the required and requested pieces of information about the Disputed Charge. If we determine that information is missing or that further clarification is needed, we may ask for additional supporting documentation.</p>
<b>Disputed Charge is resolved</b>	<p>When a Disputed Charge is resolved, one of the following may occur:</p> <ul style="list-style-type: none"> <li>○ We will notify the Cardmember and Issuer of the resolution, with consideration to any supporting documentation you provide.</li> <li>○ We will notify you of a Chargeback and debit your Merchant Account. See <a href="#">section 11.11, “how we chargeback”</a> for details.</li> </ul> <p>We typically resolve Disputed Charges within two (2) of the Cardmember’s billing cycles from the time the dispute is opened. The Inquiry letter you receive from us may provide a more exact timeframe.</p> <p>You can check the status of your Inquiry at any time if you are enrolled in Online Merchant Services (OMS). OMS is a great way to manage your Merchant Account and keep track of your Chargebacks and Inquiries through various reporting capabilities. Visit <a href="http://www.americanexpress.com/oms">www.americanexpress.com/oms</a> for more information and to enroll.</p>

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



inquiries and chargebacks

#### 11.4 why a customer may dispute a charge



Cardmembers dispute Charges for a variety of reasons. In general, most Disputed Charges stem from:

- Cardmember dissatisfaction with some aspect of the purchase, (e.g., a failure to receive the merchandise, duplicate billing of the same Transaction, incorrect billing amount, no knowledge of the Charge)
- Fraudulent Transactions

#### 11.5 deadline for responding

You must respond in writing within twenty (20) days following our Inquiry and provide a copy of the Charge Record or Credit Record and other supporting documentation. See [section 11.6, “minimum supporting documentation”](#) for additional information.



## 11.6 minimum supporting documentation



The Inquiry case number is sometimes referred to as a “dispute reference number” in our materials.

Unless you have accepted the Chargeback or issued a Credit to the Cardmember in response to our Inquiry, you must submit specific documentation to support your claim to a Charge. American Express reviews your response and makes a determination to resolve the Disputed Charge. The table below shows the minimum documentation that is required on all Inquiries.

Inquiry Case Number*	Merchant Number	Approval Code
Cardmember Name	Merchant Name	Itemized Documentation
Expiration Date	Location	
Signed Charge Record**	Transaction Date	
Validation that the Card was presented***	Transaction Amount	

\* If you are unable to locate the Inquiry case number, you must include a copy of the initial Inquiry letter with your response. Failure to provide the initial Inquiry letter may result in a Chargeback.

\*\* Required for all Card Present Charges. Merchants that participate in our No Signature Program need not provide a signature for certain Transactions that meet program requirements. For information on the No Signature Program requirements, see [subsection 4.7.1, “no signature program.”](#)

\*\*\* For In-Person keyed Transactions only. See [section 4.6, “key-entered transactions”](#) for additional information.

Depending on the Inquiry type, or your industry (or both), additional documentation will be required. This will be specified in your Inquiry letter. See [section 11.7, “inquiry types.”](#)



inquiries and chargebacks

## 11.7 inquiry types

For illustrative purposes, the table on the next few pages shows examples of different Inquiry categories and the supporting documentation that is typically required for each Inquiry type. This list is not exhaustive.

inquiry category and definition	industry and supporting documentation
<p><b>Does Not Recognize / Remember / No Knowledge</b></p> <p><i>Cardmember does not recognize or remember the Charge.</i></p>	<p>In addition to minimum supporting documentation, other information is recommended per industry and Transaction type.</p> <p><b>Airline/Travel Related</b></p> <ul style="list-style-type: none"> <li>Itinerary and usage information; signed support, if available, as well as ticket/travel itinerary with fare basis/terms and conditions; usage details; proof of booking/reservation confirmation with billing authorization from Cardmember.</li> </ul> <p><b>Car Rental</b></p> <ul style="list-style-type: none"> <li>Signed rental contract; final audited rental contract, or proof of reservation, if applicable.</li> </ul> <p><b>Lodging</b></p> <ul style="list-style-type: none"> <li>Signed support (e.g., registration card).</li> <li>Proof of reservation, and Cardmember or travel agent name and address, etc.</li> </ul> <p><b>Mail/Telephone Sales/Internet Physical Delivery</b></p> <ul style="list-style-type: none"> <li>Order date, full Cardmember billing address, full shipping address, shipping date and Proof of Delivery.</li> </ul> <p><b>Service Provider (e.g., Telecommunications, Internet Electronic Delivery)</b></p> <ul style="list-style-type: none"> <li>Proof of enrollment (Cardmember name, billing address, account detail (goods/services, telephone number/or screen name).</li> </ul> <p><b>Services (e.g., Advertising, Financial Services)</b></p> <ul style="list-style-type: none"> <li>A signed contract and proof of enrollment, if applicable.</li> </ul>
<p><b>Credit Not Processed</b></p> <p><i>Cardmember claims Credit is due from Merchant, but has not received the Credit.</i></p>	<p>In addition to minimum supporting documentation, other information is recommended per industry and Transaction type.</p> <ul style="list-style-type: none"> <li>Details of when Credit was issued and copy of Credit receipt; or, if no Credit is due, a written explanation of your position with appropriate signed and/or itemized documents supporting your position.</li> <li>If Credit is not issued because of a no return/refund policy, provide proof that the Cardmember was advised of the cancellation/return/refund policy.</li> </ul>



## 11.7 inquiry types (continued)

inquiry category and definition	industry and supporting documentation
<p><b>Non Receipt of Goods/Services</b></p> <p><i>Cardmember did not receive the goods or services.</i></p>	<p>In addition to minimum supporting documentation, other information is recommended per industry and Transaction type.</p> <p><b>Physical Delivery (e.g., Internet Physical Delivery, Mail Order)</b></p> <ul style="list-style-type: none"> <li>○ Include Proof of Delivery (including date delivered, full Cardmember billing address, and full shipping address of the recipient).</li> </ul> <p><b>Service Provider (e.g., Telecommunications, Internet Electronic Delivery)</b></p> <ul style="list-style-type: none"> <li>○ Include proof that the services were provided (including screen prints showing where the Cardmember received services, dates that services were used, and proof of digital content delivery (i.e., music or software).</li> </ul>
<p><b>Overcharge/ Incorrect Transaction Amount</b></p> <p><i>Cardmember claims that the amount of the Transaction is incorrect.</i></p>	<p>In addition to minimum supporting documentation, other information is recommended per industry and Transaction type.</p> <p><b>Card Present Transactions</b></p> <ul style="list-style-type: none"> <li>○ Proof that the Cardmember approved the purchase of goods/services, and proof that the Cardmember received the goods or services.</li> </ul> <p>Car Rental – itemized rental contract</p> <p>Lodging – itemized folio</p> <p><b>Card Not Present Transactions</b></p> <ul style="list-style-type: none"> <li>○ Billing authorization, usage detail, terms and conditions, account balance, proof that the Cardmember received the goods or services, proof that the Cardmember was advised of any additional or delayed Charges and proof that the Cardmember agreed to the amount billed.</li> </ul>
<p><b>Damaged or Defective Goods</b></p> <p><i>Goods received from the Merchant were damaged or defective.</i></p>	<p>In addition to minimum supporting documentation, other information is recommended per industry and Transaction type.</p> <ul style="list-style-type: none"> <li>○ A list of options offered by the Merchant to the Cardmember to resolve the Disputed Charge including detailed return instructions, if applicable and return/refund policy</li> <li>○ Information on your efforts to resolve the claim</li> </ul>
<p><b>Not as Described</b></p> <p><i>Goods or services do not conform to the documented description.</i></p>	<p>In addition to minimum supporting documentation, other information is recommended per industry and Transaction type.</p> <ul style="list-style-type: none"> <li>○ Documentation or an explanation of why the goods or services met the conditions of sale. Include return instructions, if applicable</li> <li>○ Information on your efforts to resolve the claim</li> </ul>



inquiries and chargebacks

## 11.7 inquiry types (continued)

inquiry category and definition	industry and supporting documentation
<p><b>Goods or Services Cancelled or Returned</b></p> <p><i>The Cardmember recalls the purchase, but claims to have cancelled/returned it. This category includes billings for cancelled reservations, no show Charges, cancelled lodging/cruise deposits, cancelled recurring/continuing billing and other deposits.</i></p>	<p>In addition to minimum supporting documentation, other information is recommended per industry and Transaction type.</p> <ul style="list-style-type: none"> <li>○ A copy of your cancellation policy and procedures for disclosing it to the Cardmember. If Credit is not issued on the Disputed Charges, you must discontinue future billings and provide the date that future billing was stopped.</li> <li>○ Details of use, if applicable.</li> <li>○ A copy of the signed Charge Record indicating the terms and conditions of the purchase.</li> </ul> <p>The following information is recommended for these industries and Transaction types:</p> <p><b>Airline/Travel Related</b></p> <ul style="list-style-type: none"> <li>○ Itinerary and usage information, if applicable.</li> </ul> <p><b>Internet Service Provider/Digital Delivery</b></p> <ul style="list-style-type: none"> <li>○ Screen prints of internet service showing the Cardmember received services and dates that the services were used/provided, if applicable.</li> </ul> <p><b>Card Not Present Transactions</b></p> <ul style="list-style-type: none"> <li>○ Proof that the Cardmember received the goods or services, proof that the Cardmember was advised of any additional or delayed Charges, and proof that the Cardmember agreed to the amount billed.</li> </ul>
<p><b>Dissatisfied with Goods or Services</b></p> <p><i>Cardmember is not satisfied with the goods/services that were delivered or provided.</i></p>	<p>In addition to minimum supporting documentation, other information is recommended per industry and Transaction type.</p> <ul style="list-style-type: none"> <li>○ Identify those Charges that are non-refundable, if applicable, and/or copy of the signed contract.</li> <li>○ A signed completion of work order indicating the Cardmember's acceptance of work.</li> <li>○ An explanation addressing the Cardmember's claim.</li> <li>○ A copy of signed Charge Record showing all sales final/no returns, if applicable.</li> <li>○ A copy of terms and conditions for all goods/services provided including warranty information (if applicable). Advise of efforts taken to resolve the issue and/or options available for resolution.</li> </ul>



inquiries and chargebacks

## 11.7 inquiry types (continued)

inquiry category and definition	industry and supporting documentation
<p><b>Services Not Rendered</b></p> <p><i>Cardmember has not received the services that were purchased.</i></p>	<p>In addition to minimum supporting documentation, other information is recommended per industry and Transaction type.</p> <ul style="list-style-type: none"> <li>○ Documentation showing that services were rendered.</li> <li>○ A signed Charge Record.</li> <li>○ A signed completion of work order indicating the Cardmember’s acceptance of work.</li> </ul> <p>The following information must also be provided for the industry listed below:</p> <p><b>Internet Service Provider/Digital Delivery</b></p> <ul style="list-style-type: none"> <li>○ Screen prints of internet service showing the Cardmember received services and dates that the services were used/provided, if applicable.</li> </ul>
<p><b>Imprinting Multiple Drafts – Fraud</b></p> <p><i>Cardmember denies authorizing the multiple Charges and still has possession of the Card.</i></p>	<p>In addition to minimum supporting documentation, other information is recommended per industry and Transaction type.</p> <ul style="list-style-type: none"> <li>○ Any other applicable signed documentation (e.g., registration card for lodging, contract for car rental).</li> </ul>
<p><b>Fraudulent Transactions</b></p> <p><i>Cardmember claims Charge is fraudulent.</i></p>	<p>In addition to minimum supporting documentation, other information is recommended per industry and Transaction type.</p> <ul style="list-style-type: none"> <li>○ Any other pertinent information (e.g., telephone numbers) that could assist in our investigation.</li> </ul> <p>The following information must also be provided for the industries listed below:</p> <p><b>Airlines</b></p> <ul style="list-style-type: none"> <li>○ Ticket/travel itinerary, usage details, and proof of booking / reservation.</li> </ul> <p><b>Car Rental</b></p> <ul style="list-style-type: none"> <li>○ Signed rental contract by the Cardmember.</li> </ul> <p><b>Lodging</b></p> <ul style="list-style-type: none"> <li>○ Registration card.</li> </ul> <p><b>Mail Order/Internet</b></p> <ul style="list-style-type: none"> <li>○ Cardmember’s full billing address, order date, and Proof of Delivery to the Cardmember’s full billing address.</li> </ul> <p><b>Retail</b></p> <ul style="list-style-type: none"> <li>○ If unable to swipe the Card at the time of the Transaction, provide a Card imprint, except when the Charge qualifies for the Keyed No Imprint Program (see <a href="#">subsection 4.6.1, “keyed no imprint program.”</a>)</li> </ul>



inquiries and chargebacks

## 11.8 Cardmember re-disputes

We may reinvestigate an Inquiry if a Cardmember provides new or additional information after we review the initial supporting documentation regarding a Disputed Charge (e.g., the Cardmember claims that the Charges are fraudulent). In such case, you will be required to provide additional information to support the validity of the Charge.

## 11.9 ways to reduce inquiries

The tables below provide information and measures you can take to help avoid unnecessary Disputed Charges from the nine most frequent Inquiry categories:



Remember to issue Credits within seven (7) days of acknowledging that Credit is due. By issuing timely Credits you can avoid Disputed Charges.

Remember to disclose all terms and conditions of sale/returns/exchanges upfront.

For more information on these helpful tips, see [chapter 4, "transaction processing."](#)

- no knowledge
- unauthorized Charge
- billing error
- cancelled goods or services
- cancel Recurring Billing
- returned goods or services
- non received goods or services
- no show – lodging
- dissatisfied with goods or services

### 11.9.1 no knowledge

reason for inquiry	common cause	how you can avoid this inquiry type
Cardmember did not recognize descriptor on Cardmember billing statement.	Descriptor may have reflected a business name or a physical or fulfillment location that the Cardmember did not associate with the Charge.	Contact American Express or your Processor to verify descriptor.  Update your Merchant Account information for all your locations via Online Merchant Services.



inquiries and chargebacks

## 11.9.2 unauthorized charge

reason for inquiry	common cause	how you can avoid this inquiry type
Charge was not made by Cardmember.	Charge was fraudulent or unauthorized (e.g., Cardmember opted to pay by other means than the Card).	<p><b>Card Present</b></p> <p>Ensure that the Card is present and obtain the Cardmember's signature on the Charge Record, except when the Charge qualifies for the No Signature Program. For more information, see <a href="#">subsection 4.7.1, "no signature program."</a> For In-Person Charges, ensure that the signature on the Charge Record matches the name on the front of the Card and the signature on the back of the Card; American Express Cards are non-transferable.</p> <p><b>Card Not Present</b></p> <p>Obtain billing authorization, terms and conditions, Proof of Delivery to the Cardmember's full billing address, and proof that the Cardmember was advised of any additional or delayed Charges.</p> <p>See <a href="#">chapter 9, "fraud prevention"</a> for detailed information on tools and tips to help prevent fraud.</p> <p>Ensure that all Transactions are Authorized and that where possible the Card is swiped through your POS System. For information on how to process Authorizations <a href="#">see chapter 5, "authorization."</a></p>



## inquiries and chargebacks

### 11.9.3 billing error

reason for inquiry	common cause	how you can avoid this inquiry type
Cardmember billing statement reflected a duplicate Charge.	<p>Charge was submitted more than once.</p> <p>Charges, both with and without tips, were submitted (e.g., restaurant/service industries).</p>	<p>If there are duplicate Charges on multiple Cards, immediately alert your Processor and/or <a href="#">Merchant Services</a> of the possible duplicate Submission. If it is simply a duplicate Submission of a single Charge, issue Credit.</p>
Card Number was incorrect.	<p>Card Number was keyed/entered incorrectly into the POS System, when Card could not be swiped.</p>	<p>Double check keying at the time of input. In cases where it is a Card Present Transaction, but the Card Number is keyed into a POS System, obtain an imprint of the Card except when the Charge qualifies for the Keyed No Imprint Program (see <a href="#">subsection 4.6.1, "keyed no imprint program."</a>) See <a href="#">chapter 5, "authorization"</a> for more details on how to process these types of Transactions.</p>
Cardmember billing statement reflected an incorrect Transaction amount.	<p>Charge amount was greater than Cardmember expected (e.g., due to the addition of a handling fee, taxes, delayed Charges, restocking fee).</p> <p>Total amount was to be made in installment payments.</p> <p>Credit was less than Cardmember expected (e.g., Credit included a deduction from the original Charge amount for nonrefundable shipping and handling fee, restocking fee).</p>	<p>Ensure that the signed Charge Record and customer receipt clearly state your sales and refund policies, including applicable fees.</p> <p>Reinforce your policies by written notice to the Cardmember whenever possible. Keep track of how and when you provided this notice of your policy to the Cardmember.</p> <p>For internet bookings, reconfirm final sale price and disclose any applicable taxes and shipping Charges on website with "I Accept" functionality.</p> <p>Ensure that travel agency networks and any other direct sales channels prominently display amounts billed and any applicable breakdowns on itinerary and/or receipts.</p>



inquiries and chargebacks

**11.9.4 cancelled goods or services**

reason for inquiry	common cause	how you can avoid this inquiry type
<p>Cardmember billing statement reflected only the Charge (no Credit) for the cancelled goods/ services.</p> <p>Cardmember recalls the Transaction but claims to have cancelled it.</p>	<p>Credit was not issued.</p> <p>Cardmember was billed before Credit was posted to statement.</p> <p>Cardmember does not understand your cancellation policy for your business.</p>	<p>Ensure that Credit is submitted on the day the cancellation is received provided the original Charge has already been submitted.</p> <p>Provide and reiterate cancellation policy to Cardmember prior to completing the initial Transaction. Re-emphasize return and cancellation policies for all applicable Transactions. <a href="#">See subsection 4.17, "return and cancellation policies."</a></p> <p>Provide Cardmember with a cancellation number that can be tracked.</p> <p>Reinforce your cancellation policy and terms and conditions in the contract the Cardmember signs and your website, where applicable.</p> <p>Inform Cardmember of approximate date you will be issuing Credit rather than indicating "you will see the Credit on your Card account in 1-2 billing cycles."</p> <p>For internet bookings, prominently post all terms and conditions on website with an "I Accept" functionality.</p> <p>Ensure that travel agency networks and any other sales channels prominently display terms and conditions as well as cancellation penalties on itineraries and in telephone script.</p>



## inquiries and chargebacks

### 11.9.5 cancel recurring billing

reason for inquiry	common cause	how you can avoid this inquiry type
Cardmembers continue to be billed although they cancelled the goods or services.	<p>Cardmember cancels order for goods or services.</p> <p>Charge is billed on replacement Card Number.</p> <p>Charge is billed after Merchant or Cardmember cancelled the goods/services.</p>	<p>Discontinue future billings if instructed by either the Cardmember or us.</p> <p>Provide Cardmember with cancellation number.</p> <p>Provide written notification of upcoming renewal to the Cardmember prior to the billing.</p> <p>Obtain Authorization from the Cardmember to continue billing after the expiration date of the contract. Update Card information.</p> <p>Include your cancellation telephone number in your Submissions so that it appears on the Cardmember's billing statement.</p> <p>Request that the Cardmember update and confirm their Cardmember Information, including Card Number.</p>

### 11.9.6 returned goods or services

reason for inquiry	common cause	how you can avoid this inquiry type
Cardmember billing statement reflected a Charge for returned goods.	<p>Credit was not issued.</p> <p>Cardmember was billed before Credit was posted to statement.</p> <p>Cardmember does not understand your return policy.</p> <p>Cardmember does not understand the process for returning goods to your business.</p>	<p>Process and submit Credit immediately after receiving returned goods.</p> <p>Inform Cardmember of the date a Credit for returned goods can be expected.</p> <p>Document return policy on Charge Record and customer receipt that Cardmember signs. For internet Transactions, display terms and conditions of purchase/returns/cancellations in a prominent location on your website with an "I accept" functionality. Post return/exchange policy, if possible.</p> <p>Provide clear return instructions, including return address on mail/third party shipper label, customer service phone number, return authorization number, and expected processing time.</p>



## inquiries and chargebacks

### 11.9.7 non received goods or services

reason for inquiry	common cause	how you can avoid this inquiry type
Cardmember was billed for goods or services that have not yet been provided.	<p>Charge was submitted prior to delivery of goods.</p> <p>Proof of Delivery was not obtained.</p> <p>Cardmember does not know the expected time of delivery.</p>	<p>Submit Charges only after the goods or services have been shipped or provided. Do not submit Charges for back-ordered items.</p> <p>When shipping, be sure to confirm and ship to the Cardmember's full billing address and obtain Proof of Delivery.</p> <p>Notify Cardmember of normal delivery time frame; advise Cardmember if delivery is delayed.</p>

### 11.9.8 no show – lodging

reason for inquiry	common cause	how you can avoid this inquiry type
Cardmember was billed for lodging services which the Cardmember claims were cancelled.	<p>Cardmember's cancellation was not recorded.</p> <p>Both "no show" and "lodging" Charges were billed to Cardmember in error.</p> <p>Cardmember was not given the cancellation policy when making the reservation.</p>	<p>Log all confirmation and cancellation numbers as required by the Assured Reservation and CARDeposit Programs. See <a href="#">subsection 12.14.2, "lodging"</a> for more information on these programs.</p> <p>Advise the Cardmember of the cancellation policy at the time of the reservation and monitor the process.</p> <p>Obtain in writing, where possible, that the Cardmember acknowledges your cancellation policy, especially in the event of a banquet or large meeting.</p> <p>For internet bookings, prominently post all terms and conditions on website with "I Accept" functionality.</p> <p>Ensure that travel agency networks and any other sales channels prominently display terms and conditions as well as "no show" penalties on itineraries and in phone scripts.</p>



## inquiries and chargebacks

### 11.9.9 dissatisfied with goods or services

reason for inquiry	common cause	how you can avoid this inquiry type
Cardmember is not satisfied with the goods/services.	<p>Goods are delayed or damaged/defective.</p> <p>Installation not complete or is only partially complete.</p>	<p>Advise Cardmember when goods/services will be delivered/completed.</p> <p>Advise Cardmember if goods/services will be delayed.</p> <p>Complete repairs to the Cardmember's satisfaction and obtain signature on completion of work order.</p> <p>Provide return instructions or replacements on goods/services.</p>

### 11.10 inquiry and chargeback monitoring

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

- You are unable to provide supporting documentation for Charges made at your Establishment (e.g., internet delivery) consistently.
- The monthly ratio of Disputed Charges to gross Charges (less Credits) at an Establishment exceeds three percent in any three months.
- The number of No Reply and Insufficient Chargebacks at your Establishment is deemed to be excessive relative to your prior history or industry standards.

If any of the preceding conditions are present, notwithstanding anything to the contrary in the Agreement, we may place you in any of our Chargeback programs (see [subsection 11.12.1, "chargeback programs,"](#)) charge you a fee (see [subsection 14.2.6, "excessive dispute fee"](#)) or assessment, or create a Reserve (or any or all of them).

The list of conditions above is illustrative and does not reflect all circumstances under which we will act to protect our interests.



### 11.11 how we chargeback

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

### 11.12 chargeback reasons

We may issue a Chargeback for any of the following reasons.

reason	description
No Reply	We did not receive your reply or supporting documentation to our Inquiry by the deadline. See <a href="#">section 11.5, "deadline for responding."</a>
Insufficient Reply	Documentation provided to us was insufficient, illegible, unrelated to the Disputed Charge, not in compliance with the terms of the Agreement, or failed to adequately support the Charge (e.g., a Charge we conclude is fraudulent based on the supporting documentation a Merchant provides).
Authorized	You authorized us to Chargeback the Transaction identified in the Inquiry. We prefer Merchants to issue Credits rather than to authorize Chargebacks. Credits appear on the Cardmember's billing statement.
Non-Compliance	A Non-Compliance Chargeback is issued when the Charge did not meet the terms of the Agreement (e.g., a Charge with no Authorization Approval).
Chargeback Program	You are in one of our Chargeback programs. See <a href="#">subsection 11.12.1, "chargeback programs."</a>



## inquiries and chargebacks

### 11.12.1 chargeback programs

Certain Chargebacks arise because Merchants are in our Chargeback programs. The table below describes our Chargeback programs. We may place you in any of these programs upon signing, or any time during the term of the Agreement.

Immediate Chargeback Program	Partial Immediate Chargeback Program	Fraud Full Recourse Program
<p>This program allows us to Chargeback without first sending an Inquiry any time a Cardmember disputes a Charge for any reason other than actual or alleged fraud. You may be placed in this program for three reasons:</p> <ul style="list-style-type: none"> <li>○ You choose to enroll in this program to avoid receiving Inquiries or Disputes.</li> <li>○ We place you in this program if you meet the disproportionate Inquiries and Chargebacks criteria outlined in <a href="#">section 11.10, "inquiry and chargeback monitoring."</a></li> <li>○ Your industry has had high occurrences of Disputed Charges.</li> </ul>	<p>This program allows us to Chargeback below a predetermined amount without first sending an Inquiry any time a Cardmember disputes a Charge for any reason other than actual or alleged fraud. All Disputed Charges above the predetermined amount will be processed under our standard Inquiry and Chargeback policy. You may be placed in this program for three reasons:</p> <ul style="list-style-type: none"> <li>○ You choose to enroll in this program to avoid receiving Inquiries below a specific dollar amount.</li> <li>○ Your Agreement with us stipulates participation in this program.</li> <li>○ Your industry has had high occurrences of Disputed Charges.</li> </ul>	<p>This program allows us to Chargeback without first sending an Inquiry any time a Cardmember disputes a Charge based on actual or alleged fraud. You may be placed in this program for one or more of the following reasons:</p> <ul style="list-style-type: none"> <li>○ You are a High Risk Merchant. For more information on the high risk criteria see <a href="#">subsection 10.3.1, "high risk merchants."</a></li> <li>○ We receive a disproportionately high number of Inquiries and Chargebacks relative to your prior history or industry standards.</li> <li>○ Your Merchant Account has been cancelled for being fictitious, prohibited or in violation of the Agreement.</li> </ul>

The reasons listed above for which we may place you in one of our Chargeback programs are not exhaustive. We may, at our sole discretion, place you in any of our Chargeback programs at any time.

### 11.13 tips for avoiding chargebacks

Inquiries are expensive for all parties involved. Follow these general steps and you may avoid unnecessary Inquiries and Chargebacks.

- Keep track of ALL Charge Records.
- Issue Credits within seven (7) days of determining that Credit is due.
- Disclose all terms and conditions of your sale/return/exchange/cancellation policies at the point of sale, on all Charge Records and customer receipts and on your website.
- Contact your Processor or us to make sure the name that you provide to us in your Submission matches your business name.
- Submit Charges only after goods have been shipped or services have been provided.
- Advise Cardmembers when goods or services will be delivered or completed, and always advise the Cardmember of any delays.
- Obtain a Cardmember's signature whenever completing a service or work order.

### 11.14 chargeback reversals

You may request a Chargeback Reversal if the Chargeback was applied in error. In order for us to consider your request, you must:

- have responded to the original Inquiry by the deadline (see [section 11.5, "deadline for responding,"](#)) and
- request the Chargeback Reversal no later than twenty (20) days after the date of the Chargeback, and provide all supporting documentation to substantiate your claim for a Chargeback Reversal.

If a Chargeback is applied under any of our Chargeback programs (see [subsection 11.12.1, "chargeback programs,"](#)) the Chargeback Reversal can only be requested if you prove that you already issued a Credit to the Cardmember for the amount of the Disputed Charge.

If you have questions regarding the status of the reversal, please contact [Merchant Services](#).



inquiries and chargebacks

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### **11.15 resubmission of disputed charge**

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

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### **11.16 ways to receive inquiries and chargebacks**

American Express has a variety of options for the exchange of Inquiry information with you. In addition to the traditional paper by mail method, you can receive and respond to Inquiries and Chargebacks using our Online Merchant Services (OMS) tool, our preferred method of handling Inquiries and Chargebacks. Log on to [www.americanexpress.com/oms](http://www.americanexpress.com/oms) for additional information and to enroll.

This complimentary tool allows you to reconcile your payments and resolve Disputed Charges via the internet.

OMS offers the following:

- helps eliminate the risk of mail delays and shuffling through stacks of paper
- allows you to upload and send scanned supporting documentation
- allows you to address Disputed Charges and urgent Inquiries as they occur in real time

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



## inquiries and chargebacks

### 11.17 response methods

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

online merchant services	fax	mail
<p>OMS lets you respond to Inquiries immediately and directly without time-consuming paperwork.</p> <p>OMS allows you to address Disputed Charges and urgent Inquiries.</p> <p>OMS is the preferred method for responding to Inquiries.</p>	<p>You may fax replies directly to our <a href="#">Customer Service Department</a>.</p> <p>Please use the fax numbers listed on the Inquiry cover sheet or on the fax reply page of Online Merchant Services. For paper by mail Disputes, we prefer that you fax all responses and include the Inquiry cover sheet. This will ensure the timely receipt of your documentation.</p>	<p>If you prefer to mail your responses, please use the Disputed Charge addresses listed on the <a href="#">contact information</a> page.</p>



The claim form is the part of the Inquiry letter that contains information about the Disputed Charge as well as the section you must complete and return with your response.

For fax and mail responses, you must include the claim form with your response. The claim form must include the Inquiry case number and the Merchant Number. Each page of the supporting documentation for the Disputed Charge must also include the Inquiry case number and Merchant Number (see [section 11.6, “minimum supporting documentation”](#) for additional information). If the documentation does not contain the Inquiry case number, or you are unable to locate the Inquiry case number, you must include a copy of the initial Inquiry letter with your response. Failure to provide the Inquiry case number, Merchant Number or the Inquiry letter may result in a Chargeback.



inquiries and chargebacks

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## 12.1 introduction

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

## 12.2 apartment rentals



### Rental Establishments

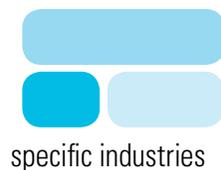
Unfurnished long-term multifamily apartment rentals used by renters as primary residences.

The term *Establishments* includes Rental Establishments, but not vice versa.

If we determine that you are primarily in the business of operating one or more Rental Establishments, then you must provide to us, promptly on request, a list of your Rental Establishments and notify us of any subsequent changes in the list. In order to qualify for the Discount Rate for Charges of rent on Rental Establishments and related security deposits and common room fees (collectively, *Rent Payments*), you must offer Recurring Billing Charges for Rent Payments and actively promote acceptance of the Card (including by general communications to residents), and the majority of your Charge volume must come from Recurring Billing Charges for Rent Payments. For details on Recurring Billing Charges, see [section 4.14, "recurring billing charges."](#)

We may charge you different Discount Rates for Charges submitted by your Establishments that are not Rental Establishments (e.g., Discount Rates for the parking lot industry will apply to Charges from parking lots operated at your Rental Establishments).

Except as expressly permitted by applicable law, the prohibition outlined in [section 3.2, "treatment of the American Express brand,"](#) against imposing restrictions, conditions, or disadvantages (e.g., fees, surcharges, "convenience" or "administrative" fees, penalties) when the Card is accepted will apply whether or not your Rental Establishments impose them on any Other Payment Products. We may use your name, addresses (including your website addresses or URLs) and telephone numbers in any media at any time to indicate that you accept the Card for Rent Payments, including Recurring Billing Charges for Rent Payments.



### 12.3 auto dealers

This section applies to Merchants that we classify in an auto dealer industry.

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

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

- You must not submit a Charge for the down payment price of a used motor vehicle unless and until you have a written agreement/bill of sale signed by the Cardmember setting forth the terms of the sale, including down payment price, and your cancellation policy. In addition to our other Chargeback rights, we also have Chargeback rights for any portion of the Charge for the down payment price of a used motor vehicle which is disputed by the Cardmember, if such Disputed Charge cannot be resolved in your favor based upon unambiguous language contained in the written agreement/bill of sale.
- Should a Cardmember exercise his or her right to rescind the written agreement/bill of sale during any rescission period set forth in the Cardmember's agreement with you or at law, you shall submit a Credit to us promptly.
- If we have classified you as an auto dealer of used motor vehicles exclusively, the down payment must not exceed 50% of the full purchase price of the motor vehicle.
- If the Cardmember denies making or authorizing the Charge, we will have Chargeback rights for such Charge in addition to our other Chargeback rights (see [chapter 11, "inquiries and chargebacks."](#))

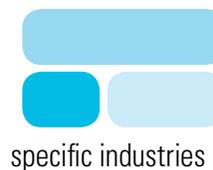


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### 12.3 auto dealers (continued)

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

- We have classified you as an auto dealer of new or new and used motor vehicles (i.e., your dealership sells new motor vehicles exclusively or both new and used motor vehicles).
- The amount of the Charge does not exceed the total price of the motor vehicle after deduction of applicable discounts, taxes, rebates, cash down payments, and trade-in values.
- You must not submit a Charge for the entire purchase price of a new or used motor vehicle unless and until you have a written agreement/bill of sale signed by the Cardmember setting forth the terms of the sale, including purchase price, delivery date and your cancellation policy. In addition to our other Chargeback rights, we also have Chargeback rights for any portion of the Charge for the entire purchase price of a new or used motor vehicle which is disputed by the Cardmember, if such Disputed Charge cannot be resolved in your favor based upon unambiguous language contained in the written agreement/bill of sale.
- Should a Cardmember exercise his or her right to rescind the written agreement/bill of sale during any rescission period set forth in the Cardmember's agreement with you or at law, you shall submit a Credit to us promptly.
- If the Cardmember denies making or authorizing the Charge and you have not transferred title or physical possession of the motor vehicle to the Cardmember, we will have Chargeback rights for such Charge in addition to our other Chargeback rights (see [chapter 11, "inquiries and chargebacks."](#))



## 12.4 **business-to-business (B2B)/ wholesale distribution**



The B2B Directory provides in-depth company information for Cardmembers who are ready to spend. The B2B Directory automatically informs Cardmembers where they can direct their spending. For more information, contact [Merchant Services](#).



Line Item Detail (LID) allows Merchants to receive a detailed invoice which expands the purchase order to include data such as the product numbers, part numbers, price per unit, quantity, etc. For information on Line Item Detail, contact your American Express representative or [Merchant Services](#).

If we classify you in the business-to-business (B2B) or wholesale distribution industries, and we determine that you are not in the Telecommunications industry, then notwithstanding the prohibition in [section 3.3, “prohibited uses of the Card,”](#) you may accept the Card for overdue amounts to the extent that acceptance of overdue amounts is a common practice in your industry and does not constitute an attempt to obtain payment from the Cardmember whose prior methods of payment have, in our reasonable judgment, been difficult to collect or uncollectible. An indicator of such difficulty, for example, may be the fact that you have sent an overdue customer account to collections.

For the purposes of [section 6.5, “submission requirements - electronic,”](#) a Charge submitted by your Establishments classified in the foregoing industries will be deemed “incurred” on the date the Cardmember indicates to you that the Cardmember will pay for the goods or services purchased with the Card, so long as:

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



## 12.4 business-to-business (B2B)/wholesale distribution (continued)



To minimize your risk of a Chargeback with B2B Charges, always:

- obtain a signature for all In-Person Charges. For Card Not Present Charges, obtain Proof of Delivery.
- maintain clear and accurate records of orders and returns.

For more tips on reducing Chargebacks, see [section 11.13, "tips for avoiding chargebacks."](#)

Notwithstanding the restriction in [section 6.5, "submission requirements - electronic,"](#) you must not submit any Charge until the goods have been shipped or services have been provided to the Cardmember. To the extent that you have clearly disclosed your intentions to the Cardmember and the Cardmember agrees, then you may submit the following types of Charges to us before you ship the goods to the Cardmember:

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

**Note:** For CPC Charges, you may qualify, at our sole discretion, for an adjustment in your Discount Rate. See [section 4.10, "corporate purchasing Card charges."](#)

## 12.5 charitable donations

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

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

If you accept the Card for Transactions that are not tax-deductible to the payor as a charitable contribution under the Code, we may charge you a different Discount Rate for such Transactions.



## 12.6 government / utilities / higher education

This section applies to Merchants that we classify in the government, utilities, or higher education 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. See [section 3.2, "treatment of the American Express brand."](#)

The Merchant must not impose a higher convenience fee on Charges than it 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 the Agreement.

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

- Merchants classified as government Entities, including government utilities, and privately owned utilities may assess convenience fees on all Charges.
- Merchants classified as higher educational institutions may assess convenience fees only on Charges for tuition, room and board or other mandatory fees.

The Merchant must clearly disclose the amount of convenience fees to the customer and give the customer the opportunity to cancel the Charge if the customer does not want to pay the convenience fee.

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

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



## 12.7 insurance



### Agency

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

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

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

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

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

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



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## 12.8 internet / online pharmacies

If we determine that you are an internet / online pharmacy Merchant that accepts the Card for sales of prescription medications (as defined by applicable law or regulation) in the Card Not Present environment, you must either:

- be certified by the Verified Internet Pharmacy Practice Sites program of the National Association of Boards of Pharmacy ([www.nabp.net](http://www.nabp.net)), or
- maintain a current license issued by the board of pharmacy in the state in which you are located.

Upon request, you must promptly provide to us documentation indicating your certification or license status. The Agreement may be terminated if you do not provide this documentation promptly.

Specific procedures exist for Transaction processing by internet / online Merchants. These procedures appear in [section 4.8.1, "processing a Card not present Charge \(internet\)."](#)

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## 12.9 oil / petroleum

If we classify you in the oil / petroleum industry, we may place you in our Fraud Full Recourse Program (see [subsection 11.12.1, "chargeback programs"](#)) if you accept Charges originating at a Customer Activated Terminal (CAT) gas pump. We will not exercise Chargeback up to a certain dollar amount for Charges that qualify under the Oil Fraud Protection Program (see [subsection 12.9.3, "oil fraud protection program."](#)) For information about Customer Activated Terminals, see [subsection 4.7.2, "customer activated terminals."](#)



## 12.9.1 requirements

You must:

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

## 12.9.2 recommendations



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

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

We recommend that you:

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



### 12.9.3 oil fraud protection program



Fraud at fuel pump CATs often occurs when criminals create a counterfeit magnetic stripe. Oil/petroleum Merchants can mitigate the risk of counterfeit fraud by implementing American Express fraud prevention tools such as track 1, zip code verification, and terminal ID. See [chapter 9, "fraud prevention,"](#) for more details.

The Oil Fraud Protection Program addresses counterfeit fraud Chargebacks at fuel pump Customer Activated Terminals (CATs). Under this program, we will not exercise Chargeback for the amount of the Charge up to \$100 provided that both the Establishment and each Charge meet the following criteria:

- the Authorization request meets the data requirements listed in [subsection 4.7.2, "customer activated terminals,"](#)
- the Authorization request must include the correct Merchant Category Code (MCC) for "automated fuel dispensers" (5542),
- the Issuer determines that the Card used to initiate the Charge was counterfeit, and
- the Establishment qualified for Chargeback protection under the program at the time of the Charge, as follows:

For an Establishment to qualify under the Oil Fraud Protection Program, it (i) must authorize and submit Transactions under the unique Merchant Number which we assign to the Establishment, and (ii) must have, in a given month, a counterfeit fraud to Charge volume ratio below 1%. An Establishment whose counterfeit fraud to Charge volume ratio rises to or exceeds 1% in a given month will not qualify under the Oil Fraud Protection Program until the ratio falls below 1% for three consecutive months. Notwithstanding the foregoing, the Oil Fraud Protection Program does not apply to Merchants that submit under one Merchant Number consolidated Charges from multiple Establishments (i.e., central submitters) or to the Establishments that those Merchants submit on behalf of.

American Express offers a variety of fraud prevention tools which may enable Merchants to reduce fraud in order to qualify and retain eligibility for the program. See [chapter 9, "fraud prevention,"](#) for more details.



## 12.10 online / mail order tobacco retail



Mail order and online retail represent a high source for fraud. Fraud prevention tools such as Enhanced Authorization and Charge Verification may be of benefit to you if you operate in an online or mail order environment. For information on the entire suite of fraud mitigation tools see [chapter 9, "fraud prevention."](#)

If we classify or otherwise determine that you are an online or mail order (or both) tobacco Merchant, then you must provide us with the website address of the online store from which you sell your tobacco products. If your website facilitates tobacco sales, you will be required on request to provide an executed and notarized "Affidavit of Compliance with Laws." If you fail to complete the Affidavit, your Merchant Account and the Agreement may be terminated.

We may monitor your website.

See [appendix](#) for the "Affidavit of Compliance with Laws" form.

## 12.11 restaurants

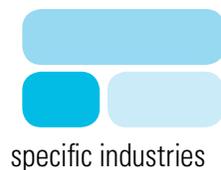


Skimming is the theft of payment Card information by an employee of an Establishment who uses a pocket-sized electronic device (a.k.a. "skimmer") to copy Cardmember Information from the Card's Magnetic Stripe. For Fraud Prevention tools see [chapter 9, "fraud prevention."](#)

If we classify or otherwise determine that you are in the restaurant or bar industry, then the following Authorization procedures apply. If the final restaurant or bar Charge is no greater than the amount for which you obtained Authorization plus 20% of that amount, no further Authorization is necessary.

If the final restaurant or bar Charge is greater than the amount for which you obtained Authorization by more than 20%, you must obtain Authorization for any additional amount of the Charge.

See [section 4.9, "charge records"](#) for additional information on paying a single bill with multiple Cards.



## 12.12 telecommunications



### Telecommunications

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

If we classify you in the Telecommunications industry, notwithstanding anything to the contrary in the Agreement, we may place you in one or more of the following programs (see [subsection 11.12.1, “chargeback programs”](#)):

- Partial Immediate Chargeback Program for an amount of \$50 or less
- Fraud Full Recourse Program

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

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



## 12.13 timeshares



### Timeshare Unit

The exclusive right to occupy a unit in a real estate development located in the United States, Puerto Rico, the U.S. Virgin Islands, and other U.S. territories or possessions for vacation and resort use for a specified period of time each year.

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

- no more than 50% of the purchase price of an ownership interest or other annual occupancy right in a Timeshare Unit, if the total amount of Charges you submit to us during any consecutive twelve month period is no more than a threshold we determine (currently US\$3 million), or the full purchase price of an ownership interest or other annual occupancy right in a Timeshare Unit, if the total amount of Charges you submit to us during any consecutive twelve month period exceeds that threshold.
- membership fees to register or list a Timeshare Unit for sale, rental, or exchange.
- maintenance fees or annual fees associated with the Timeshare Units, subject to the provisions of [section 4.14, "recurring billing charges."](#)

You must not submit any Charge until you have the irrevocable right to retain the payment under applicable law and under a written agreement signed by the Cardmember. You must not accept the Card for campground memberships, recreational fees, or interests in real property other than Timeshare Units, subject to what is described in [section 4.14, "recurring billing charges."](#)



## 12.14 travel industries

This section applies to Merchants that we classify in the cruise line, lodging, and vehicle rental industries. Rules will differ depending on travel industry segment.

### 12.14.1 cruise line



This section applies to Merchants that we classify in the cruise line industry. Cruise line Merchants may permit Cardmembers to use the Card to make purchases:

- at all cruise line ticket and sales offices worldwide including all central reservation systems (e.g., cruise ship travel, connecting air packages, air tickets, shore excursions and tours, port transfer and baggage charges, and pre-and post-cruise travel packages), and
- for on-board purchases on cruise line ships (e.g., purchase on shipboard of cabin upgrades, entertainment, goods, beverages, laundry services, gratuities, deck chairs, spa services).

#### 12.14.1.1 cruise line special authorization procedures

For on-board purchases:

- Prepaid Cards must not be accepted at check-in or embarkation of a cruise for on-board purchases, nor for any other Charges that are not “real time” purchases (i.e., for which Authorization is obtained at the same time as the purchase).
- There may be times when you cannot obtain Authorization for every on-board purchase made on the Card. Instead, you must:
  - seek Authorization for estimated amounts at embarkation or check-in (with Authorization of any amounts in excess of such estimate to be obtained at the end of the cruise), or
  - seek Authorization intermittently (no less than daily) through the duration of the cruise.

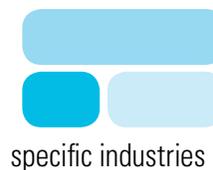


**12.14.1.1 cruise line special authorization procedures (continued)**

- If the Point of Sale System is unavailable to obtain an Authorization, then you must either:
  - obtain Authorization by telephoning our [Authorization department](#), or
  - collect all Charges during such non-functioning time and as soon as reasonably possible obtain an Authorization.
- An Authorization made for on-board purchases is valid for the duration of the cruise.

Upon check-out:

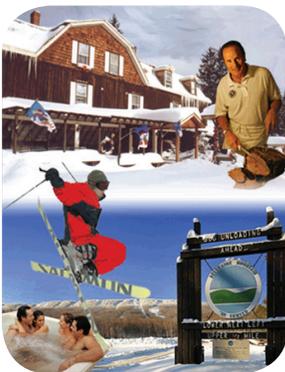
if	then
the final Charge amount is not greater than the Authorization for the estimated amount plus 15%	no further Authorization is required.
the final Charge amount is greater than the Authorization for the estimated Charge amount by more than 15%	you must obtain Authorization for any additional amount of the Charge that is greater than the amounts for which you have already obtained Authorization. If you fail to obtain Authorization for the additional amount, or your request for such Authorization is Declined, and the Cardmember fails to pay the Charge for any reason, we will have Chargeback rights for the amount in excess of the Approved Authorizations for the estimated Charge amounts.
a Cardmember opts to use a Prepaid Card at the time of check-out when the final Charge is known	you must obtain Authorization for the full amount of the Charge to be placed on the Prepaid Card.  See "Split Tender" in <a href="#">section 5.14, "additional authorization requirements"</a> for additional information.



## 12.14.2 Lodging

This section applies to Merchants that we classify in the lodging industry, and includes special Authorization procedures and programs for check-in and check-out. The Assured Reservations and CARDeposit® Programs allow certain Charges to be submitted that would otherwise not be allowed by American Express.

### 12.14.2.1 lodging - special authorization procedures



When Cardmembers opt to pay for lodging stays on the Card, you must follow the procedures below.

Upon check-in:

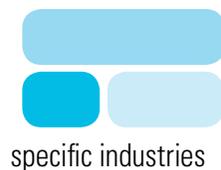
- Obtain Authorization for the full estimated amounts of Charges based upon the room rates and the number of days that the Cardmember expects to stay, plus taxes and other known incidental amounts (Estimated Lodging Charges).
- Do not overestimate the Authorization amount.
- Prepaid Cards must not be accepted at the time the Cardmember checks-in or for any other Charges that are not “real time” purchases that can be Authorized at the time of purchase.
- An Authorization is valid for the duration of the lodging stay.



**12.14.2.1 Lodging - special authorization procedures (continued)**

Upon check-out:

if	then
the final Charge is no greater than the Estimated Lodging Charge plus 15% of the Estimated Lodging Charge	no further Authorization is required.
the final Charge is greater than the Estimated Lodging Charge by more than 15%	you must obtain Authorization for any additional amount of the Charge that is greater than the Estimated Lodging Charge. If you fail to obtain such Authorization for the additional amount, or your request for such Authorization is Declined, and the Cardmember fails to pay the Charge for any reason, we will have Chargeback rights for the amount in excess of the Approved Estimated Lodging Charge.
a Cardmember opts to use Prepaid Cards at the time of check-out when the final Charge is known	you must obtain Authorization for the full amount of the Charge to be placed on the Prepaid Card. See "Split Tender" in <a href="#">section 5.14, "additional authorization requirements"</a> for additional information.



### 12.14.2.2 assured reservations



#### Assured Reservation Program

The Assured Reservation Program allows Cardmembers to call a participating hotel to make an Assured Reservation and guarantee the hotel reservation by giving their American Express Card.

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

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

Your Assured Reservation Program responsibilities include the following:

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

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

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



### 12.14.2.2 assured reservations (continued)

Failure to meet the above-mentioned obligations will result in a Chargeback if the Cardmember disputes a “no show” Charge.

If we receive disproportionate numbers of Disputed “now show” Charges, you must work with us to reduce the number of disputes. If such efforts fail to reduce the number of disputes, we may place you in any of our Chargeback programs. See [subsection 11.12.1, “chargeback programs.”](#)

### 12.14.2.3 CARDeposit® program



#### CARDeposit Program

The CARDeposit Program permits Cardmembers with a billing address in the United States, Canada, Puerto Rico or the U.S. Virgin Islands to charge the payment of an Advance Payment Charge to their Card when a deposit is required. Cardmembers may guarantee up to 20 rooms for a 14-night period at a participating lodging Merchant by giving their American Express Card.

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

- Follow all requirements for an Advance Payment Charge, as described in [section 4.13, “advance payment charges.”](#)
- Upon arrival, the Cardmember must show the Card. If the Cardmember does not have the Card, other identification must be shown.
- Ensure the Charge Record contains the words “CARDeposit” on the Cardmember signature line or, for Charge Records submitted electronically, the appropriate indicator on the Charge Data. If you are unsure of how to submit the Charge using the appropriate indicator, contact your Processor, Terminal Provider, or if you have a direct link to American Express, your American Express representative.



### 12.14.2.3 CARDeposit® program (continued)

if	then
the CARDeposit is cancelled	you must send a written cancellation notice showing the cancellation number to the Cardmember within three business days from the date of such cancellation. If a refund is due, pursuant to your advance deposit cancellation policy, you must include the appropriate indicator or submit a Credit form with the words "CARDeposit Cancellation" on the Cardmember signature line. If you are unsure of how to submit using the appropriate indicator, contact your Processor or Terminal Provider.
an arrival date of a CARDeposit is changed	you must send the Cardmember a written confirmation of the change within three business days from the date the reservation was changed.
you are unable to honor a CARDeposit that was not previously cancelled	your obligation to the Cardmember includes the following: <ul style="list-style-type: none"> <li>○ You must issue a Credit for the CARDeposit.</li> <li>○ You must pay for accommodations at a comparable location nearby, until the duration of the original reservation expires (up to 14 nights) or until accommodations become available at the original location, whichever occurs first.</li> <li>○ You must provide transportation to and from the alternate location once a day until the original accommodations are available.</li> <li>○ You must pay for one 3-minute call to advise of the move to the alternate location, and one 3-minute call to advise of the return to the original location.</li> </ul>

### 12.14.2.4 emergency check-in



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



### 12.14.3 vehicle rentals



#### 12.14.3.1 vehicle rentals - special authorization procedures

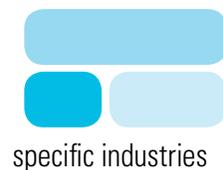
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This section applies to Merchants that we classify in the vehicle rental industry. When Cardmembers opt to pay for vehicle rentals (not to exceed four consecutive months) on the Card, you must follow the procedures below.

---

Upon rental of the vehicle:

- Obtain Authorization for the full estimated amount of the Charge (Estimated Vehicle Rental Charge). The Estimated Vehicle Rental Charge shall be determined by multiplying the rental rate by the rental period reserved by the Cardmember, plus any known incidentals. You must not overestimate this amount or include an amount for any possible damage to or theft of the vehicle.
- If you fail to obtain Authorization for the Estimated Vehicle Rental Charge and submit the Charge, and the Cardmember fails to pay the Charge for any reason, we will have Chargeback rights for the full amount of the Charge.
- Prepaid Cards must not be accepted at the time the Cardmember checks out or picks up the rental vehicle, or for any other Charges that are not “real time” purchases that can be Authorized at the time of purchase.
- An Authorization is valid for the duration of the rental agreement.



**12.14.3.1 vehicle rentals - special authorization procedures (continued)**

Upon return of the vehicle:

if	then
the final Charge is not greater than the Estimated Vehicle Rental Charge plus 15%	no further Authorization is required.
the final Charge is greater than the Estimated Vehicle Rental Charge by more than 15%	obtain Authorization for any additional amount of the Charge that is greater than the Estimated Vehicle Rental Charge. If you do not obtain an Authorization for the additional amount, or you request Authorization for the additional amount but Authorization is Declined, and the Cardmember fails to pay the Charge for any reason, we will have Chargeback rights for the amount of the Charge in excess of the Estimated Vehicle Rental Charge for which you already obtained Authorization.
a Cardmember decides to extend a rental period	request Authorization for the estimated amount that will be in excess of the Estimated Vehicle Rental Charge.  Authorization Approved – If Authorization is granted, the amount of Authorization will be added to the original Estimated Vehicle Rental Charge and the total thereof will be considered the Estimated Vehicle Rental Charge.  Authorization Declined – If Authorization is declined, the original Estimated Vehicle Rental Charge amount will remain the Estimated Vehicle Rental Charge.
any additional Charges not previously approved for Authorization are incurred when the vehicle is returned  a Cardmember opts to use Prepaid Cards upon return of the vehicle when the final Charge is known	request Authorization for the additional amount not previously approved for Authorization.  you must obtain Authorization for the full amount of the Charge to be placed on the Prepaid Card.  See “Split Tender” in <a href="#">section 5.14, “additional authorization requirements”</a> for additional information.



### 12.14.3.2 prepayment on vehicle rentals

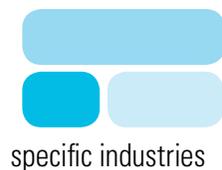
If you permit Cardmembers to make Charges with the Card for vehicle rentals where Cardmembers elect to prepay for a vehicle rental over the phone, at the counter and via your company websites (not on any other third party reservation system) (Prepaid Rental), you must:

- Follow all requirements for an Advance Payment Charge, as described in [section 4.13, “advance payment charges.”](#)
- Ensure that your vehicle rental contract with the Cardmember contains the terms and conditions of said reservation and cancellation policies.

### 12.14.3.3 capital damages

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

- The Card was used for the vehicle rental at the time the vehicle was checked out.
- You must provide in writing, to the Cardmember, an itemized list of specific damages which has occurred.
- You must secure from the Cardmember written acknowledgment of responsibility for the Capital Damages. The Cardmember’s acknowledgment must be made freely and without any threat or duress.
- You must advise the Cardmember, in writing, of the total estimated amount for which the Cardmember may be responsible. No amounts in excess of 110% of the disclosed amount shall be charged to the Cardmember’s Card, without the express prior written consent of the Cardmember.
- A description of the damage, acknowledgment of responsibility, and designation of the estimated amount of damage will be set forth on a single form (Acknowledgment of Responsibility Form). See [appendix](#) for a copy of the form.
- You must obtain Authorization for the amount of the Capital Damages each time an Acknowledgment of Responsibility Form is completed.



### 12.14.3.3 capital damages (continued)

- On each occasion the Cardmember has chosen to use the Card for Capital Damages, you must prepare a Charge Record separate from the Charge Record for the rental. You must adhere to all requirements outlined in [chapter 4, “transaction processing”](#) for the completion of the Charge Record. In addition, you must observe the following:
  - After the exact amount of the Capital Damages has been determined, you must provide the Cardmember with itemized notice of damages; insert the amount of the Capital Damages on the Charge Record (in no event in excess of the estimated amount plus 10% agreed to by the Cardmember in the Acknowledgment of Responsibility Form).
  - For Charge Records submitted on paper or by other non-electronic means, you must write “Capital Damages” on the signature line; for electronic Submission you must provide the appropriate descriptor. For instructions on how to provide the required descriptor, please contact your Processor or Terminal Provider.
  - In addition to the other Chargeback rights contained in the Agreement, we may exercise Chargeback rights with respect to any Charge for Capital Damages which is not submitted in accordance with all the procedures contained within the Agreement.



specific industries

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- 13.2 [definitions](#)
- 13.3 [recruitment of sponsored  
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- 13.6 [quarterly reporting](#)
- 13.7 [indemnity - limitation of liability](#)



payment service provider

## 13.1 introduction

If you wish to provide Payment Services we may request that you provide to us additional information about your business. We have the right, in our sole discretion, whether or not to approve and classify you as a Payment Service Provider (PSP) on our Network. If we so approve you, then:

- you must comply with the requirements in this chapter 13,
- the prohibitions in the Agreement (including [section 3.3, “prohibited uses of the Card”](#)) against acting on behalf of other parties will not apply to your Payment Services,
- the requirement in [section 4.4, “completing a transaction at point of sale,”](#) that Cardmembers provide Transaction Data directly to you is modified to the extent necessary to permit Sponsored Merchants to collect that Transaction Data directly from Cardmembers and provide it directly to you, and
- when processing Aggregated Charges, you must not combine purchases or refunds (or both) from more than one Sponsored Merchant.

This chapter 13 states additional requirements applicable to Merchants classified as PSPs. All other provisions and requirements of the Agreement apply to them as well. To the extent possible, the provisions of this chapter 13 and the other provisions of the Merchant Regulations shall be interpreted to give each their full effect. However, if a conflict is deemed to exist between them, the provisions of this chapter 13 shall control.



payment service provider

## 13.2 definitions

For purposes of this chapter 13 only, the following definitions apply:

*Payment Services* - the provision of payment services in connection with Transactions between Cardmembers and Sponsored Merchants whereby you, the Entity providing such services (and not the Sponsored Merchant), are the Merchant of record, submit Transactions under your Merchant Number and receive payment from us for Charges (among other things).

*Payment Service Provider or PSP* - a provider of Payment Services (sometimes called an “aggregator” or “master merchant” in our materials).

*Sponsored Merchant* - a Sponsored Merchant Prospect that has entered into a Sponsored Merchant Agreement with you. Sponsored Merchants are one of your Covered Parties pursuant to [chapter 8, “protecting Cardmember information.”](#)

*Sponsored Merchant Agreement* - the standard form agreement governing your provision of Payment Services that you must have the Sponsored Merchant Prospect execute pursuant to this chapter 13.

*Sponsored Merchant Prospect* - any third party seller of goods and services that either:

- does not accept the Card and which operates one or more Sponsored Merchant Websites or other Establishments, or
- accepts the Card with respect to its existing methods for selling goods and services but also proposes to submit Transactions through a Payment Service Provider.

*Sponsored Merchant Website* – any website operated by a Sponsored Merchant Prospect for the sale of goods or services (or both).



payment service provider

### 13.3 recruitment of sponsored merchants

If we approve and classify you as a PSP, you are permitted to recruit for your Payment Services only Sponsored Merchant Prospects that:

- are located in the United States, Puerto Rico, the U.S. Virgin Islands, or other U.S. territories and possessions,
- do not fall within the exclusions set forth in [subsection 13.3.1, “exclusions”](#) below, and
- transact in U.S. currency only (i.e., price their goods and services and receive Payment Services from you solely in U.S. dollars).

You must recruit Sponsored Merchant Prospects for Payment Services only in accordance with the provisions of this chapter 13.

#### 13.3.1 exclusions

You shall not recruit Sponsored Merchant Prospects that fall within any of the following exclusions:

- any of the criteria in [section 10.2, “prohibited merchants,”](#)
- internet auctions,
- Payment Service Providers (except to the extent that the PSP itself sells goods to which it has title),
- political parties,
- Telecommunications industry (including wireless, cable, satellite, wireline, and ISP), or
- travel industry (including air travel, cruise line, car rental, lodging, and travel tour operators).



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### 13.3.1 exclusions (continued)

If a portion of a Sponsored Merchant's Charges, or one of its lines of business, falls within any of the foregoing exclusions, then you must exclude that portion or line of business from your Payment Services. We also have the right to disapprove such a Sponsored Merchant in our sole discretion, in which event you must cease providing Payment Services to it immediately upon notice from us.

We may modify these exclusions at any time in our sole discretion. If you have begun to recruit a Sponsored Merchant Prospect that falls within such a modified exclusion, you must cease all such efforts immediately. If you have begun providing Payment Services to a Sponsored Merchant that falls within:

- the first, 'prohibited Merchant' exclusion above (as modified), then you must cease providing Payment Services to it immediately, or
- the other exclusions above (as modified), then you must notify us and cooperate with us to transition such Sponsored Merchant to us as we may request, including providing to us the Sponsored Merchant's contact information.

### 13.3.2 sponsored merchant agreements

You must enter into a Sponsored Merchant Agreement with each Sponsored Merchant Prospect that meets the foregoing requirements, and you must enforce each Sponsored Merchant's compliance with the provisions of the Sponsored Merchant Agreements, including terminating your provision of Payment Services to it if it has breached any of those provisions. You must not provide Payment Services before the Sponsored Merchant Agreement has been executed.



payment service provider

### 13.3.2 sponsored merchant agreements (continued)

All Sponsored Merchant Agreements must be consistent with the American Express Brand, all applicable laws, rules and regulations, and must include the following basic provisions:

- Requirements to display our Marks and otherwise honor the Card in accordance with [chapter 3, “Card acceptance.”](#)
- Requirements that will enable you to comply with [chapter 4, “transaction processing,”](#) [chapter 5, “authorization,”](#) [chapter 6, “submission,”](#) [chapter 8, “protecting Cardmember information,”](#) [chapter 11, “inquiries and chargebacks.”](#)
- Industry-specific requirements of [chapter 12, “specific industries,”](#) as applicable to the Sponsored Merchant.
- Requirement to maintain customer service information pursuant to [subsection, 13.4.1, “customer service information.”](#)
- Prohibitions against processing Transactions or receiving payments on behalf of, or (unless required by law) re-directing payments to any other party.
- Authorization for you to share data with us from Transactions submitted through the Payment Services.
- Authorization for us to use the Sponsored Merchant’s name, address, and website address (URL) in any media from time to time.
- Requirement that Sponsored Merchants’ refund policies for purchases on the Card must be at least as favorable as its refund policy for purchase on any Other Payment Product and the refund policy be disclosed to Cardmembers at the time of purchase and in compliance with applicable law.
- Prohibition against billing or collecting from any Cardmember for any purchase or payment on the Card unless Chargeback has been exercised, the Sponsored Merchant has fully paid for such Charge, and it otherwise has the right to do so.
- Limitation of liability provision, including a provision in which the Sponsored Merchant agrees to abide by the limitation on our liability set forth in the Agreement.



payment service provider

### 13.3.2 sponsored merchant agreements (continued)

- Requirement to comply with all applicable laws, rules and regulations relating to the conduct of the Sponsored Merchant's business.
- Authorization for you to terminate your provision of Payment Services to the Sponsored Merchant when required by us in accordance with the provisions of this chapter 13.
- Requirement to remove our Marks from the Sponsored Merchant Website and wherever else they are displayed upon termination of the Sponsored Merchant Agreement or a Sponsored Merchant's participation in your Payment Services.

You must provide to us copies of your standard Sponsored Merchant Agreement form from time to time on request.

If we notify you that a Sponsored Merchant has breached any of these provisions, then you shall cease providing Payment Services to it within five days after your receipt of such notice and cause it to remove all our Marks from its Sponsored Merchant Website and other locations immediately.



payment service provider

## 13.4 general psp requirements

You shall:

- Perform verification checks, credit checks, “know your customer,” and anti-money laundering checks of Sponsored Merchants in accordance with all applicable laws and regulations and otherwise as we may require, providing us, on request, copies of your policies governing these checks and otherwise responding to our request about your performance of these checks.
- Ensure that each Sponsored Merchant Website does not contain libelous, defamatory, obscene, pornographic, or profane material or any instructions that may cause harm to any individuals or to the American Express Brand.
- Comply with all applicable provisions in [chapter 3, “Card acceptance,”](#) [chapter 4, “transaction processing,”](#) [chapter 5, “authorization,”](#) [chapter 6, “submission,”](#) [chapter 8, “protecting Cardmember information,”](#) [chapter 11, “inquiries and chargebacks,”](#) [chapter 12, “specific industries,”](#) and [chapter 14, “merchant fees.”](#)
- Establish separate Merchant Numbers with us as we may require, and submit Charges thereunder in the same currency (i.e., U.S. dollars) that the Sponsored Merchant presented the price to the Cardmember.
- Settle payments for Sponsored Merchant Charges to the applicable Sponsored Merchant. You shall not process payment on behalf of any Entity other than a Sponsored Merchant.
- If we should establish any method to identify Sponsored Merchants by additional descriptors, you shall comply with our implementation of such method of identification.
- Conform to any additional requirements that are provided to you for Internet Orders.
- Certify for, and participate in, our Automated Address Verification service in connection with your Payment Services.
- Inform your Processor that you are classified as a Payment Service Provider.



payment service provider

### 13.4 general psp requirements (continued)

- Inform us promptly of any information related to any Sponsored Merchant or any Sponsored Merchant Website or other location that could reasonably lead to a Claim or demand against us by, or our liability to, a third party.
- Upon termination of the Agreement, require that all Sponsored Merchants remove our Marks from their Sponsored Merchant Websites and all other locations.

#### 13.4.1 customer service information

You and each Sponsored Merchant must maintain customer service information that is readily available for review by Cardmembers transacting with the Sponsored Merchant. The customer service information should provide clear instructions on how to contact you or the Sponsored Merchant, including an active customer service email address and telephone number.

#### 13.4.2 disclosures to Cardmembers and sponsored merchants

It is important that Cardmembers recognize Transactions made through your Processing Services on their billing statements. Accordingly, you must:

- make clear to Cardmembers at the time of sale and on their billing statements who is the seller (e.g., you or, when you are providing Payment Services, the Sponsored Merchant), and
- advise the Cardmember that you are accepting the Charge and ensure that your name prominently appears wherever appropriate (i.e., on the Sponsored Merchant Website payment page, and on any Transaction receipt or confirmation email issued to the Cardmember by you or the Sponsored Merchant).



The billing descriptor information you submit must be adequate enough to reduce instances of Cardmember “no knowledge” disputes.



payment service provider

#### **13.4.2 disclosures to Cardmembers and sponsored merchants (continued)**

---

It is important that Sponsored Merchants understand your Payment Services. Accordingly, to the extent that you assess them fees or assessments for your Payment Services, you must:

- clearly disclose to any Sponsored Merchant that you are charging such fees or assessments (or both) for your Payment Services and the amount thereof, and
- make clear to the Sponsored Merchant that we have not required or requested such fees or assessments (or both).

#### **13.4.3 chargebacks / disputed charges**

---

We may exercise Chargeback on Disputed Charges arising in connection with your Payment Services. You are fully responsible and financially liable for all Transactions and all other issues involving Sponsored Merchants. We shall have no responsibility in this regard except as expressly set forth in this chapter 13.

In addition, we may place you in one of our Chargeback programs. See [subsection 11.12.1, "chargeback programs."](#)



payment service provider

### 13.4.4 marketing

To the extent that any of your marketing materials for recruiting Sponsored Merchant Prospects refer to us or the Card, that portion of the materials are subject to our prior review and written approval in each instance. You must send such marketing materials to your American Express representative or to the address listed below for written approval. We may, in our sole discretion, withhold or delay our approval to use those materials. You shall bear all costs and expenses relating to those materials.

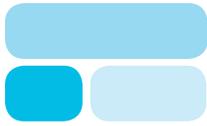
American Express Travel Related Services Company, Inc.  
200 Vesey Street, Floor 33  
3 World Financial Center  
Mail Drop: 01-33-04  
New York, NY 10285  
Attn: Payment Service Provider Team

You shall not use any Cardmember Information or lists of partial or complete Cardmember names for the purpose of providing or selling this information to third parties or other internal uses (e.g., marketing). You shall not use for marketing, sell, or disseminate a list compiled specifically of those Cardmembers who make purchases on the Card at Sponsored Merchants.

### 13.5 financial and payment terms

The Discount that we charge you with respect to Charges arising in connection with your Payment Services and our payments to you will be determined from time to time according to [chapter 7, "settlement."](#)

You have the sole right to determine all Charges and fees payable by Sponsored Merchants to you in respect of your Payment Services, except that you must not discriminate against the Card by charging Sponsored Merchants higher or additional fees or assessments (or both) for your Payment Services than you would charge for your similar services for Other Payment Products. Any such fees or assessments must not be prohibited by applicable law.



payment service provider

## 13.6 quarterly reporting

It is important that we know all Sponsored Merchants that have retained you as a PSP. Accordingly, we may request information from you on a quarterly basis. Once we notify you, you must submit to us by the 15th day after the end of each quarter, via such method as we may prescribe, a list of all Sponsored Merchants that have retained you as a PSP.

If we require an updated list, you must provide it to us within ten days of our request. We may notify you if we do not receive the list, or if we believe that it is not complete and accurate. If we still have not received the list or if you fail to correct any omission or inaccuracy in the list within ten days of notice, we shall have the right to terminate the Agreement or your authorization to provide Payment Services, in our sole discretion.

### 13.6.1 mandatory data elements



If the Sponsored Merchant is a sole proprietorship in the U.S., its business tax identification number will be the social security number of the sole proprietor.

Each list must contain the following data elements for each Sponsored Merchant:

- legal name
- doing business as (dba) name
- street address
- city
- state/region
- postal code
- country
- business tax identification number
- authorized signer's first and last name
- website address (URL) of each Sponsored Merchant Website (list all if more than one website)
- industry type/Merchant Category Code (MCC)
- Charge volume (by month, quarter, etc.)
- total Transactions (by month, quarter, etc.)
- unique identifier by Sponsored Merchant
- currency code



payment service provider

### 13.6.2 disapproval of merchant

We retain the right, in our sole discretion, to disapprove any Sponsored Merchant. If we notify you that we disapprove of a Sponsored Merchant, you shall:

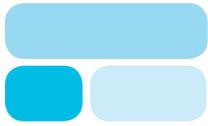
- cease providing Payment Services to such Sponsored Merchant within five days after your receipt of such notice,
- promptly on request confirm details to us of such Sponsored Merchant, and
- cause the Sponsored Merchant to remove all our Marks from its Sponsored Merchant Website or other locations immediately.

### 13.7 indemnity - limitation of liability

Your indemnity obligations under the Agreement include damages, liabilities, losses, costs and expenses, including legal fees, arising out of the following:

- your breach of any provision of this chapter 13,
- your failure or omission in the provision of Payment Services,
- any Claim from:
  - a Sponsored Merchant Prospect that does not become a Sponsored Merchant, and
  - a Sponsored Merchant arising out of or in connection with its Sponsored Merchant Agreement (or both),
- a Sponsored Merchant's act or omission in connection with the relationship established under a Sponsored Merchant Agreement, including liability arising from fraudulent Transactions or Data Incidents at Sponsored Merchants, and
- any claim or action by your personnel, agents, and subcontractors that we are liable to such person as the employee or joint employer of such person, including any claim for employee benefits as a result.

The limitation on our liability set forth of the Agreement shall apply to any damages you may incur in connection with your provision of Payment Services.



payment service provider

### 13.7.1 termination

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Without waiving our other rights and remedies, if you do not fulfill the requirements of this chapter 13, we may terminate the Agreement or your authorization to provide Payment Services, in our sole discretion.

contents

- 14.1 [introduction](#)
- 14.2 [types of fees](#)



## merchant fees

### 14.1 introduction

You must pay us the Discount and you may be subject to various other fees and assessments. Some fees or assessments are for special products or services, while others may be applied because of your non-compliance with our policies and procedures. Many non-compliance fees and assessments can be avoided by correcting the actions that are causing you not to be in compliance.

### 14.2 type of fees

The Agreement imposes various fees and assessments, as described below.

#### 14.2.1 Card acceptance discount fees

fee	description	amount
Discount	The Discount is one of the amounts we charge you for accepting the Card. For a full description of Discount, see <a href="#">chapter 7, "settlement."</a> To determine the Discount that you pay, contact your American Express representative.	varies
Monthly Flat Fee	For details on our Monthly Flat Fee option, see <a href="#">subsection 7.3.1, "monthly flat fee."</a>  If we charge you a Monthly Flat Fee, we will debit your Bank Account for such Monthly Flat Fee instead of debiting the amount corresponding to your Discount Rate. We may automatically charge you a Monthly Flat Fee instead of a Discount Rate if you do not activate your Merchant Account and submit Charges to us within 150 days after we set up your Merchant Account. If we do not receive any Charges from you within any period of twelve consecutive months, we may charge you a Monthly Flat Fee instead of a Discount Rate.	\$7.95 per month



## 14.2.2 authorization fees



To avoid the gateway fee, Merchants can send their Authorizations directly to American Express, or through another third party that does not use the Visa or MasterCard gateway. To learn more, visit [www.americanexpress.com/directconnect](http://www.americanexpress.com/directconnect), contact your American Express representative, or send an email to [directconnectivity@aexp.com](mailto:directconnectivity@aexp.com).

fee	description	amount
gateway fee	If you or your Covered Parties route Authorization requests to American Express through the Visa or MasterCard processing gateways, Visa and MasterCard charge us fees for these Authorizations. We will pass their fees, which may vary depending on Authorization volume and other factors, on to you for all of your Authorizations that are routed through their gateways in a given month.	varies
non-swiped Transaction fee	A fee applied to any Charge for which we did not receive both (i) the full Magnetic Stripe, and (ii) the indicator as to whether the Card was swiped.	0.30% of the face amount of each non-swiped Charge



merchant fees

### 14.2.2 authorization fees (continued)

fee	description	amount
Voice Authorization fee	<p>If your Point of Sale System is unable to reach our computer Authorization system for Authorization, or you do not have such Point of Sale Systems, you must request the Authorization for all Charges by calling the American Express <a href="#">Authorization department</a>. We may charge you a fee for each Charge for which you request Authorization by telephone unless:</p> <ul style="list-style-type: none"> <li>such failure to request Authorization electronically is due to the unavailability or inoperability of our computer Authorization system, or</li> <li>you are prompted with a "Please Call" or "Referral" message by your Point of Sale System, you contact us for a Voice Authorization on the same day you receive the message, and you enter the same dollar amount (within \$1) over the telephone that you initially entered in the Point of Sale System when you received the message.</li> </ul> <p>For information on how to avoid Voice Authorization fees, see <a href="#">section 5.7, "obtaining a voice authorization."</a></p>	\$0.65 per Charge



merchant fees

### 14.2.3 submission and settlement fees



Submitting electronically allows you to avoid paying a paper Submission rate. Electronic Submission ensures your Submission file is sent to us quickly, so we can begin the process of settling with you. If you are not submitting electronically, contact [Merchant Services](#) for information on how to facilitate electronic Submission.



If you want to avoid paying a paper statement fee, we offer a fee-free online reconciliation solution through Online Merchant Services. To learn more, visit [www.americanexpress.com/oms](http://www.americanexpress.com/oms).

fee	description	amount
check fee	A fee may be assessed for each check that we issue/create.	\$1.50 per check
paper statement fee	If you choose to receive paper statements, we may charge you a fee for each paper statement.	\$4.95 per statement
paper submission rate	All paper Submissions are charged a higher Discount Rate than electronic Submissions. To determine the Discount Rate you pay for paper Submissions, contact your American Express representative. See <a href="#">subsection 14.2.1, Card acceptance discount fees.</a>	varies
Technical Specifications non-compliance fee	A fee applied to any Transaction submitted to us that does not comply with the Technical Specifications (see <a href="#">section 2.7, "compliance with the technical specifications."</a> ) This fee applies to Transactions submitted via both a Processor and direct to American Express.	\$0.10-\$1.00 per Transaction
monthly gross pay fee	If you enroll in the monthly gross pay option, we may charge this fee if the amount of Charges exceeds a threshold amount we determine. For more information on the monthly gross pay option, see <a href="#">subsection 7.6.2, "gross pay."</a>	0.03% of the face amount of the Charge



merchant fees

#### 14.2.4 data security fees

fee	description	amount
Data Incident management fee	A fee assessed to you in respect of a Data Incident (see <a href="#">section 8.5, "indemnity obligations for a data incident."</a> )	Not to exceed \$100,000 per Data Incident
data security non-validation fee	<p>Depending on your Transaction volume, you have reporting obligations under our Data Security Operating Policy (see <a href="#">chapter 8, "protecting Cardmember information,"</a>) including providing Validation Documentation to us.</p> <p>You may be assessed non-validation fees if you fail to provide the mandatory Validation Documentation to American Express by the applicable deadline. See <a href="#">chapter 8, "protecting Cardmember information."</a></p> <p>American Express will notify you of the applicable deadline for each reporting period.</p> <ul style="list-style-type: none"> <li>○ A non-validation fee in the amount of \$50,000 will be assessed if the Validation Documentation is not received by the first deadline.</li> <li>○ An additional \$150,000 non-validation fee will be assessed if the Validation Documentation is not received within 30 days of the first deadline.</li> <li>○ An additional \$200,000 non-validation fee will be assessed if the Validation Documentation is not received within 60 days of the first deadline.</li> </ul>	\$50,000 - \$400,000 (cumulative) fee in accordance with the Data Security Operating Policy. See <a href="#">chapter 8, "protecting Cardmember information."</a>



merchant fees

## 14.2.5 data pass violation fee

### description

As described in [section 4.4, "completing a transaction at point of sale,"](#) you must not accept or have accepted Transaction Data from, nor provide or have provided Transaction Data to, any third parties other than your Covered Parties. If, in our sole discretion, we determine that you or any of your Establishments have violated this provision, you may be assessed data pass violation fees.

At the time we determine you have violated this provision, we may take the actions described below, including assessment of a fee based on the gross Charge volume at your highest Merchant Account level over a rolling 12 month period.

charge volume	data pass violation fees and other actions
Less than \$1,000,000	First violation - \$2,500 fee and warning letter specifying date for correction Second violation - \$5,000 fee and final notice
Between \$1,000,000 and \$10,000,000	First violation - \$5,000 fee and warning letter specifying date for correction Second violation - \$10,000 fee and final notice
Above \$10,000,000	First violation - \$25,000 fee and warning letter specifying date for correction Second violation - \$50,000 fee and final notice

We may, at any time, suspend Card acceptance privileges at your Establishments or terminate the Agreement.



merchant fees

**14.2.6 excessive dispute fee**

fee	description	amount
excessive dispute fee	<p>If, in any three months, the monthly ratio of Disputed Charges to gross Charges (less Credits) at an Establishment exceeds three percent, and thereafter in any month when the Establishment again exceeds this ratio, we may charge you a fee for each Disputed Charge in excess of this ratio.</p> <p>For information about Disputed Charge monitoring, see <a href="#">section 11.10, "inquiry and chargeback monitoring."</a></p>	<p>\$5 per Disputed Charge if you are in the Immediate Chargeback Program,</p> <p>or</p> <p>\$15 per Disputed Charge if you are not in the Immediate Chargeback Program.</p>

**14.2.7 American Express Merchant Regulations fee**

fee	description	amount
Merchant Regulations fee	<p>A fee for each copy of the Merchant Regulations you order from us. To order a copy, please call <a href="#">Merchant Services</a>.</p>	<p>Paper copy \$22.50 plus shipping and handling</p> <p>CD-ROM copy \$8.00 plus shipping and handling</p>



# glossary



## glossary

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<b>Adjustment</b>	An American Express credit or debit to your Merchant Account.
<b>Advance Payment Charge</b>	A Charge for which full payment is made in advance of your providing the goods and/or rendering the services to the Cardmember.
<b>Affiliate</b>	Any Entity that controls, is controlled by, or is under common control with either party, including its subsidiaries. As used in this definition, “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an Entity, whether through ownership of voting securities, by contract, or otherwise. For the avoidance of doubt, but not by way of limitation, the direct or indirect ownership of more than 50% of (i) the voting securities or (ii) an interest in the assets, profits, or earnings of an Entity shall be deemed to constitute “control” of the Entity.
<b>Agency</b>	Any Entity or line of business that uses your Marks or holds itself out to the public as a member of your group of companies.
<b>Aggregated Charge</b>	A Charge that combines multiple small purchases or refunds (or both) incurred on a Card into a single, larger Charge before submitting the Charge for payment.
<b>Agreement</b>	The General Provisions, Schedule A and any other accompanying schedules and exhibits, and the Merchant Regulations, collectively (also referred to as the Card Acceptance Agreement).
<b>American Express</b>	American Express Travel Related Services Company, Inc., a New York corporation.
<b>American Express Brand</b>	The American Express name, trademarks, service marks, logos, and other proprietary designs and designations and the imagery owned by American Express or an American Express Affiliate and the goodwill associated with all of the foregoing and with all the goods and services now and in the future provided, marketed, offered, or promoted by American Express or an American Express Affiliate.

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<b>American Express Card or Cards</b>	(i) Any card, account access device, or payment device bearing our or our Affiliates' Marks and issued by an Issuer or (ii) a Card Number.
<b>American Express Network or Network</b>	The network of Merchants that accept Cards and the operational, service delivery, systems, and marketing infrastructure that supports this Network and the American Express Brand.
<b>Approval/Approved</b>	A message granting an Authorization in response to a request for Authorization from a Merchant, consisting of a six-digit Approval code.
<b>Approved Scanning Vendors (ASVs)</b>	Entities that have been qualified by the Payment Card Industry Security Standards Council, LLC to validate adherence to certain Payment Card Industry Data Security Standard requirements by performing vulnerability scans of internet facing environments. See <a href="#">section 8.6, "periodic validation of merchant systems."</a>
<b>Assured Reservation Program</b>	The Assured Reservation Program allows Cardmembers to call a participating hotel to make an Assured Reservation and guarantee the hotel reservation by giving their American Express Card.
<b>Attestation of Compliance (AOC)</b>	A declaration of the status of your compliance with the PCI DSS, in the form provided by the Payment Card Industry Security Standards Council, LLC.
<b>Authorization/Authorized</b>	The process by which a Merchant obtains an Approval for a Charge in accordance with the Agreement.
<b>Authorized Chargeback</b>	A Chargeback that occurs during the Inquiry and Chargeback process when, upon responding to an Inquiry, you authorize us to deduct the amount in dispute from your Bank Account.
<b>Bank Account</b>	A deposit account (also known as a Demand Deposit Account, DDA, or checking account) that you hold at a bank or other financial institution.
<b>Batch</b>	A group of Transactions, including Charges and Credits, submitted to American Express, usually on a daily basis.



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<b>Capital Damages</b>	Damages done to a vehicle while rented to a Cardmember.
<b>Card</b>	See <a href="#">“American Express Card or Cards.”</a>
<b>Card Data</b>	Card Data includes the following elements: Cardmember name, Card Number, Expiration Date, Charge date, the amount of the Charge, the six-digit Approval code, description of goods and services, your name, your address, your Merchant Number and if applicable the Establishment number, Cardmember signature (for In-Person Transactions only), ‘No Refund’ if you have a no refund policy and all other information as required from time to time by us or applicable law.
<b>Card Identification (CID) Number</b>	A four-digit number printed on the face of a Card. See <a href="#">section 5.9, “Card identification (CID) number”</a> for additional information.
<b>Card Not Present Charge</b>	A Charge for which the Card is not presented at the point of sale (e.g., Charges by mail, telephone, fax or the internet).
<b>Card Number</b>	The unique identifying number that the Issuer assigns to the Card when it is issued.
<b>Card Present Charge</b>	A Charge for which the physical Card and Cardmember are present at the point of sale, including In-Person Charges and Charges made at CATs.
<b>CARDeposit Program</b>	The CARDeposit Program permits Cardmembers with a billing address in the United States, Canada, Puerto Rico or the U.S. Virgin Islands to charge the payment of an Advance Payment Charge to their Card when a deposit is required. Cardmembers may guarantee up to 20 rooms for a 14-night period at a participating lodging Merchant by giving their American Express Card.
<b>Cardmember</b>	An individual or Entity (i) that has entered into an agreement establishing a Card account with an Issuer or (ii) whose name appears on the Card.




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**Cardmember Information** Any information about Cardmembers and Transactions, including, but not limited to, Transaction Data, and Cardmember name, addresses, Card Numbers, and Card Identification (CIDs) Numbers.

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**Charge** A payment or purchase made on the Card.

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

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

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**Chargeback** When used as a verb, means (i) our reimbursement from you for the amount of a Charge subject to such right, or (ii) our reversal of a Charge for which we have not paid you; when used as a noun, means the amount of a Charge subject to (i) reimbursement from you, or (ii) reversal. (Chargeback is sometimes called “full recourse” or “Full Recourse” in our materials.)

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**Chargeback Reversal** Removal of a previously posted Chargeback.

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**Claim** Any claim (including initial claims, counterclaims, cross-claims, and third party claims), dispute, or controversy between you and us arising from or relating to the Agreement or prior Card acceptance agreements, or the relationship resulting therefrom, whether based in contract, tort (including negligence, strict liability, fraud, or otherwise), statutes, regulations, or any other theory, including any question relating to the existence, validity, performance, construction, interpretation, enforcement, or termination of the Agreement or prior Card acceptance agreements, or the relationship resulting from therefrom.

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**Code 10** A phrase that you provide to an American Express representative to alert them of a possible suspicious Card and/or Transaction. Code 10 situations usually occur during Authorization.



## glossary

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<b>Collusion</b>	Any Transaction, activity or agreement conducted by a Merchant or its agent with another party, including another Merchant or a Cardmember, that the Merchant knew or should have known was not legitimate, or carried out in violation of the <a href="#">“risk evaluation”</a> chapter of the Merchant Regulations.
<b>Compromised Card Number</b>	A Card Number related to a Data Incident.
<b>Consumer Protection Monitoring Program</b>	Our program to monitor for fraudulent, deceptive, or unfair practices relating to the sale, advertising, promotion, or distribution of goods or services to consumers. See <a href="#">subsection 10.3.2.1, “consumer protection monitoring program”</a> for additional information.
<b>Contactless Technology</b>	A payment functionality allowing a device embedded with a computer chip to transfer payment information wirelessly when held up to a contactless point of sale “reader.” See <a href="#">section 4.3, “American Express payment Options”</a> for additional information.
<b>Corporate Purchasing Card (CPC)</b>	The Corporate Purchasing Card program assists with procurement costs and enables streamlining of the procurement process from sourcing and buying, to billing payment and reconciliation. See <a href="#">section 4.10, “corporate purchasing Card charges”</a> for additional information.
<b>Covered Parties</b>	Any or all of your employees, agents, representatives, subcontractors, Processors, service providers, providers of your Point of Sale Systems or payment processing solutions, and any other party to whom you may provide Cardmember Information access in accordance with the Agreement.
<b>Credit</b>	The amount of the Charge that you refund to Cardmembers for purchases or payments made on the Card.
<b>Credit Record</b>	A record of Credit that complies with our requirements.

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

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**Data Incident** An incident involving at least one Card Number in which there is (i) unauthorized access or use of Cardmember Information that is stored, processed, or transmitted on a Merchant’s equipment, systems, and/or networks (or the components thereof); (ii) use of such Cardmember Information other than in accordance with the Agreement; and/or (iii) suspected or confirmed loss, theft, or misappropriation by any means of any media, materials, records, or information containing such Cardmember Information.

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**Data Incident Event Window** The timeframe that begins 365 days prior to the Notification Date and ends 33 days after the Notification Date.

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**Data Security Operating Policy (DSOP)** The American Express data security policy, described in the [“data security operating policy”](#) section of the Merchant Regulations.

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**Decline** A message from us denying your request for Authorization.

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**Delayed Delivery Charge** A single purchase for which you must create and submit two (2) separate Charge Records. The first Charge Record is for the deposit or down payment and the second Charge Record is for the balance of the purchase.

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**Discount/Discount Rate** An amount that we charge you for accepting the Card, which amount is: (i) a percentage (Discount Rate) of the face amount of the Charge that you submit, or a flat Transaction fee, or a combination of both; and/or (ii) a Monthly Flat Fee (if you meet our requirements). See [subsection 7.3.1, “monthly flat fee.”](#)

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



## glossary

<b>Entity</b>	A corporation, partnership, sole proprietorship, trust, association, or any other legally recognized entity or organization.
<b>Establishments</b>	Any or all of your and your Affiliates' locations, outlets, websites, online networks, and all other methods for selling goods and services, including methods that you adopt in the future.
<b>Estimated Lodging Charge</b>	The estimated amount of Charges based on the room rates and the number of days the Cardmember expects to stay, plus taxes and other known incidental amounts.
<b>Estimated Vehicle Rental Charge</b>	The rental rate multiplied by the rental period reserved by the Cardmember, plus any known incidental amounts.
<b>Expiration Date</b>	The month and year on which a Card expires (sometimes referred to as "valid thru" or "active through" date).
<b>Floor Limit</b>	A monetary threshold for a single Charge, at or above which you must obtain an Authorization before completing the Charge.
<b>Fraud Full Recourse Program</b>	One of our Chargeback programs. See <a href="#">subsection 11.12.1, "chargeback programs"</a> for additional information.
<b>General Provisions</b>	The provisions set out in the Agreement governing Card acceptance, other than the provisions in any other accompanying schedules and exhibits thereto.
<b>High Risk Merchant</b>	A Merchant designation indicating that certain fraud Transactions conducted at the Merchant may be issued as a Chargeback to the Merchant under our Fraud Full Recourse Program.



<b>Immediate Chargeback Program</b>	One of our Chargeback programs. See <a href="#">subsection 11.12.1, “chargeback programs”</a> for additional information.
<b>Incremental Fraud</b>	The dollar amount of fraud related to a Data Incident, as determined by American Express, and as calculated according to <a href="#">section 8.5, “indemnity obligations for a data incident.”</a>
<b>In-Person Charge</b>	A Card Present Charge excluding Charges made at CATs (e.g., a Charge taken at a Merchant attended retail location where the Card is swiped, read using Contactless Technology, or manually key-entered).
<b>Inquiry</b>	Our request for information about a Disputed Charge.
<b>Internet Electronic Delivery</b>	Delivery of goods or services purchased on the internet via an internet download or another file transfer process (e.g., images or software download).
<b>Internet Order</b>	Card payment information that is taken via the World Wide Web, online (usually via a website payment page), email, intranet, extranet, or other similar network in payment for merchandise or services.
<b>Internet Physical Delivery</b>	Delivery of goods or services purchased on the internet to the Cardmember via mail, shipping services, or courier to a physical address.
<b>Issuer</b>	Any Entity (including American Express and its Affiliates) licensed by American Express or an American Express Affiliate to issue Cards and to engage in the Card issuing business.
<b>Keyed No Imprint Program</b>	A program that allows a Merchant to submit In-Person Charges without an imprint of the Card. See <a href="#">subsection 4.6.1, “keyed no imprint program”</a> for additional information.



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<b>Magnetic Stripe</b>	A stripe on the back of a Card that contains Cardmember and account information in machine readable form.
<b>Marks</b>	Names, logos, service marks, trademarks, trade names, taglines, or other proprietary designs or designations.
<b>Merchant</b>	Any seller of goods or services, non-profit, or government Entity that enters into an Agreement with American Express or its licensees wherein the seller agrees to (i) permit any Cardmember to charge purchases of goods and services at or with such Merchant by means of the Card and (ii) transfer Transactions to American Express or its licensee. This term includes all Establishments (sometimes called "Service Establishments" or "SEs" in our materials).
<b>Merchant Account</b>	An account established by us with a Merchant upon signing of the Agreement.
<b>Merchant Level</b>	The designation we assign Merchants related to their PCI DSS compliance validation obligations, as described in <a href="#">section 8.6, "periodic validation of merchant systems."</a>
<b>Merchant Number</b>	A unique number we assign to your Establishment.
<b>Merchant Regulations</b>	These <i>American Express Merchant Regulations - U.S.</i> , which are available at <a href="http://www.americanexpress.com/merchantpolicy">www.americanexpress.com/merchantpolicy</a> and can be accessed by entering your Merchant Number.
<b>Monthly Flat Fee</b>	One of the Discount amounts we charge you for accepting the Card (if you meet our requirements). See <a href="#">subsection 7.3.1, "monthly flat fee"</a> for additional information.
<b>Network</b>	See <a href="#">"American Express Network."</a>



<b>No Reply Chargeback</b>	A Chargeback that is initiated because you do not reply to an Inquiry by the deadline.
<b>No Signature Program</b>	A program that allows an Establishment to not request a signature from Cardmembers. See <a href="#">subsection 4.7.1, "no signature program"</a> for additional information.
<b>Non-Compliance Chargeback</b>	A Chargeback that is initiated because the Charge does not meet the terms of the Agreement.
<b>Notification Date</b>	The date, as designated by American Express, that Issuers receive notification of the Data Incident.
<b>Notification of Changes - U.S.</b>	Releases of scheduled changes in the Merchant Regulations. See <a href="#">section 1.4, "changes in merchant regulations."</a>
<b>Offline</b>	An operating mode in which no connection is made to a central computer facility.
<b>Oil Fraud Protection Program</b>	Our program providing Establishments in the oil/petroleum industry protection from counterfeit fraud Chargebacks, provided both the Establishment and Charge meet certain criteria. See <a href="#">subsection 12.9.3, "oil fraud protection program"</a> for additional information.
<b>Online Merchant Services (OMS)</b>	Our online tool that allows for reconciliation of payment, facilitates the resolution of Inquiries and Disputed Charges, and provides Merchant reporting.
<b>Other Agreement</b>	Any agreement, other than the Agreement, between (i) you or any of your Affiliates and (ii) us or any of our Affiliates.
<b>Other Payment Products</b>	Any charge, credit, debit, stored value or smart cards, account access devices, or other payment cards, services, or products other than the Card.



glossary

<b>Partial Immediate Chargeback Program</b>	One of our Chargeback programs. See <a href="#">subsection 11.12.1, “chargeback programs,”</a> for additional information.
<b>Payment Services</b>	The provision of payment services in connection with Transactions between Cardmembers and Sponsored Merchants whereby you, the Entity providing such services (and not the Sponsored Merchant), are the Merchant of record, submit Transactions under your Merchant Number and receive payment from us for Charges (among other things).
<b>Payment Service Provider (PSP)</b>	A provider of Payment Services (sometimes called an “aggregator” or “master merchant” in our materials).
<b>Payment Card Industry Data Security Standard (PCI DSS)</b>	The Payment Card Industry Data Security Standard, which is available at <a href="https://www.pcisecuritystandards.org">https://www.pcisecuritystandards.org</a> .
<b>Point of Sale (POS) System</b>	An information processing system or equipment, including a terminal, personal computer, electronic cash register, contactless reader, or payment engine or process, used by a Merchant, to obtain Authorizations or to collect Transaction Data, or both.
<b>Prepaid Card</b>	A Card that is marked “Prepaid” or bearing such other identifiers used by American Express from time to time.
<b>Processor</b>	A service provider to Merchants who facilitates Authorization and Submission processing to the Network (sometimes referred to as an “Authorized Gateway Provider”) in our materials.
<b>Proof of Delivery</b>	A receipt which proves that the goods were delivered to the complete and valid shipping address provided by the Cardmember when the purchase was made.
<b>Qualified Security Assessors (QSAs)</b>	Entities that have been qualified by the Payment Card Industry Security Standards Council, LLC to validate adherence to the Payment Card Industry Data Security Standard. See <a href="#">section 8.6, “periodic validation of merchant systems.”</a>



<b>Recurring Billing</b>	An option offered to Cardmembers to make recurring Charges automatically on their Card (e.g., membership fees to health clubs, magazine subscriptions, and insurance premiums).
<b>Referral</b>	The message relayed to you through your POS System (e.g., “please call” or “refer to Issuer”) requiring you to telephone the <a href="#">American Express Authorization department</a> for Approval.
<b>Rent Payments</b>	Charges of rent on Rental Establishments (include security deposits and common room fees).
<b>Rental Establishments</b>	Unfurnished long-term multifamily apartment rentals used as primary residences. See <a href="#">section 12.2, “apartment rentals”</a> for additional information.
<b>Reserve</b>	A fund established and/or collateral held by us as security for your or any of your Affiliates’ obligations to us or any of our Affiliates under the Agreement or any Other Agreements.
<b>Self Assessment Questionnaire (SAQ)</b>	A self assessment tool created by the Payment Card Industry Security Standards Council, LLC., intended to help Merchants evaluate and attest to their compliance with the PCI DSS. SAQs are available online at <a href="https://www.pcisecuritystandards.org/saq/index.shtml">https://www.pcisecuritystandards.org/saq/index.shtml</a> .
<b>Settlement</b>	The process by which we compile your debits and credits to calculate a net amount that will be applied to your Bank Account.
<b>Split Tender</b>	The use of multiple forms of payment (e.g., prepaid products, cash, American Express Card) for a single purchase.
<b>Sponsored Merchant</b>	A Sponsored Merchant Prospect that has entered into a Sponsored Merchant Agreement with you. Sponsored Merchants are one of your Covered Parties.



## glossary

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<b>Sponsored Merchant Agreement</b>	The standard form agreement governing your provision of Payment Services that you must have the Sponsored Merchant Prospect execute pursuant to <a href="#">chapter 13, “payment service provider.”</a>
<b>Sponsored Merchant Prospect</b>	Any third party seller of goods and services that either: (i) does not accept the Card and which operates one or more Sponsored Merchant Websites or other Establishments, or (ii) accepts the Card with respect to its existing methods for selling goods and services but also proposes to submit Transactions through a Payment Service Provider.
<b>Sponsored Merchant Website</b>	Any website operated by a Sponsored Merchant Prospect for the sale of goods or services (or both).
<b>Submission</b>	The collection of Transaction Data that you send to us.
<b>Summary of Charge</b>	The total amount of all the Charge Records (Transactions) submitted.
<b>System Outage</b>	Interruption of either Merchant or Network systems or services (e.g., computer system failure, telecommunications failure, or regularly scheduled downtime).
<b>Technical Specifications</b>	The set of mandatory, conditional, and optional requirements related to connectivity to the Network and electronic Transaction processing, including Authorization and Submission of Transactions (sometimes called “specifications” in our materials), which we may update from time to time, and which we make available on our website at <a href="http://www.americanexpress.com/merchantspecs">www.americanexpress.com/merchantspecs</a> or upon request from your American Express representative.
<b>Telecommunications</b>	Communication services, including personal communication services; cellular, paging, long distance, etc. See <a href="#">section 12.12, “telecommunications”</a> for additional information.
<b>Terminal Provider</b>	The Processor, vendor or company that provides your POS System.

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<b>Timeshare Unit</b>	The exclusive right to occupy a unit in a real estate development. See <a href="#">section 12.13, "timeshares"</a> for additional information.
<b>Transaction</b>	A Charge or Credit completed by the means of a Card.
<b>Transaction Data</b>	All information required by American Express evidencing one or more Transactions, including information obtained at the point of sale, information obtained or generated during Authorization and Submission, and any Chargeback.
<b>Transmission</b>	A method of sending Transaction Data to American Express, whereby Transaction Data is transmitted electronically over communication lines.
<b>Transmission Data</b>	The same as Card Data except for the requirements to include: Cardmember name, Expiration Date, the Cardmember's signature; and the words "No Refund" if the Merchant has a no refund policy.
<b>URL</b>	Uniform Resource Locator, a term used to identify an internet address.
<b>Valid Dates</b>	The dates on the front of the Card that indicate the first and last date the Card can be used to make purchases.
<b>Validation Documentation</b>	Documents to be provided by Merchants under the Data Security Operating Policy. See <a href="#">section 8.7, "confidentiality and disclosure,"</a> for a list of documents, and <a href="#">section 8.6, "periodic validation of merchant systems,"</a> for the policy's requirements.
<b>Voice Authorization</b>	The Authorization of a Charge obtained by calling the American Express Authorization department.
<b>we, our and us</b>	American Express Travel Related Services Company, Inc.
<b>you and your</b>	The Entity accepting the Card under the Agreement and (as applicable) its Affiliates conducting business in the same industry (sometimes called the "Merchant," "Service Establishment," or "SE" in our materials).



glossary

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## contents

- a.1 [acknowledgment of responsibility](#)
- a.2 [affidavit of compliance with laws](#)



appendix

ACKNOWLEDGMENT OF RESPONSIBILITY (see [subsection 12.14.3.3, "capital damages"](#))

\_\_\_\_\_  
Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
City State Zip Code

\_\_\_\_\_  
Account Number

Renter

\_\_\_\_\_  
Name of Renter

\_\_\_\_\_  
Address

\_\_\_\_\_  
City State Zip Code

\_\_\_\_\_  
Drivers License Number State

Identification of Vehicle

\_\_\_\_\_  
Type of Vehicle Year

\_\_\_\_\_  
Model

\_\_\_\_\_  
License Number State

\_\_\_\_\_  
Registration Number

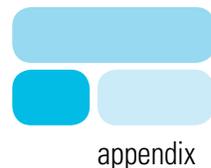
\_\_\_\_\_  
Rental Agreement Number

\_\_\_\_\_  
Description of Damage

Estimated Amount \_\_\_\_\_ Estimated Total \_\_\_\_\_

By signing this form, the undersigned accepts full responsibility for the damage as set forth above, and agrees that the actual damage amount up to the estimated total amount set forth above, plus 10% thereof, may be charged to the undersigned's American Express Card account.

Authorization Code \_\_\_\_\_  
(Signature) \_\_\_\_\_ (Date) \_\_\_\_\_



AFFIDAVIT OF COMPLIANCE WITH LAWS (see [section 12.10 "online/mail order tobacco retail"](#))

The undersigned, \_\_\_\_\_, being an authorized representative of  
PRINT NAME ABOVE

\_\_\_\_\_ ("Company"), a company engaged in the Internet  
PRINT NAME OF COMPANY ABOVE

and/or mail order sale of tobacco products, hereby represents, warrants and certifies to American Express Travel Related Services Company, Inc., its parent, subsidiaries and affiliates (collectively, "American Express"), that the Company complies with all local, state and federal laws applicable to tobacco product sales. Although not a complete listing of the local, state and federal laws that apply to my Company's sale of tobacco products, I represent, warrant and certify that the Company is in compliance with the following statutes:

<u>State or Federal Law</u>	<u>Initial Below</u>
Jenkins Act (reporting requirements for cigarettes), 15 U.S.C. § 375 <i>et seq.</i>	_____
Statutes prohibiting shipment of cigarettes directly to consumers	_____
Statutes requiring licensing, tax liability disclosures to consumers, etc.	_____
Local and state laws requiring age verification.	_____
State / federal laws governing the possession of unstamped tobacco products	_____

If Company is a foreign-based Internet cigarette vendor:

Cigarette Labeling Advertising Act, 15 U.S.C. § 1331 *et seq.* \_\_\_\_\_

I recognize and agree that American Express may provide copies of this Affidavit of Compliance to federal, state and/or local law enforcement authorities for verification of the above representations.

